

# Open for Business – Streamlining Employee Participation in the Commerce sector for adapting to the new forms of work

# National report - Poland

Contributing institutions

**All-Poland Alliance of Trade Unions (OPZZ)**

**Regional Union of Private Employers of District of Lodz**

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## Introduction

The project “Open for Business – Streamlining Employee Participation in the Commerce sector for adapting to the new forms of work” aims at enhancing participatory procedures in the commerce sector by facilitating the engagement of workers in decision making via information, consultation and participation mechanisms in the companies, and to facilitate exchanges of best practices at a European level. The core objective of the national study carried out under this project is to present experiences with introduction of participatory processes, including best practices (success stories of companies), that have involved workers in the organizational, productive, and work changes, etc. by allowing the workers participation in decision-making regarding these changes, from the design of them to their implementation.

The main pillar of the research is the qualitative analysis through Case Studies – a tool used to understanding change in terms of processes. Selection of the case study has been proceeded with a quantitative study covering both companies and workers in order to chose the most relevant participatory process that has been introduced in the recent years and involved workers in the decision-making process. The online questionnaires for companies and employees were used in line with the project methodology. The questionnaire has been sent to 10 companies and to over 50 workers, based on which Dalia Cosmetics has been selected for in-depth case study. In total four in-depth interviews were conducted with the representatives of both employer and employees side in line with the guidelines provided in the methodology of the project. The study has been carried out between April and June 2023 in Poland.

The national report consists of the following parts: introduction outlining the objectives and methodology of the study, country context in terms of change in “participatory procedures” in which the selection of case study is presented based on qualitative part. These introductory parts are followed by the chapter in which key results from the case study is presented. The national report is concluded with final remarks and recommendations.

## Country context in terms of change in “participatory procedures”

Quantitative survey conducted among ten employers and employees were conducted with the aim to assess participatory processes in the companies and select the most interesting and relevant company for further qualitative elaboration. The study has been conducted in the April-June 2023 period. In the **employers’ online questionnaire**, the respondents were asked to assess various aspects of participatory processes by answering questions on the of 1-4 scale in which 1 meant the most negative assessment, while 4 – the most positive assessment (no middle answer). The following companies have been approached to fill in the online questionnaire: Delia Cosmetics, IKEA Industries, Brose Sitech, Pomianowski patisserie, Auchan, Tutti Frutti green groceries, Bit Komputer in Małopolska voivodeship, EURO RTV AGD, Rossmann, Aldi.

The above table shows the key results of the questionnaire presenting arithmetical mean of the respondents’ answers to seven presented dimensions of participatory processes.

Representatives of the surveyed companies rated most dimensions of the employee participation at an average level (the average of their responses was between 2.5 and 3.5). In contrast, two dimensions were rated better (above the average score) and these included: “My company is aware that the employees have to be informed, consulted and included in the decision making processes as a result of the national and European regulation” and “The participatory processes are important to my company”. It is also worth noting that the least scoring dimension (although still at mid-range level) was: “My company has a written normative document to put in place on participatory processes”, which suggests that the formal procedures were rather rare in the companies in question.

The online questionnaire has been distributed also among **trade union organisations** affiliated with the Section of Commerce, services, arts and culture of the All-Poland Alliance of Trade Unions in order to counterbalance the employers’ perspective. As in the case of the employers questionnaire, the respondents were asked to assess various aspects of participatory processes in their companies by answering to questions on the 1-4 scale in which 1 meant the most negative assessment while 4 – the most positive assessment (no middle answer). In total, 63 responses have been collected in the period April-June 2023. Below table shows the key quantitative results of the study and contains arithmetical mean of the respondents’ answers to seven presented dimensions of participatory processes.

With regard to each of the participation dimensions presented, the survey participants scored them negatively. The only exception was the question "As an employee, I think the participatory processes are important to the company I work for", for which the result had an average value. This result of the survey leaves no room for interpretation. The vast majority of surveyed employees negatively assess participatory processes in their companies, even if they are an important element of the management model proposed by the employer. The following dimensions were least negatively assessed: “My company is aware that we, the employees, have to be informed, consulted and included in the decision-making processes as a national and European regulation” and “At the company I work for there is a written normative to put in place on participatory processes”. These are factors relating to the employer's knowledge of participation procedures and the existence of formal procedures, which can be regarded as the minimum conditions for the participation to occur. In contrast, the other factors relating to participation practices are rated much lower.

