

JAPANESE FOREIGN DIRECT INVESTMENT: VARIETIES OF CAPITALISM, EMPLOYMENT PRACTICES AND WORKER RESISTANCE IN POLAND

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ABSTRACT

This research contributes to an understanding of Japanese Foreign Investment (JFDI) in Poland, by using a Variety of Capitalism approach and drawing on literature from employment relations. It examines firstly, the extent to which Japanese production and managerial institutions and practices can be transplanted to different economic and cultural environments; and secondly, the character of workers' response towards these practices, in the context of JFDI in Poland. It draws on primary data drawn from interviews conducted with the managers and workers in five firms in a Japanese electronics manufacturing cluster in Toruń, Northern Poland, as well as the policy makers, researchers and journalists on a regional level. First, the transfer of Japanese management 'style' is considered in terms of recruitment, training practices, issues of monitoring and discipline and quality assurance policies. This study reveals that the transfer of Japanese typical practices is of minor importance to Japanese corporations based in Poland, and the character of these practices in the Polish workplace is peripheral. However, the subordination of labour is brought by the precarisation of employment, rather than the implementation of Japanese quality policies. Second, the focus of the research is on the response of workers and finds that they did not remain passive actors in this process and resisted the adapted form of Japanisation in Poland. Although the role of formal trade unions was limited, the data pointed to other forms of resistance, both conventional and novel, from sabotage, absenteeism, humour to insubordination and the use of blogging sites. In the context of the researched labour process, the empirical findings point to markers of collectivism in all forms of worker resistance and hence identified that the collective worker not only has not disappeared from both the labour process debate and the workplace itself, but, even if not evidently, is present through the resistance to management practices and control.

Key words: Varieties of Capitalism, FDI, Japanisation, Poland, employment relations, management transfer, workers' resistance, collectivism

DECLARATION OF AUTHORSHIP

I, Maciej Albert Bancarzewski, declare that this dissertation entitled *Japanese Foreign Direct Investment: Varieties of Capitalism, Employment Practices and Worker Resistance in Poland* and the work presented in it are my own.

I confirm that:

This work was done wholly while in candidature for a Ph.D. at the University of Hertfordshire;

Where I have consulted the published work of others, this is always clearly attributed;

Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this dissertation is entirely my own work;

I have acknowledged all main sources of help.

Maciej Albert Bancarzewski,

10th February 2015

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CONTENTS

List of abbreviations and acronyms.....	ix
List of tables.....	xv
List of figures.....	xvi
List of maps.....	xvii
Chapter One: Introduction.....	2
1.1 Motivation and context.....	2
1.2 The wider context of foreign direct investment and Japanisation.....	7
1.3 Research questions	8
1.4 Empirical focus	10
1.5 Conceptual framework	13
1.6 Methodology.....	14
1.7 Structure of the thesis	15
Chapter Two: National and regional patterns of Japanese Foreign Investment in Poland.....	17
2.1 Introduction.....	17
2.2 The overview of the Japanese outward investment.....	17
2.3 Japanese foreign direct investment in the Central and Eastern Europe (CEE).....	23
2.4 Japan’s economic presence in Poland.....	25
2.5 Japanese investment in Toruń, Kujawy-Pomerania Province.....	32
2.6 Conclusions.....	43
Chapter Three: Japanese and Polish Varieties of Capitalism.....	45
3.1 Introduction.....	45
3.2 Economic transformation in Poland.....	46
3.2.1 Economy.....	47

3.3 Varieties of Capitalism: conceptual framework.....	52
3.4 Polish and Japanese varieties of capitalism.....	57
3.4.1 Poland.....	59
3.4.2 Japan.....	63
3.5 Polish and Japanese employment relations.....	66
3.5.1 Poland.....	67
3.5.2 Japan.....	84
3.6 The critique of Varieties of Capitalism Approach.....	91
3.7 Conclusions.....	92
Chapter Four: Foreign Direct Investment and workplace institutions as contradictory and contested terrains.....	94
4.1 Introduction.....	94
4.2 Conceptual underpinnings.....	95
4.2.1 Labour Process Theory.....	95
4.2.2 Resistance.....	99
4.3 The phenomenon of Japanisation.....	105
4.4 Global transfer of Japanese managerial practices.....	109
4.5 Conclusions.....	117
Chapter Five: Methodology.....	120
5.1 Introduction.....	120
5.2 Choice of research methods.....	121
5.2.1 Qualitative research: case studies and internet-based sources.....	122
5.2.2 Access issues.....	124
5.2.3 Interviews.....	127
5.3 Researching transforming economies qualitatively.....	134
5.4 Internet-based sources of data: reliability and ethical issues.....	136
5.5 Conclusions.....	138

Chapter Six: The transfer of Japanese employment and production methods.....	140
6.1 Introduction.....	140
6.2 Crystal Park.....	141
6.3 Physical appearance and inter-firm relationships.....	141
6.4 Recruitment.....	150
6.4.1 Profile and skills.....	150
6.4.2 Flexibilizing the labour force through employment agencies.....	152
6.5 Training.....	155
6.6 Discipline, monitoring and pay and incentive system.....	159
6.7 Quality assurance.....	164
6.8 Conclusions.....	172
Chapter Seven: The sites of contestation. Employee experience.....	176
7.1 Introduction.....	176
7.2 Working conditions at the site.....	177
7.2.1 Work intensification.....	179
7.2.2 Bullying and ‘mobbing’.....	185
7.3 Workers’ resistance.....	188
7.4 Trade unions in Crystal Park.....	189
7.5 Signs of unorganised resistance in Crystal Park.....	194
7.5.1 Sabotage.....	195
7.5.2 Sarcasm and workplace humour.....	198
7.5.3 Absenteeism.....	200
7.5.4 Alternative strategies of collective resistance.....	200
7.6 Online discussion boards as platforms of workers’ passive contestation.....	202
7.7 Conclusions.....	211
Chapter Eight: Conslusions.....	214
8.1 Introduction.....	214
8.2 Japanisation.....	214
8.2.1 Japanisation and lean production.....	214
8.2.2 Japanisation in Crystal Park.....	217

8.3 Labour process and control and resistance of workers.....	219
8.3.1 The demise of the collective worker?.....	220
8.3.2 Workers’ resistance and ‘collectivism’ at Crystal Park.....	222
8.3.3 Reflecting on workers’ resistance in Poland.....	225
8.4 The Varieties of Capitalism Framework.....	226
8.4.1 Poland’s peripheral capitalism.....	226
8.4.2 A match made in heaven – Japanese <i>maquiladora</i> and Polish model of capitalism..	228
8.5 Limitations and suggestions for further research.....	231
8.6 Contribution to knowledge.....	232
References.....	234
Appendices.....	xviii
<i>Appendix 1</i> <i>Kaizen</i> submission form in Ekitai compared to exemplary <i>kaizen</i> form.....	xix
<i>Appendix 2</i> Survey conducted by National Labour Inspectorate in Toruń, Kessho Plant, Procurement Department (2010).....	xx
<i>Appendix 3</i> Photo of the multi-branch Solidarity protest.....	xxii
<i>Appendix 4</i> The photocopy of the original discussion board post.....	xxiii
<i>Appendix 5</i> Interview questions	xxiv
<i>Appendix 6</i> Transcript of an interview with with Kessho General Manager.....	xxvi
<i>Appendix 7</i> Plan of Pomeranian Special Economic Zone (2007-2012)	xxxii

LIST OF ABBREVIATIONS AND ACRONYMS

ALF-CIO	American Federation of Labor and Congress of Industrial Organizations
ASEAN	Association of Southeast Asian Nations
BRIC	grouping acronym that refers to the countries of B razil, R ussia, I ndia and C hina
CAMI	Canadian Automotive Manufacturing Inc.
CAW	Canadian Auto Workers (union)
CEE	Central and Eastern Europe
CEFTA	Central European Free Trade Agreement
CIS	Commonwealth of Independent States
CME	Coordinated Market Economy
CUP	Centralny Urząd Planowania (Central Planning Office)
DME	Dependent Market Economy
EBRD	European Bank for Reconstruction and Development
ER	Employment Relations
EU	European Union
FDI	Foreign Direct Investment
FSO	Fabryka Samochodów Osobowych (Passenger Automobile Factory)
FZZ	Forum Związków Zawodowych (Trade Union Forum)
GATT	General Agreement on Tariffs and Trade

GDP	Gross Domestic Product
GM	here: General Motors
GUS	Główny Urząd Statystyczny (Central Statistical Office)
ha	hectare a non-SI metric system unit of area equal to 10,000 square metres and used in the measurement of land (1 hectare is an equivalent of approximately 2.47 acres)
HR	Human Resources
HRM	Human Resources Management
IBB	Invest in Britain Bureau
IDV	individualism (Hofstede)
IMF	International Monetary Fund
ILPC	International Labour Process Conference
IMVP	International Motor Vehicle Programme
IR	Industrial Relations
ISM	here: Institute of Social Management
ISO	International Organization for Standardization
JETRO	Japan External Trade Organization
JFDI	Japanese Foreign Direct Investment
JICA	Japan International Cooperation Agency
JIT	Just-in-time
KOR	Komitet Obrony Robotników (Workers' Defense Committee)

LCD	Liquid-crystal display (technology)
LDA	Left Democratic Alliance (Poland) – Polish political party - SLD (<i>Sojusz Lewicy Demokratycznej</i>)
LDC	least developed country
LDP	Liberal Democratic Party (Japan)
LED	Light-emitting diode (technology)
LME	Liberal Market Economies
LPT	Labour Process Theory
LTO	Long term orientation
MAS	masculinity (Hofstede)
MBA	Master of Business Arts
METI	Ministry of Economy, Trade and Industry (Japan)
MITI	Ministry of International Trade and Industry (Japan); in 2001 replaced by METI
MME	Mixed Market Economy
MNC/MNE	Multinational Corporation (or Multinational Enterprise)
NATO	North Atlantic Treaty Organization
NBS	National Business System
NEC	Nippon Electric Company
NICs	newly industrialised countries
NIK	Najwyższa Izba Kontroli (Polish Supreme Audit Office)

NSZZ	Niezależny Samorządny Związek Zawodowy: <i>Solidarność</i> (Independent Self-governing Trade Union: <i>Solidarity</i>)
NUMNI	New United Motor Manufacturing (previously GM and Toyota factory; since 2010 Tesla Factory)
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OJT	on the job training
OKP	Obywatelski Klub Parlamentarny (Poland) (Citizens' Parliamentary Club)
OPZZ	Ogólnopolskie Porozumienie Związków Zawodowych (All-Poland Alliance of Trade Unions)
OZZPiP	Ogólnopolski Związek Zawodowy Pielęgniarek i Położnych (Polish Union of Nurses and Midwives)
PAiiIZ	Polska Agencja Informacji i Inwestycji Zagranicznych (Polish Information and Foreign Investment Agency)
PAP	Polska Agencja Prasowa (Polish Press Agency)
PDI	Power-distance Index (Hofstede)
PGR	Państwowe Gospodarstwo Rolne (State Agricultural Farm)
PHARE	Poland and Hungary – Assistance for Economic Restructuring
PIP	Państwowa Inspekcja Pracy (National Labour Inspectorate)
PiS	Prawo i Sprawiedliwość (Law and Justice); Polish political party
PLN	Polish Zloty
PO	Platforma Obywatelska (Civic Platform), Polish political party

PRL	Polska Rzeczpospolita Ludowa (Polish People's Republic)
PSEZ	Pomeranian Special Economic Zone
PUP	Powiatowy Urząd Pracy (Regional Employment Office)
RENGO	Japanese Trade Union Confederation
SEZ	Special Economic Zone
SLD	Sojusz Lewicy Demokratycznej (Democratic Left Alliance); Polish Political Party
SME	Small and medium-sized enterprises
SOEs	State-Owned Enterprises
SPD	Sozialdemokratische Partei Deutschlands (Social Democratic Party of Germany)
TNC	Transnational Corporation
TQM	Total Quality Management
TZMO	Toruńskie Zakłady Materiałów Opatunkowych (Toruń Dressing and Sanitary Materials Manufacturing)
UAI	uncertainty avoidance (Hofstede)
UEFA	Union of European Football Associations
UMK	Uniwersytet Mikołaja Kopernika (Nicolaus Copernicus University)
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
USD	United States dollar

V4	Visegrád Group (Czech Republic, Poland, Hungary and Slovakia)
VER	Voluntary Export Restraints
WTO	World Trade Organisation
WUP	Wojewódzki Urząd Pracy (Voivodeship Labour Office)
ZNP	Związek Nauczycielstwa Polskiego (Polish Teachers' Union)
ZUS	Zakład Ubezpieczeń Społecznych (Polish Social Insurance Bureau)

List of tables

Table 2.1 Number of JFDI in manufacturing in selected European counties (1990-2010).....	22
Table 2.2 Overview of institutional and market related determinants of JFDI in Poland.....	28
Table 2.3 FDI inflow in Poland by country of origin (in millions of Euro) (2011).....	29
Table 2.4 Japanese investments in Poland's Special Economic Zones (2012).....	32
Table 2.5 Japanese companies located at Crystal Park.....	35
Table 2.6 Locational characteristics of the Japanese investment in Toruń.....	40
Table 2.7 Downsizing of the Crystal Park.....	41
Table 3.1 Poland and Japan compared (Varieties of Capitalism framework).....	58
Table 3.2 Employment relations in Poland and Japan.....	90
Table 5.1 Summary of interviews.....	130
Table 6.1 Research sites' overview (in terms of selected peripheral Japanese practices.....)	149
Table 6.2 Performance related pay scheme at Kessho (as per 2011).....	162
Table 6.3 Transfer of Japanese practices to Polish workplace (based on case study Crystal Park firms).....	170-172
Table 7.1 Trade unions in Crystal Park (in the period of highest density).....	189

List of figures

<i>Figure 2.1</i> Global distribution of JFDI (1980-2005).....	20
<i>Figure 2.2</i> JFDI in Europe - change in number of Japanese subsidiaries in manufacturing sector 1990-2010.....	23
<i>Figure 3.1</i> Average number of actual weekly hours of work (full-time employees) in Visegrád Group and selected European Union countries (third quarter, 2008).....	69

List of maps

Map 1.1 Location of Crystal Park in Poland, with transportation links.	11
Map 1.2 Kujawy-Pomerania Province. Districts adjacent to Crystal Park with unemployment rates (2012) Crystal Park is located in Toruński district.....	13
Map 2.1 Concentration of Japanese companies in Poland's SEZs.....	30
Map 2.2 Location of Crystal Park site.....	36

Let's build a second Japan in Poland

Lech Wałęsa

CHAPTER ONE

INTRODUCTION

1.1 Motivation and context

12 April 2006 is a date so significant in Toruń's (Northeast Poland) modern history, it even has a mention in Wikipedia. The day itself was no different to any other April day. The town was basking in the early spring sun, which was still not quite powerful enough to kill the coldness of the morning. Students were rushing for their classes, a busy crowd of bargain hunting shoppers was strolling down the high street; children were at school, and parents were at work. Only the journalists suddenly appeared in large numbers outside the Governor's Office, and while setting up their gear, kept checking their watches nervously. At the same time Sharp's chairman and CEO, Mr Katsuhiko Machida, was just leaving the Prime Minister's office in Warsaw, heading up north to confirm the new location for the firm's investment. For several weeks the press had speculated on Toruń as a potential location for Japanese investment. The promised day had come – the decision-maker himself was to visit the nearby village of Ostaszewo, where the Crystal Park was to be built.

The limousine parked just outside the Province Governor's Office in the town of Toruń. Mr Machida was greeted with honours by the governor, Waldemar Achramowicz, in his office. They took a walk through the UNESCO listed gothic Old Town. Finally, the CEO and his entourage travelled to Ostaszewo, a small village located on the northern outskirts of Toruń, five miles from the centre of the town.

Ostaszewo, a former collective farm, shared the fate of many other communist era state-owned enterprises (SOE) and was dissolved in the early 1990s leaving its employees out of work with nothing but a hopeless future to look forward to. East Asian corporations were to re-shape the whole Toruń region. Along with other Japanese contractors, Sharp was promising to employ up to 10,000 workers. Such investment would change the rural landscape – visually, economically and socially. Mr Machida found Ostaszewo an excellent location for a new Sharp factory. His acceptance gave the green light to the investment.