## Results of the country-level study

Based on the online survey, the Delia Cosmetics company has been selected for in-depth study due to the fact that the participatory procedures have been introduced in the last two years causing a significant organisational change in the company and its business performance. The interviewees were asked about the reasoning behind this decision, its substance and the consequences for both company and working conditions.

### Company profile

Delia Cosmetics is a family company founded over 25 years ago by Mr Józef Szmich, a chemist by training. It is currently in the succession phase, with his son, Mr Karol Szmich, taking over as CEO. It is a company that started from the proverbial scratch, a small number of employees, the chairman himself working on the production line, to one that is now employing over 400 people whilst owning two facilities, they have risen to be a powerful player in the cosmetics market. They have also won numerous industry awards and have a distribution network in more than 60 countries worldwide. They produce skincare, haircare and make-up products, both under their own brand and private label. Despite its enormous growth, this company still has the characteristics of a small, family-run business, without the rigidity of a corporate framework, which we think is quite an interesting subject for a case study.

Delia Cosmetics could be an example where the employee participation in the management of the company is a fluid area, without a precise framework and procedures. Based on the surveys, it seems to us that this state of affairs can be achieved and realised successfully through close, and sometimes personal, relations between management and individual employees. Delia Cosmetics is known among Łódź entrepreneurs for being a 'family-managed' company that has reached the size of a corporation. One may ask, whether this state of affairs is beneficial to the company, or whether the introduction of standards and management methods known from other entities would make the company develop even more dynamically. An important element of the considerations and analysis of the development potential of Delia Cosmetics as a "family" company is the aforementioned issue of succession. The question to be answered here is whether the management model and form shape the leader or vice versa, is it the leader who shapes the management model and form. This issue is crucial in the context of the next generation taking over the company.

Another interesting aspect that led us to choose Delia Cosmetics as the subject of the case study is the combination of a production model with an atypical sales model. Delia Cosmetics, while producing a huge variety of cosmetics, focuses on sales through chains such as Rossmann and its own online shop. At the same time, it does not have a dedicated sales outlets. Delia Cosmetics is also a company that, despite the scale of its operations, shows a high degree of flexibility and the ability to quickly change its production profile. This raises the question of whether the employee participation in the management of the company is the basis for this, or whether it is part of other standards and procedures in force at Delia Cosmetics.

### Organisational change and its drivers

The subject of the study in a change articulated as **increasing the autonomy of employees at each level in decision-making related to the running of the business**, which is expected to lead to a faster response to emerging market requirements or internal problems. Interviewees defined the employee participation and extended autonomy in decision-making in the following way.

*“[I define workers’ participation in Delia as] involving the employee in decision-making processes, giving them a 'free hand' in certain matters, employee initiative, etc.”*

*Logistics employee*

*“I define participation, in general, as employee involvement in the management of the company, business management. (…) At Delia, there is no autocratic management, giving mere orders to employees, but there is employee involvement.”*

*Representative of the management*

Earlier, all key decisions were made by the CEO and consulted with the leadership team, but together with expansion of the company too many decisions had to be made by the CEO. Therefore, a decision has been made to restructure the organisational structure to turn quantity into quality and to delegate as much responsibilities (and related decisions) down in the hierarchical structure of the company as possible.