It appears that Toruń (with Ostaszewo) attracted the Japanese predominantly by its good transportation links (North-South axis); its proximity to Warsaw and the ports of Gdansk and Gdynia; as well as the labour market structure (relatively high unemployment). Shortly after the Japanese had successfully conducted their ‘landing operation’ (as one of the local papers metaphorically put it) in Toruń, Sharp attracted other giants: Orion, Sumika (part of Sumitomo), Tokai Okaya; as well as logistics companies such as NYK and Nissin, creating one of the biggest greenfield investments and the biggest electronic clusters in the country. ‘The corporate troops’ – a few hundred Japanese managers and engineers moved to Toruń.

It was commonly believed that the Japanese were also captivated by Toruń itself and fell in love with the vibrant university town; its medieval Teutonic appearance, steeples, spires and gothic brick arches. Not all of the Japanese managers were however infatuated with the ‘peripheral’ city, and many decided to commute from Warsaw. In 2009 Toruń was listed as the 12th best city in Poland to live in by *Przekrój*, the opinion magazine. At the same time Toruń had a shameful record of being the most indebted city in Poland with its municipal debt almost ten times higher than Warsaw’s.

Having spent six years (between 2000 and 2006) - studying and working in Toruń – I slowly felt I belonged there and my concern with the town’s future became entwined with a worry about the job prospects myself and my fellow students would face after graduating. Like most of the dwellers, I have followed the hope of the Japanese ‘miracle’ the town was gossiping about. Everyone seemed excited about the idea of Japanese investment in Toruń. It would tackle unemployment, bring jobs, prosperity and happiness to the town. Toruń is a very attractive place to study, but a far less attractive place to work - in terms of job opportunities – and only very few graduates decide to stay after graduating. Sharing the fate of other cities, Toruń was severely hit by unemployment (15 per cent), when industry restructuring came along in the 1990s. A number of new investments, chiefly in the retail sector, did not compensate for the bankruptcy of the champion socialist factories. It was not surprising that for many of my friends from university, Crystal Park seemed to be almost their salvation. The town itself, where the university was the biggest employer, started to change. Toruń wanted to welcome the Japanese in the best way it could and make some money at the same time – a couple of Sushi houses were open – expensive, unaffordable for most of Torunians and not quite popular yet, relying mostly on nostalgic Japanese managers who arrived with the investment. Crystal Park was expected to grow and, in addition, long-term strategies were growing in the heads of

locals. The University started a new Japanese Language and Culture BA course, hoping to educate future Crystal Park desirable employees. The Japanese-bug was spreading and excitement was growing. The local newspapers enthusiastically posted regular updates on the progress of the building works. Not a single bad word was said about the investment during the set up period. Everyone was suddenly an expert in Japanese culture, Japanese practice and all things Japanese. The only mild criticism concentrated on the aesthetic character of the investment and its possible impact on Toruń's image as academic and cultural centre and its gothic heritage.

This euphoric media-fuelled mood was also shared by local economists and entrepreneurs. In May 2006 The *Nowości* daily newspaper organised a debate on the prospects of Japanese investment. Optimistic opinions dominated the debate. The director of Torun Chamber of Commerce and Industry - Wojciech Maksymowicz - foresaw a longstanding and stable relationship with Japanese investors. He argued that:

The Japanese will bring investment of a different standard. Western firms are as quick in closing businesses down as in opening new ones, most recent example being Elektrolux closing down its factories in Sweden just to move them to Poland. Japanese invest in a different fashion. They value tradition and long term cooperation. In Japan people often start their first employment and retire in the same company.

(Rzepczyński, 2006)

The only controversy discussed by the panel was regarding the city's tourist profile and the presumption that this image of medieval wonder would be distorted by the industrial neighbourhood. The Director of Toruń Regional Development Agency - Ewa Rybińska - refuted this allegation and reinforced the legitimacy of an argument for the Japanese investment in Toruń:

(...) modern factory built near Toruń, will not only do no harm to the profile of the city but the contrary, it will be a great publicity for Toruń.

(ibid)

The bubble of euphoria was rather short lived. The goose that laid the golden eggs suddenly disappeared leaving a very ugly duckling instead.

In February 2007 I read a report entitled ‘Japanese don’t like women speaking! How I worked for peanuts in a television manufacturing factory near Toruń. For 672 PLN Net.’ published in *Gazeta Wyborcza*, the main daily newspaper in Poland. The author, Aleksandra Leśniewska, had worked undercover in one of the biggest plants in Crystal Park for several weeks. The journalist exposed the rigid Japanese regime on the shop floor; some of the harsher aspects of lean production, and ubiquitous Japanese supervision. The tone of the article was grim, dominated by the atmosphere of fear, and the depiction of nearly *maquiladora* conditions. Leśniewska (2007) herself experienced the discipline and time control of a Japanese workplace that she found unpleasantly confining. Further, she became aware of:

I’ve learnt there that within 15 minutes one can have lunch as well as a cigarette, coffee and also ones toilet break. Here we are standing with my work colleagues behind the yellow line; Mr Hinooka is asking what could be done to manufacture more tellies. One of the workers replies: we need to be paid more. But the interpreter doesn’t pass it on. Japanese don’t like women who speak out.

Rank and file workers had limited or no contact with the managers. Any communication as it happened was unilateral rather than reciprocal. Workers were expected to listen and obey. Offering opinions and discussions were unwelcome. Interpreters did not always translate negative remarks or worker’s demands during the meetings. The content of Leśniewska’s report inspired me to question the positive picture of the new investment and stimulated me to verify the report. Leśniewska had only spent four weeks in the factory, during the chaotic start-up period; what seems enough for a hard-hitting cover story, however is insufficient for an academic investigation. Additionally, the local press engaged in the symbolical ‘Japanisation of Toruń’: numerous articles described how the Japanese managers were settling in town and how the town itself accommodated the new incomers.

I wanted to look outside this ‘cultural’ turmoil, and investigate Japanisation at the factory level. What is the reality of working for a Japanese company in Poland from the employee’s viewpoint? How is this different from a Polish or European workplace? Did the Japanese manage to adapt to the Polish environment? Perhaps the Japanese Foreign Direct Investment (JFDI) are not as *kawaii* (Japanese ‘lovable’; ‘adorable’), as it initially appeared to be. I recalled watching an American comedy film, directed by Ron Howard (1986) entitled ‘Gung Ho’. The movie showed the story of a Japanese fictional company; ‘Assan Motors’, which took over an American, local car plant. Many scenes depicted compulsory morning exercises conducted by the Japanese management. American workers were reluctant to practise and even manifested

their disobedience by making jokes about Japanese ‘rituals’. Even though the story was exaggerated or even distorted, it did not stop me thinking how ‘Gung Ho’ would have looked in a Polish environment.

The Japanese style of management has received a lot of attention in Poland, especially from the mid-2000s. Our University of Toruń Library had an extensive section on Japanese management; the bookshop shelves were full of self-help guides for managers; ranging from Total Flow Management to ‘enigmatic’ *kaizen* (the philosophy of continuous improvement), advertised as ‘must-haves’ and core texts on quality management. Generally these works were lacking both an academic and Polish perspective. They were mainly management ‘industry’ guides, translated into Polish and churned out in the 1990s when western neoliberal evangelisation was at its peak.

Dr Marcin Kuzel (Toruń University leading specialist on FDI), with whom I had a conversation about Japanese practices, suggested that the term *kaizen* is widely recognised among Polish managers. Their awareness, however, seems to be rather theoretical. The actual understanding and implementation of *kaizen* is a totally different matter. Dr Kuzel interviewed numerous managers asking about *kaizen*. The respondents all knew the definition; hence an answer to the initial question was regarded as obvious. Of course Polish managers know about *kaizen* and have read many books about its application. Nevertheless, when it came to explaining how they would implement an idea of continuous improvement in their workplaces, they were unable to find appropriate examples. Kuzel was surprised to find that *kaizen* seemed to be a ‘managerial caprice’ rather than a way to improve the production system. It was a fashion or a fever to which every manager in the post-communist economy appeared prone. Like many other ‘new’ western practices – *kaizen* or “just-in-time” – were almost buzzwords the managers might have learnt on their MBA courses, splendid while being explained by strategy gurus and other enthusiasts, but too ‘western’ to neophytes embedded in the old system. On the workplace level these methods were seldom applied and managers needed time to ‘retune’ to the new approach. Anything coming from successful western economies was highly regarded, however there is a doubt whether those managerial practices were fully understood initially and implemented in a complete form. Quite an opposite picture comes to light. If the Japanese style of management was adapted in a Polish owned company, it was done rather superficially; when asked, managers were not able to explain it or give any real life examples of transferring the Japanese management practices in their companies. Dr Kuzel did not at the time have a chance to

investigate whether the same pattern was to be observed in Polish JFDIs. In my research I attempt to address this gap.