*“The company became so big that we could no longer do things the way we used to. There were too many decisions, too many things to do, and time is the one resource that cannot be produced. If I remember correctly, it was at a meeting with the department managers, and we simply ran out of patience. There were too many topics lying on the proverbial shelf, too many opportunities that were slipping through our fingers due to lack of decisions.”*

*Former CEO of Delia Cosmetics*

*“[The organisational change] actually came the natural way and with the logical approach to the subject. It is known that, the boss, the board in general has a lot of issues to discuss on a daily basis, a lot of visitors, time is limited. Every day, several times a day, I had to wait for a consultation with the chairman about pushing certain topics forward. It was slowing me down a lot, I felt it was making me miss some cool topics, some deals. They don't get done because of the fact that today’s market is dependent on the speed of our reaction, on the speed of our action. When my actions are blocked by a single signature, it becomes uncomfortable. And so, by taking a logical approach, we have developed a system which streamlines this for us and we can act more flexibly, more quickly.”*

*Customer service employee*

In this context employee participation is **defined and understood as employee participation in processes related to the functioning and development of the company,** granting autonomy in decision-making to workers.

*“From the employee's point of view, I can see the benefits, if only because the employee starts to take part in decision-making processes, some kind of processes related to the development of the company. Generally speaking, I would look here for a synonym somewhere in the area of improvements and development more than problems and slowdowns.”*

*Customer service employee*

*“The level of managers is involved, of course not in all topics, because some issues are implemented top-down, but topics that are related to big projects, certain challenges or team work that needs to be done well then managers are absolutely involved in an open way in all topics.”*

*Representative of the management*

The change was introduced about two years ago. However, it **did not take the form of a defined procedure**, described in regulations or an agreement with employees (trade unions). Participatory procedures are **informal and stem from the new work organisation arrangements**. Interviewees stressed that in the period since the change was introduced, practices of participation and greater autonomy in employee decision-making are **still taking shape**.

*“It seems to me that the natural evolution of workers’ participation is the most relevant, maybe not necessarily 'procedures', but involving employees in decision-making, respecting and taking into account their opinion, this seems to me to be quite well developed at Delia. (…) It is hard to create procedures for something that is unique to each job. It's completely different for a production job, a secretarial job or a laboratory job. It is more about the employee himself knowing best what he needs to do his job effectively. By giving him a certain degree of decision-making authority, he will make his own job easier.”*

*Former CEO of Delia Cosmetics*

*“Delia is moving as much as possible towards a company using these procedures. I think this is also related a little bit to the evolution that is taking place basically before our eyes. The company is growing at an incredible pace, the number of employees is increasing, the scope of our company's activities is growing, and because of this, the boss is no longer able to take care of everything himself and make all the decisions personally. He delegates certain topics to other employees and extends the responsibility and ability to make these decisions to lower-level employees, within the scope of management, of course.”*

*Customer service employee*

Greater autonomy of the workers allows for better use of **skills and competences of the workers**, that may be used for the purpose of better company profitability.

*Generally, if someone is able to take a place, you have to think about the future, how this company develops, also the team is the basis. In a team, participation is about taking part, it's extremely important, it's the team that counts, because it's the team, they know themselves later. This one goes to trade fairs, this one is good at English, one is a good negotiator, everyone has their own pros and cons.*

*Former CEO of Delia Cosmetics*

Interviewees gave a number of **examples** how delegation of decisions down the hierarchy in the company works in practice.

*“Simply put, where we know that we have the board's permission to make certain decisions, there it is applied, (…) We do not have fixed prices, which means that when a client approaches us, we do not tell them what it will cost immediately, we have to price it individually, because there are a lot of variables, sometimes the whole product is designed from scratch for such a client, and each variable, each element, each part of the price depends on, I don't know, what tube it will be, what colour it will be, what mass it will be, what fragrance, so basically these prices used to be previously dressed up in a spreadsheet and had to be accepted by the board. And currently, we have developed certain principles for creating these quotations and we can send these calculations, these prices, these offers on our own, of course, following certain principles, a certain procedure, but we no longer need to consult it with the top management.*

*Customer service employee*

### Results of introducing participatory practices

The increased autonomy of workers being the result of delegating some of the decision-making down the company hierarchy has brought some tangible results. It was a precondition of a business expansion, **increasing number of assignments for the company, increasing employment and last but not least increasing profits by 20%.** Moreover, the change allowed for **increasing competitive advantage** of the company due to the shorter response time to clients’ demands which allowed for getting ahead of the competitors and acquiring more assignments.