Therefore investigating a Japanese corporation seemed to be a great opportunity to verify the extent to which core Japanese management practices are implemented. I wanted to look beyond the praise of the effectiveness of these methods.

1.2 The wider context of foreign direct investment and the transfer of Japanese employment practices.

The wider context of this investment is also noteworthy. The Toruń cluster is just one of many foreign investments in the Pomerania region and a small element of a much bigger picture. Poland, the biggest economy within Central and Eastern Europe (CEE) started attracting FDI in the beginning of the 1990s, when the country became part of the global economy and investment flowed from the core developed economies to the transition economies. These foreign investments are regarded as significant and 'strategic' to the development of CEE, which suffered from the effects of being an inefficient, command economy. The presence of FDI in Poland has stimulated important and also controversial debates on privatization, deregulation and labour market flexibility. Some argue the benefits of FDI have been overrated, and low levels of FDI perpetuate the existing economic status quo with Poland based still on the periphery, rather than at the core of world economy (Hardy, 1998; Domański, 2004; Grabner and Stark (eds), 1997). Nevertheless FDI became integral to Poland's economic development over the last twenty years. The private, foreign owned sector is gradually growing, employing a considerable share of Poles and bringing institutional change.

One of the expanding sources of foreign capital in Poland comes from Japanese multinationals which substantially invested in the manufacturing sector (predominantly: Toyota, Isuzu and Bridgestone). Thousands of employees in Japanese factories for the very first time have been introduced to specific methods of production and management. This Japanese peculiarity is based to some extent in the culture; Confucian philosophy and a strong sense of collectivism. Whitehall (1992) argues that Confucianism hugely affects the thinking and behaviour of managers. Attributes stemming from this doctrine such as obedience, loyalty and self-development are a common part of Japanese managerial practice. At the same time, Japanese

collectivism, or groupism is presented as something opposite to American individualism. The Japanese are famously known for their distinctive employment system, the so-called ‘three pillars’: lifetime employment, a seniority-based system and enterprise unionism. Japanese corporations have also successfully implemented just-in-time (JIT), total quality management (TQM) and *kaizen* techniques which contributed to high efficiency and quality of work. This specific managerial style and application of the quality policies were not purely dependent on ‘Japanese culture’. The influence of the USA in the post-war years has affected economic and political aspects of Japanese life, including its management. For instance the ideas of Taylorism were well known and practised even before WWII (Warner, 1994). Also, quality management was popularized by the American statistician William Edward Deming (Tsutsui, 1996).

With the expanding JFDI, the question was: could these institutions be transplanted to different economic and cultural environments? Hence, the interesting phenomenon accompanying JFDI (and also non-Japanese companies) is the process of Japanisation, notion that the firms are reproducing Japanese forms of economic structures and practices. The cluster of Japanese corporations near Toruń with its characteristic management and production practices must undoubtedly have had an impact on workplace relations. This thesis puts the ‘Polish-Japanese’ workplace under the microscope and attempts to find answers to a set of questions elaborated in the next section.

1.3 Research questions

There is a body of work on Polish employment and industrial relations (see Ost, 2005; 2002; Gardawski *et al.*, 1999; Gardawski, 2009 (ed); Hardy, 1998; 2006; 2009; Hardy and Kozek, 2011; Meardi, 2002; 2007; Mrozowicki, 2011; Mrozowicki and Maciejewska, 2013). The above mentioned research will be discussed further in Chapters Three and Four. However the specific impact of Japanisation on the Polish workplace has not yet been sufficiently explored. The majority of the research covers a narrow area of studies focusing on Japanese managerial practices (see Krasiński, 2012a; 2012b; 2014; Janus, 2013; Ćwiklicki and Obora, 2011). This could be explained by Poland’s post-1989 aspiration to catch up with the West; researchers’ interests reflect this mood thoroughly. This created a significant research gap. Poland quite understandably missed the ‘Japanisation hype’ in the 1980s. A decade later the scale of JFDI

was still limited, and at the same time the American model of management was getting most of the attention from both academics and practitioners. Also, relatively little is known regarding the impact of JFDI in Poland's post-communist economy.

The intention of this project is to fill this gap, and to establish to what extent typical Japanese management and production practices have been adopted in Japanese-owned factories in Poland and what the specific impacts of Japanese FDI are on Polish workplace institutions.

Initially, I was interested in the broader aspects of FDI in Poland and its economic impact on the region. The preliminary fieldwork not only refined, but also reshaped my research objectives. Some of the interviewees on the local government level briefly mentioned that the Japanese companies I was planning to visit were experiencing recurring problems concerning discipline, management and workers' expectations. This was blamed on the character of Japanese culture. These primary interviews kindled my curiosity. I knew already that, in comparison with other Japanese FDI recipient countries, there was little research into this emerging issue in Poland.

Firstly, the research is directed towards casting light on the following areas of interest:

- The dynamics of the transfer of employment and human resource practices from Japan to Poland. This will include areas of recruitment, training, and implementation of the quality policies.
- Separately the trade union activity needs to be investigated in the context of Japanese corporation

This led to the main research problems that the following thesis will address.

- Are these practices being fully embraced by managers in Poland?
- The nature of worker and trade union responses to 'Japanese' managerial and production methods in Poland.

The research in the developed economies has shown that Japanese management has met with resistance from workers. To what extent would Polish workers react in the same way, and how far would they be willing to unreservedly accept the 'Japanese model'?

The overarching research question is to what extent 'Japanisation' has been transferred to the Polish workplaces through Japanese FDI. Specifically, how far there has been a transfer of Japanese employment and managerial practices to sites of foreign direct investment in Poland.

With regards to the nature of workers' response to these practices it is necessary to determine, to what extent there has been resistance to these methods and what the nature of such resistance is. To what extent has there been, individual or collective resistance to Japanese management style in the researched plants?