*“As I mentioned before, it simplifies everything. A bit like in the army, you don't have to wait for the general to decide whether you can take out the rubbish in the kitchen or not . Of course, the more important the subject, the higher up the ladder someone makes that decision. Generally speaking, this allows us to react much more quickly to changes in the market, to adapt our offer, products or other processes related to production or distribution.”*

*Former CEO of Delia Cosmetics*

*“There is a clear positive impact of the workers’ participation in the company: the company is growing all the time, expanding. We have seen an increase in revenue of about 20% over the last 2 years.*

*Representative of the management*

*“Researcher: And how does this affect decision-making time?*

*Interviewee: As I said, it was the main criterion for me to "win" this decision-making on my own, I think it was a matter of life and death for certain projects and also unquestionably time was the most important factor.”*

*Customer service employee*

*“It is definitely faster than it could be if we had a 'chain' like in typical corporations.”*

*Logistics employee*

*“The benefits are that the workers feel that they have an impact on the company and that they feel like a part of the company, of being involved with it, because there really are people working here for several years and they continue to have the strength to pull certain topics and they are positive, motivated, it makes the company grow, it affects the involvement of these employees on the one hand, and the attachment of these employees to the company on the other. And then there are the values they live by, they don't say "I work for the corporation", they say "I work for mr. Joseph".”*

*Representative of the management*

Except the financial and organisational benefits of introducing more autonomy for the workers in decision-making process, there are also positive **humanistic values** of this transformation, **empowering the workers** at the workplace

*“Beyond the financial benefits, I think people feel better when their voice is heard, when they are not just a cog in the machine that can be removed or changed and without a change being felt. It's also good to see the effects of your work, the positive change someone else's opinion can make. I emphasise, it's not like one time we pushed a button and "now we have participation, participate". It's a natural evolution of our business, driven by the demands that the market imposes on us and the fact that there are a certain number of hours in the day and issues that one or a few people are able to deal with.”*

*Former CEO of Delia Cosmetics*

*“I think so, because I think it makes us very flexible, we're able to react a lot quicker and do a lot more things. When it comes to employees, obviously the fact that their work, their opinion matters, really matters, it really builds his attachment to the company and his sense of value. He's not just a cog that can be swapped with another cog, but he's someone who matters, and it's this appreciation of the employee, because that's what participation really is, appreciation and trust, that makes people want to be here. It's in human nature.”*

*Logistics employee*

The interviewees stressed mostly positive results of the organisational change in participation of the workers in decision making process. However, some **new challenges** appeared related to higher responsibilities resting on the shoulders of the new decision-makers. Also, greater autonomy of the workers translates into more experimentation which might give varying results, including unsuccessful attempts.

*“The benefits are speed of decision-making, 1000% faster. Flexibility, speed of action, is one of the most important tools with which we can win our customers and we can say that we are competitive in the market thanks to the fact that we can take certain actions immediately. The difficulties? Well, the responsibility and the realisation that you used to be able to say that if something didn't work out, well, after all, the boss accepted it, the responsibility lies with the boss and no one could say that the decision was bad, because every decision made by the boss is good, even if it is... not quite producing the results we would like”*

*Customer service employee*

*“In our case it varies, we reach our goal through many different paths, but I think that on the one hand this is a minus and on the other a plus, because it gives the possibility of reach, the ideas might come from sober individuals and be communicated to people in a higher position. So I think this is some way, a path that gives more room for the workers. But the disadvantage can be that there is no clearly defined path, that you just have to improvise and take the initiative, which in turn causes us to implement solutions that are not yet proven. This has its advantages, but sometimes it just doesn't work out”*

*Logistics employee*

Thanks to the changes made, the company is also able to react more quickly and effectively to unexpected changes such as the COVID-19 pandemic, as well as efficiently implement changes adapted to the new situation.