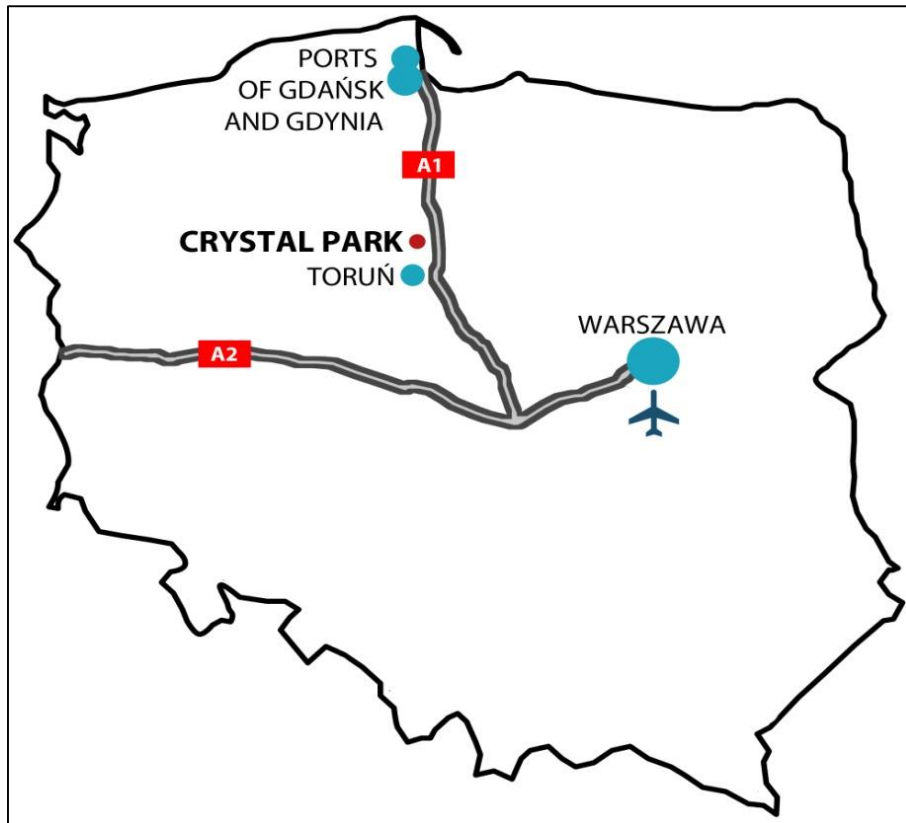
1.4 Empirical focus

The cases of Japanese (and Korean) investment in Europe reveal quite different locational patterns to those of Western investment, which tends to locate their plants in developed metropolitan areas. For instance in Great Britain, East Asian conglomerates prefer to invest in peripheral, less developed or even depressed regions. The main South Korean *chaebols* came to an agreement and 'collusively divided' upon spheres of influence; Hyundai took Scotland, Samsung Northern England and Daewoo Northern Ireland. LG decided to invest in Newport in Wales (the largest single instance of FDI in the UK in the terms of promised employment), which was hugely affected by unemployment (Phelps *et al.*, 1998). Japanese corporations implemented a similar strategy locating their factories in quite remote areas of Northern England, Wales or in Telford, Shropshire, where three Japanese firms are situated. Such 'isolated' regions are not attractive for European or American investors due to the poor network of suppliers. For the Japanese companies which are organised through the *kaizen* philosophy and just-in-time techniques (Phelps, 1997) this is not an issue. It has to be stressed that these peripheral regions of the UK are well integrated through transportation networks; M4 in Southern Wales, M1 in Northern England, and M58 leading to Telford. These features were taken into consideration by East Asian investors. Japanese and Korean firms apply the same model of investing in CEE countries, and FDIs are located in peripheral areas with relatively good integrated communication network (LG in Mława, Poland, KIA Motors in Žilina, Slovakia, or Toyota in Kolin, Czech Republic).

The site of the largest cluster of Japanese investment in Toruń fits in the 'peripheral' investment pattern. In the late 2006 the Sharp Corporation opened one of the biggest LCD factories in

Europe on the outskirts of the city in Ostaszewo. The location is characterized by decent transport links and an advantageous labour market structure with unemployment above the national average, and the regional average wage below the national average (see Map 1.1).

Map 1.1 Location of Crystal Park in Poland, with transportation links.



Source: author

This new industrial site was called ‘Crystal Park’ (a reference to LCD screens production and its components) and became part of the Pomerania Special Economic Zone (PSEZ). It is the biggest Japanese ‘cluster’ in Poland. Other major Japanese manufacturing FDIs are located separately: Isuzu in Tychy, Toyota in Wałbrzych, Bridgestone in Stargard Szczeciński and Poznań, all of them benefiting from locations in the SEZs. Investment on this scale easily seized the attention, not only at a regional, but also at a national level with Sharp’s plans to invest 250 million Euros alone. It also understandably raised hopes for the improvement of the economic situation of the whole region. The Polish edition of the *Forbes* magazine acknowledged establishing PSEZ in Toruń as a ‘the most spectacular economic event in 2007’.

It is important to note that Poland is economically divided into so-called *Poland A* (core) and *Poland B* (periphery). This strong dichotomy has its roots in 18th century (Chapter Four will explain the concept of *Poland B* as well as the origins of such division in more detail). Even though Toruń itself is relatively developed (the city is the hometown of one the biggest universities in Poland), the Kujawy-Pomerania Province as a whole is not, and shares characteristics of the periphery; it suffers from structural unemployment, lack of investment, and experiences the exodus of the youth to Western Europe and to more prosperous regions of Poland.

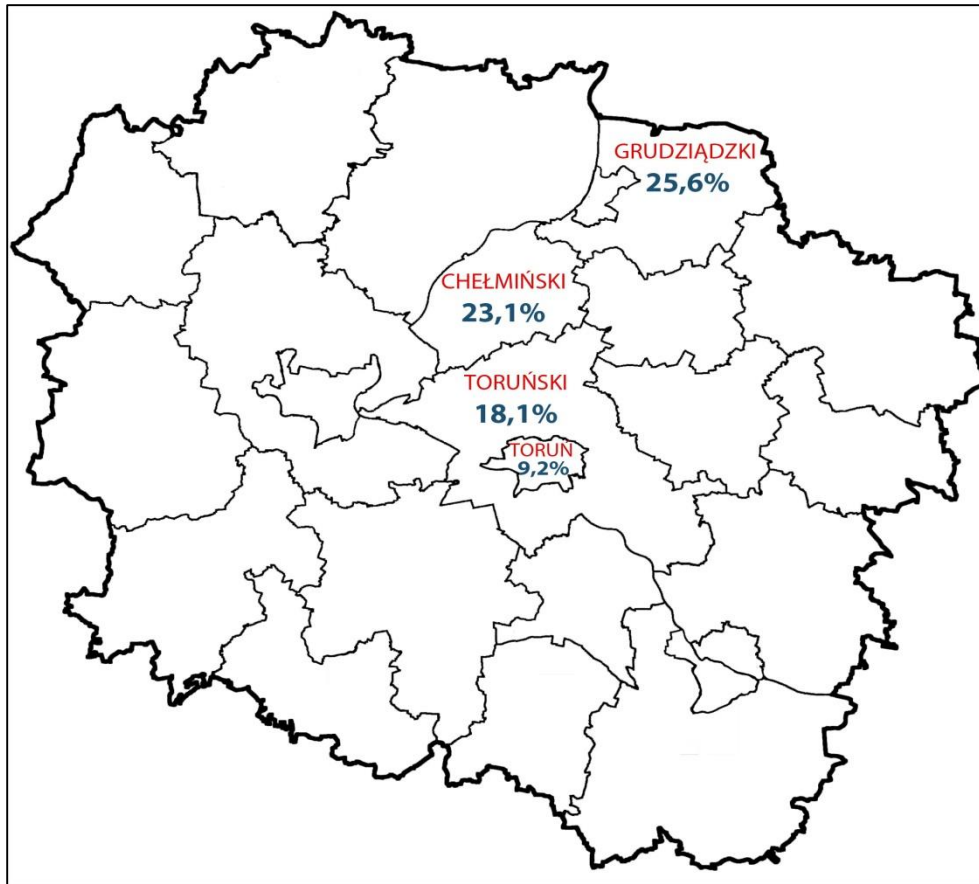
The advantage of cheap labour in the region is emphasised by the government investment agencies, which are trying to encourage more investment and recommend the Kujawy-Pomerania Province:

Among their other assets, local authorities list low labour costs, a large workforce (various fields of medicine are noted) and the quality of local institutions of higher education. Unemployment remains relatively high, meaning employers have the advantage in the market, and a number of well-respected universities add to the labour pool each year.

Investing in Poland (2010)

In the years 2006-2012, 4,000 people worked at Crystal Park, although initially these firms had a target of hiring 10,000 workers. Since 2011 some of the Japanese firms based in Crystal Park have been downsizing their production and employment, although not withdrawing from the site. The majority of the labour force, employed by Japanese companies in Ostaszewo, came from districts hugely affected by unemployment: Toruń rural district, Chełmno, Grudziądz (15-30 per cent). For many of them Crystal Park's companies were their first employers. Map 1.2 shows the Toruński district, where Crystal Park is located and its neighbouring districts with the unemployment rates.

Map 1.2 Kujawy-Pomerania Province. Districts adjacent to Crystal Park with unemployment rates (2012) Crystal Park is located in Toruński district.



Source: author, based on WUP (2012)

1.5 Conceptual framework

In order to address the research questions, three strands of literature are drawn on (discussed in Chapter Three and Four). Firstly, the research will be set in the context of Varieties of Capitalism (VoC). Poland's Variety of Capitalism is extensively discussed. The main division in this conceptualization is between Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs). According to Lipton and Sachs (1990) and Blanchard *et al.*, (1991) transformation of Polish capitalism was instituted on the basis of a design of LME. Development of Polish capitalism was heavily influenced by international forces (Bohle, 2006). Although this development was carried out with reduction of high-value production and an increase in low-value added activities as privatization and foreign investment has locked

firms into global value chains of international companies (Hardy, 2009; Hardy, 2007) while other firms have been left without the resources for modernization and restructuring.

Secondly for the purpose of this study, VoC framework due to its static character is considered to be insufficient to fully uncover the nature of workplace relations in FDI. Therefore it seemed necessary to employ the taxonomy of labour process, especially with regards to the notion of workers resistance towards the new management methods.

Thirdly the study will draw on work of Japanisation: the influence of Japanese manufacturing investment and Japanese working practices across the global economy. Some early studies suggested that neither was it possible to transfer Japanese practices to the Western subsidiaries due to indissoluble embeddedness of the Japanese firm within Japanese society (Dore, 1973), nor was it possible to even attempt at researching the subject, without extensive studies into Japanese language, culture and area knowledge.

However in the aftermath of Japanese investment ‘expansion’ in the 1980s, JFDI became a very popular subject for academic analysis. The research focus shifted into the subsidiary plants and the transfer of Japanese practices abroad and abandoned the institutional perspective (Elger and Smith, 1994). The Japanese firm was treated as an abstract model and was analysed outside the Japanese economy, the focus being put on workers’ experience and, however overused, the ‘transplant’ of Japanese practice. Many researchers concentrated on the implications for work organization, employee relation, and response of the host trade union movement to Japanisation (Olivier and Wilkinson, 1992; Bratton, 1992). An alternative view is presented by the writers who adapted a system or dominance approach. These researchers point out the advantages of unique Japanese practices as opposite to the American model (Pascale and Athos, 1982). Works of Delbridge and Turnbull (1992), Stewart (1996), Elger and Smith (2005) and Stewart *et al.* (2009) concentrate on a wide-ranging critique of the established view of the Japanese model of work organization.

1.6 Methodology

In order to cast light on the aforementioned research questions a qualitative approach has been adopted as outlined in Chapter Five. The fieldwork was undertaken in Crystal Park and at

regional level (local government) in Poland between years 2011 and 2012. Semi-structured in-depth interviews were conducted with managers and workers at the Crystal Park site in order to investigate the distinctive effects of Japanese FDI on managerial policies and practices, and work and employment conditions, in selected Japanese-owned factories.

The approach to fieldwork concentrated on in-depth and triangulated exploration of social and work phenomena in a relatively small number of case organisations. The micro level investigation was contextualised through a series of semi-structured interviews with expert stakeholders (including local government officials, trade unionists, scientists and journalists) in Poland. In order to explore the wider institutional and employment effects of Japanese FDI in Poland as well as to establish the main areas of workers' acceptance and resistance to the Japanese methods, 36 in-depth interviews were conducted in five case study firms. In addition to face-to-face interviews, the research is enriched by workers' opinions found on popular online forums and commentary boards regarding Crystal Park site.

1.7 Structure of the thesis

To contextualise the Japanese Foreign Direct Investment, the next chapter (Chapter Two) will briefly outline the recent trends in global Japanese Foreign Direct Investment (FDI), but for the most part it will focus on patterns of national and regional Japanese investment in Poland. It will analyse the local political economy of the investment in Toruń, as well as the main determinants of Japanese investment.

Chapters Three and Four provide the conceptual underpinnings for the research. Chapter Three compares Poland and Japan's business systems. A Variety of Capitalism framework is adopted. Recognising the limitations imposed by the static nature of the framework followed, it is argued that Polish economy is a challenging subject of such taxonomisation, showing features of both ideal types outlined by Hall and Soskice (2001). It is also necessary for this analysis to draw on historical and political contexts of transformation, as the business systems are deeply influenced by institutional arrangements which 'reflect historical dynamic' (Ferner, 2000: 3). Next, the features of employment relations in both economies are examined, to bring the focus closer to the workplace itself. The development of the 'new workplace' and managerial regime is examined from the perspective of transition.

Chapter Four draws on three strands of literature. Firstly, the labour process theory is considered and various dimensions of workers' resistance are discussed. Secondly recognising the importance of FDI as one of the main 'sculptors' of Polish post-socialist economy; the focus will move onto the particular form of the foreign direct investment, that is JFDI and the ambiguous phenomenon of Japanisation. Thirdly, the issue of 'transferability' of Japanese practices to alien environments will be explored.

Chapter Five justifies research methods and provides the outline of the fieldwork methodology adapted for the purpose of the thesis.

Chapters Six and Seven will present the research findings from the Crystal Park fieldwork. The main focus of Chapter Six is on the issue of transfer of typical Japanese management and production practices to case study factories. The analysis will be built around the following themes: recruitment, training, pay system, quality assurance, monitoring and discipline. Chapter Seven will shed light on the nature of resistance and contestation in Crystal Park's plants. Workers' and trade unions' responses to 'Japanisation' will be considered.

The main aim of this thesis is to investigate JFDI in Poland in terms of the transfer of Japanese production and managerial institutions and practices and the character of workers' response towards them. Chapter Eight will provide overall conclusions and will address the research questions. It will seek to explore the following. Firstly, the notion of Japanisation, in relation to lean production and the problem of transferability of the typical Japanese practices into the subsidiary workplace will be discussed. Subsequently, the nature of workers' responses to Japanese management practices will be explored in the context of Crystal Park investment. The collective and individual aspects of worker resistance will be considered. Finally, the concluding chapter will turn to the Variety of Capitalism (VoC) approach in order to investigate the links between the Polish capitalism variety and the pattern of Japanese investment in Poland.

CHAPTER TWO

NATIONAL AND REGIONAL PATTERNS OF JAPANESE FOREIGN INVESTMENT IN POLAND

2.1 Introduction

This chapter provides an overview of the global trends of Japanese Foreign Direct Investment (JFDI), including those in the United Kingdom and Central and Eastern Europe. It presents the historical background of JFDI in Poland and discusses its economic and political context. Finally, the locational determinants of the biggest cluster of Japanese electronics and logistics companies in Poland (research site), Crystal Park near Toruń, Northern Poland are analysed.

Although it is not in the scope of this research to investigate the purely economic impact of the case study firms on regional and national level, as it mainly focuses on workplace institutions and management transfer, a brief characteristic of Crystal Park firms' local embeddedness is provided. It is important to understand the context of JFDI in Poland and grasp its national and regional effect.

2.2 The overview of the Japanese outward investment

Japan's post-war economy is regarded as one of the most successful and efficient. Despite the fact that a few slumps took place in the 1970s and 1990s, the Japanese economy is listed among the world's strongest. The contribution of the Japanese economy to world's GDP grew from just two per cent to over 10 per cent between 1967 and 1987. Therefore its impact can be acknowledged as 'dramatic' (Beamish *et al.*, 1997). Undoubtedly, the expansive activities of Japanese corporations back up the dominant position of Japan in the global economy. Among

the top 100 multinationals there are 39 Japanese corporations, including the largest auto-makers, electronic firms and trading companies: Toyota, Mitsubishi, Sony, Nissan, Fujitsu and Mitsubishi (Flath, 2005). Global JFDI is determinant of this success.

Japanese manufacturers made their way in the world after the end of the World War II. From 1951, companies were allowed to invest abroad (from 1955 Japan accessed GATT), but due to a weak post-war economy and Japanese government restrictions on outward investments, JFDI was limited. Morris (1988) distinguishes three phases of Japanese direct investments; 1947-1971 – a period of steady and modest increases; 1971-1980 a surge of growth, and the turning point of the scale of foreign investment took place in 1972. In the years 1972 and 1973 FDI was greater than in the preceding period: 1951-1971. The phase starting from 1980 was characterized by a steep upward trend (with the ‘boom’ period: 1986-89). The 1980s consolidates Japan’s domination in terms of outflow investments. In 1989 the value of Japan’s foreign investment was USD 67.5 billion, more than any country in the world at that time. Japanese corporations provided about 30 per cent of world FDI flows (Westley, 2008). This sudden growth can be explained by several factors: as a result of Plaza Accord (1985), an international agreement which allowed depreciation of the American dollar; in the period 1985-1988 Japan’s currency appreciated and the value of yen against the dollar almost doubled. Yen appreciation evoked the ‘crisis of high yen’ (Japanese: *endaka*) which greatly affected Japanese exports, so crucial for the country’s economy. *Endaka* encouraged Japanese firms to overseas investments as a result of much lower manufacturing costs abroad. On the other hand appreciation of yen badly affected Japanese subsidiaries abroad, much depended on materials imported from Japan (Komiya, 1990). Even though *endaka* did not stop Japan’s export competitiveness, it rather boosted Japanese determination to remain one of the most efficient and competitive nations in the world (Olivier and Wilkinson, 1992).

Further, another factor which contributed to JFDI’s expansion was the so-called Japanese ‘bubble economy’; companies were able to finance overseas investment through cheap and available credit (Beamish *et al.*, 1997). The ‘bubble economy’ made land prices higher, which turned real-estate firms and companies needing land for factories to invest abroad. The next motivation for expansion of Japanese FDI in 1980s was hollowing-out (de-industrialization) of manufacturing industry. Japan’s production significantly shifted out of manufacturing. This share of real GDP fell from 27.9 in 1985 to 24.3 in 1990. Decline in this sector also affected manufacturing’s share of employment in Japan; large firms began to recruit fewer new graduate

managers, older workers were retired or shifted to other companies. Corporations were forced to seek manufacturing employees abroad as they shifted industrial production outside Japan (Morgan *et al.*, 2002).