*“I think back to the time of the pandemic, when we were able to immediately switch production to antibacterial gels, there was no problem at all to switch to remote working overnight, when it wasn't at all popular with us before, there are companies for which this was previously quite a traditional, normal form of work. Basically, it happened overnight at our company, if we are still talking about some possibilities of changes, improvements, at the moment it is happening on an ongoing basis, if I think in relation to my business, we have some new idea, a new type of packaging, then immediately today, as soon as the president came to the company, we discussed the possibilities of implementing a new machine, so it's happening right away basically. Everything is being analysed for the here and now.”*

*Customer service employee*

## Conclusions and recommendations

Summarising the most important conclusions from the case study carried out at Delia Cosmetics, it can be said that the changes introduced, giving greater autonomy to employees in decision-making, brought satisfactory results both from the perspective of the employer and managers and from that of the employees. By transferring some decisions to a lower level in the company's hierarchy, the company has been able to respond more quickly to market demands and, as a result, has increased turnover and improved its competitiveness. Internal work organisation, information flow and decision-making bottlenecks were improved. By delegating responsibility to lower levels of staff, the employees themselves have also gained a greater sense of empowerment and become more strongly attached to the company.

Delia, however, lacks formalized participatory procedures. Participation mechanisms are still in the experimental phase and are already gaining acceptance by the management and the employees. Therefore, it can be hoped that they will soon evolve into written procedures that will be consolidated, simple and transparent to all employees as well as adapted to the new challenges.

During the time of the study, there are no social dialogue institutions/procedures, that would be involved in the decision making on employee issues. Therefore, it can be said that the direction of the evolution of the changes in Delia would be establishing an employee representation in a formalized form, that could collectively communicate employees’ expectations and dialogue with the employer and in the future, should the need arise, conclude agreements between the employer and the employees.

This recommendation is made in the context of the employees' right to information and consultation under the Directive 2002/14/EC establishing a general framework for informing and consulting employees in the European Community[[1]](#footnote-1) and the Polish Act of 7 April 2006 on informing and consulting employees[[2]](#footnote-2). And also from the Art 4 of the Directive on Adequate Minimum Wages in the EU[[3]](#footnote-3) adopted in 2022, which implies the adoption of national Action plans to raise the coverage of the economy by collective agreements to 80% level. Collective agreements in Poland can only be concluded by trade unions and an employer or group of employers.

Workers and managers themselves have made also some recommendations for further concrete action within the company. Let us give them the floor, which will be the punchline of this report.

*“Employee participation is a good way of management, and it should be developed and rolled out lower in the structure. (…) I would be thinking of developing this further so that it goes down to the whole organisation. Because what I'm getting at, the workers should fully understand the goals of the organisation, that there's someone in production and is just is a machine operator or a person who packs products in cartons and then sends the goods in the warehouse, they don't know the goals of the organisation, they also should know which direction the organisation is heading, what its goals are, what challenges it faces, what problems it has in broader picture. Then in their everyday work they will pay attention to the fact that i.e. light should be switched off because energy prices have risen, because certain processes on the machine need to be speeded up, because we are fighting for efficiency. So without knowing those goals of the organisation, or the priorities of the organisation, or the strategy of the organisation, they might just not work in the same direction. So this is the kind of thing you can think about if you can do in this organisation, which has some elements of participation. So today that's the kind of element where it's let's say for a facelift, for improvement, for further development.”*

*Representative of the management*

*“We used to have such an idea, I don't remember exactly for how many months, but I recall that we had such an opportunity to express our opinions and catch those points in the company which are noticed by ordinary production workers and which are such elements that slow down some process, and we could report such ideas and put them in a container somewhere and then the coolest ones, which were also noticed, were also rewarded, and I think this is very cool. Because someone who is in a managerial position might not know what is going on in other departments. Whereas such an ordinary production worker, who has day-to-day experience with their processes, they see and know best, they just have to want to see it and report it. In order to motivate someone to do this, it would also be nice to hold a competition, or even award a small prize and say: 'Well, let's report it, there will be a prize for the best ones'. I think that would work.”*

*Logistics employee*

1. <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex%3A32002L0014> [↑](#footnote-ref-1)
2. <https://isap.sejm.gov.pl/isap.nsf/DocDetails.xsp?id=WDU20060790550> [↑](#footnote-ref-2)
3. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2041#PP2Contents> [↑](#footnote-ref-3)