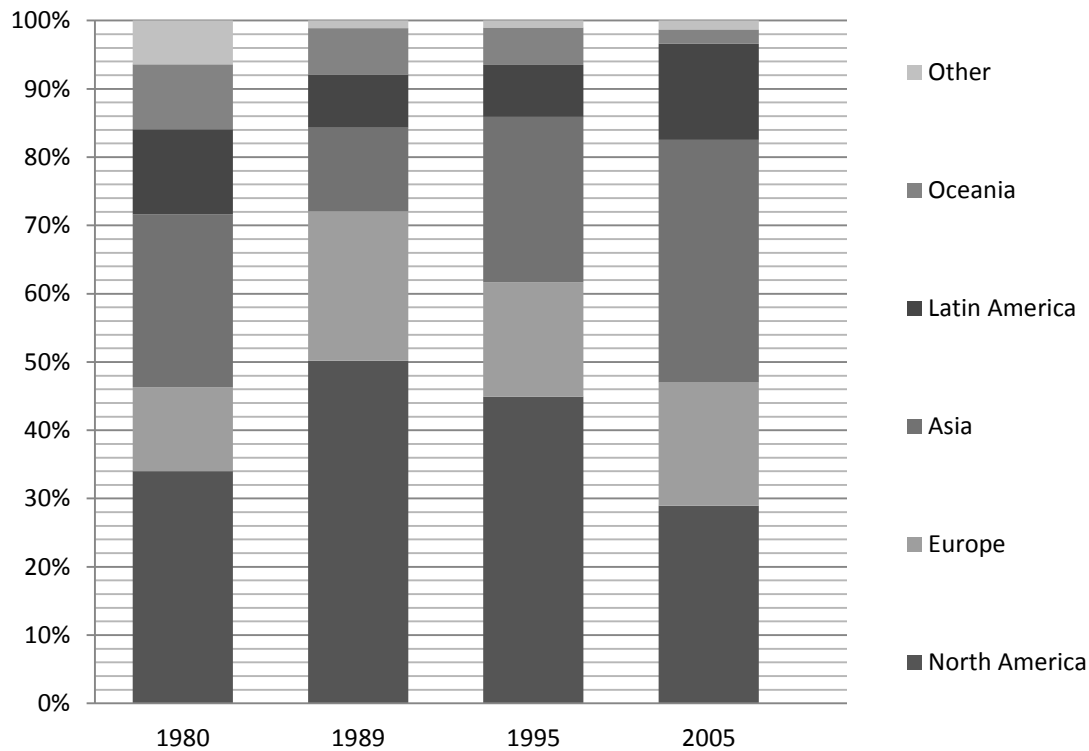
Japan's stagnation in the 1990s substantially reduced the amount of the outward JFDI. The last two decades showed that Japanese corporations have been not investing so extensively, as they used to in the late 1980s. The Japanese economy was heavily affected by the economic bubble in the early nineties and was not immune to the Asian financial crisis (1997). Those slumps reduced the global volume of JFDI. During the 1990s Japan was the second largest investor, after USA. In the 2000s other developed economies (France, Germany, and the UK) outpaced Japan in the value of FDI outflow.

Characteristically outflows of FDI from Japan were much larger than equivalent inflows to the country; by 1993, the stock of JFDI abroad stood at USD 422.5 billion - almost fifteen times the USD 29.9 billion stock of FDI received by Japan (Bayoumi and Lipworth, 1997). This gap was growing over the years. The Japanese government had hostile policies to inward investment, which remained persistent until the 1980s. In addition features of isolated Japanese culture and language made Japan a hard place to invest and contributed to this investment imbalance (Flath, 2005). Foreign economic policy is described appropriately by popular slogans in Japan: 'Export or die' and 'Making the economy more sufficient'. This kind of approach accurately explains the trend of Japanese foreign investment in the years 1970-1990.

Japanese investments during the first thirty post-war years (1951-1980) were primarily concentrated in Asia, Middle East and Latin America. Until 1980 developing countries received about half of all JFDI (Jun *et al.*, 1993). In the 1980s Japanese corporations established new subsidiaries in the USA, the UK and France - Japan's prime exports markets, shifting some investments away from Asia to Western developed countries. Japanese companies continued investing in the developing world mainly in ASEAN countries (Indonesia, Thailand, Philippines, and Malaysia) and Asian Tigers (South Korea, Taiwan, and Singapore). The major target of JFDI in the 1980s was North America: the United States and Canada. In 1989 the value of all JFDI in the USA alone was 50 per cent; another 22 per cent was invested in Europe (see Figure 2.1). Japanese investment in Europe exceeded that in America in 1999; 39 per cent and 33 per cent of the total respectively. In Australia, Japan was the third major investor, after the USA and the UK. At the same time JFDI in Asia and Latin America remained at the same level, around 30 per cent altogether. There is insignificant presence of JFDI in the Middle East

(few considerable investments in Iraq and Iran before 1980, stopped by the war between these countries); and Africa (Zaire, Nigeria and Zambia); (ibid).

Figure 2.1 Global distribution of JFDI, (1980-2005).



Source: Author based on Westney (2008)

Therefore, initially JFDI strongly depended on geographical location, leaning towards proximity to the home country; the majority of the investment went to neighbouring Asian economies. Apart from closer location, some cultural, political and historical reasons influenced investment in Asia. From the 1980s Japanese companies recognized the proximity to the sales market, moving capital to the North America and Europe. The big shift in outward JFDI from developing countries to developed countries has been caused by several factors including worsening of investment environments in the most developing countries (political instability, accumulated debt, civil wars), and rising barriers to imports from Japan to the United States and some European countries (Komiya, 1990).

The UK was the primary location for JFDI in Europe, constituting over a third of total Japanese investment in the European Economic Community (EEC). The number of Japanese companies in Great Britain rose from 20 in 1980 to around 160 in 1991, employing 50,000 workers and accordingly 272 in 1996 with 80,000 employees. The United Kingdom became the most favoured location in Europe due to a positive political climate; the Conservative Government reduced trade union power¹, the existence of large markets (domestic and European), the English language, skilled labour, good infrastructure and one of the world's biggest businesses, a legal and administrative centre - London (Nguyen, 1997). The British government has played a positive role in encouraging capital expenditure; at the end of the 1970s Invest in Britain Bureau (IBB) with the regional agencies promoting inward investments was established. The majority of the Japanese investment went to depressed areas of the UK: South Wales, North East and Scotland. Japanese manufacturers were investing in the regions of relatively high unemployment; however the new towns such as Telford, Milton Keynes and Livingstone received significant investment. Despite the positive effects (creating new jobs), there is also some criticism towards Japanese corporations. Most of the JFDI in the UK commitments are largely in low-value added assembly operations, dependent on components from outside the country. Jobs created at the plants have been low-paid and low-skilled, when R&D and production within the high-value added components remained in Japan. 'Optimists' have argued that this was a temporary phase and it was declining, as the local component supplies began to replace imported parts. In many developed countries, the Japanese have clustered investments, which reinforced the influence of Japanese firms on the local economy and indigenous working practices (Elger and Smith, 1994).

In the 1990s there were some cases of Japanese firms closing UK plants to restructure their operations either regionally across Europe or globally (closure of Fujitsu plant of semi-conductors in the North East England in 1998). Other EU countries became more attractive locations for JFDI (Toyota's second European plant is currently in Valenciennes in France) due to the UK staying out of euro-zone and rising costs in the British Isles (Morgan *et al.*, 2002).

¹ The Conservative Government wanted to replace and modernize ailing manufacturing sectors and discipline labour. Two Japanese commentators note: 'The British government expressed the hope that Japanese companies would introduce new industrial relations practices and transfer their manufacturing philosophy and technology to their British counterparts' (Kume and Totsuka, 1991: 53).

The current trend shows that, in emerging markets, the Japanese are outpaced by the South Korean or local investors. Ichii *et al.* (2012: 127) attribute this to: Japanese aversion to mergers and acquisitions, a reluctance to commit financially and organizationally in those countries, also to the failure to properly allocate managerial talents, and negligence of the middle and low segments of the markets². This is the case of Brazil, Russia, India and China, where rival Asian and European multinationals seized the advantage. The booming Chinese economy might be the ideal place for Japan to locate their factories in terms of geographical proximity, the size of the labour pool and the market. Nonetheless, the historical animosities between both countries can still harm economic cooperation. Recent diplomatic tensions (September 2012) over disputed islands Senkaku/Diaoyu have led to huge anti-Japanese protests. Many Japanese businesses in China, but also in Western Europe were forced to close down and JFDI to downsize, including the major Japanese manufacturers: Toyota, Panasonic and Honda.

The political and economic transformation of the late 1980s in Eastern Europe had opened the door to multinationals and new markets emerged. This vacuum was partly filled by JFDI shifting this time from Western economies to Central and Eastern Europe (CEE). Table 2.1 illustrates this trend in relocation of JFDI. The next section looks at the Japanese investment in the CEE region.

Table 2.1 Number of JFDI in manufacturing in selected European countries (1990-2010).

Country	1990	1995	2000	2005	2010
United Kingdom	265	320	370	308	248
Germany	120	149	146	141	146
France	147	162	180	194	133
Italy	64	70	75	77	62
Spain	74	81	81	76	57
Poland	0	6	21	54	80
Czech Republic	0	15	32	85	94
Hungary	4	15	39	50	39
Slovakia	0	0	6	12	16

Source: Author based on JETRO (2012).

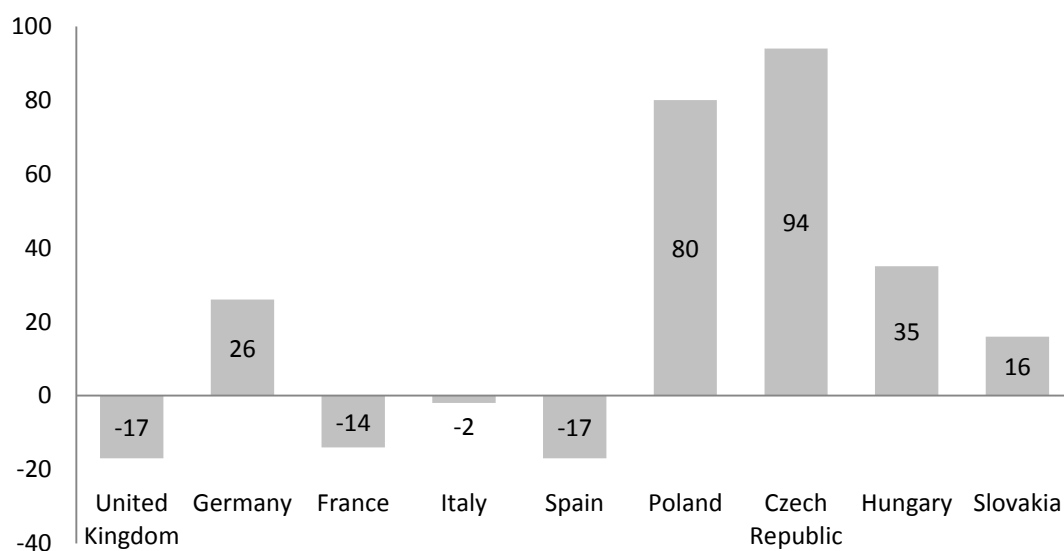
² The authors supported it with the interesting example from India, where the TV sets market is still dominated (70 per cent) by cathode-ray-tube televisions. Japanese electronics corporations exclusively manufacture flat screen sets, ignoring the demand of the Indian market.

2.3 Japanese Foreign Direct Investment in the Central and Eastern Europe (CEE)

The post-1989 period in CEE has been characterized by rapid privatization, liberalization of trade and inflow of foreign investment. Proximity to the developed western economies (Germany, France, Italy and the UK); a pool of cheap, skilled labour, and finally growing domestic markets are among the main reasons that multinationals from Japan have been attracted to CEE. Additionally, the inflow of FDI was encouraged by the governments, which were desperately seeking new sources of investment and trade.

Prior to economic transition in the late 1980s some major Japanese firms were participating in trade and investment with communist economies. This co-operation between Japan and Eastern Europe was limited, mainly based on the licensing agreements, which provided technology, patents and know-how for the communist governments. The most active countries in these processes were: Bulgaria (where Japan was the most important economic partner outside Soviet Bloc), the German Democratic Republic, Czechoslovakia, Yugoslavia, Hungary and Poland. Consequently, Japanese investments have substantially increased in the post-transitional period (see Figure 2.2).

Figure 2.2 JFDI in Europe - change in number of Japanese subsidiaries in manufacturing sector 1990-2010.



Source: Author, based on JETRO (2012).

Park (2003) distinguished three different stages of JFDI strategies: natural resource investments in the 1950s, market expansion investment in the 1970s and the 1980s and a mixture of cost-reducing and market penetrating investment in the 1990s. JFDI in CEE perfectly fits the last one. With the population exceeding one hundred million and an emerging liberal market economy, CEE could not have been ignored by the major Japanese multinationals.

In the early 1990s Japanese economic growth slowed down, thus affecting the volume of the outward investment. Japanese multinationals have also been facing an increasing competition in the 1990s, with South Korea (with its powerful *chaebols*) and other Far East countries becoming the biggest rivals. Japan had to rethink their objectives in the internationalization process. It meant wider geographical opportunities for investment and production which had opened up in the 1990s and 2000s following the expansion of the European Union, with the CEE countries and the entry of China into global economy (Morgan *et al.*, 2002). On the other hand the proximity of European advanced economies made CEE an attractive location for Japanese investors. It meant not only the access to those markets, but also co-operation with the European partners in the form of *joint ventures*. Prominent examples of these include Toyota and PSA Citroen Peugeot (Czech Republic), Matsushita and Philips (Poland). Characteristically, JFDIs in Central and Eastern Europe are predominantly greenfield sites; reflecting a reluctance towards mergers and acquisitions.

Since the mid-1990s full-scale investments have appeared in CEE (including Matsushita Electric in Czech Republic, Sanyo Electric in Hungary and Isuzu Motors in Poland). These three countries have received the majority of Japanese investment accounting for almost 90 per cent (Marinova and Marinov, 2003). However, the participation of Japanese investment in overall FDI in the CEE is relatively low. American, German, Dutch or French investments have exceeded JFDI by several times. According to Kawai (2006) this relatively weak presence of JFDI in the region is attributed to the unstable economic and political situation and the relatively small size of the market. However, since the EU enlargement in 2004, Japanese reluctance has been overcome and Japanese investment has steadily increased since. In 2002 the Czech government had managed to attract Toyota and PSA Peugeot Citroen, providing a wide range of incentives for prestigious Japanese-French investors and outbid other locations in Poland and Hungary (Drahokoupil, 2009). This is one of the biggest automotive investments in CEE, which has created over 3,000 direct workplaces.

The next part looks closely at JFDI in the biggest CEE's economy- Poland.

2.4 Japan's economic presence in Poland

Although an enormous distance separates Poland and Japan, both countries have long standing mutual relations. Prior to 1918 the Polish independence movement activists co-operated with the Japanese military. Japan and Poland were fighting the same enemy: the Russian empire (in the years 1904-1905). Officially, diplomatic relations were established in 1919, just after Poland regained independence. Unsurprisingly, after the Second World War, Poland's government was reluctant to restore mutual relations. Politically and economically, Japan belonged to a capitalist world with strong links to the USA. Poland was part of the communist bloc; moreover the Soviet Union did not recognize the legality of the Treaty of San Francisco (1951). Polish-Japanese relations were eventually restored in 1957. In the same year, Japanese firms exhibited at Poznań International Fair for the first time (Tarnowski, 2009). Economic co-operation flourished during the Gierek decade (1970-1980), as Japanese firms licensed the technology to many of Poland's SOEs (State-owned Enterprises). Poland in return exported coking coal to Japan. To facilitate these economic ties the Japan External Trade Organization (JETRO) bureau was opened in Warsaw in 1975, the second of its kind in the communist bloc³.

During the first wave of *Solidarity* (1980-1981), the co-operation between the Polish and Japanese also took some non-governmental forms. *Solidarność* has significantly inspired the labour movement in Japan and the secretary generals of trade union confederations, *Domei* and *Sōhyō*, visited Poland in September and November 1980. *Sōhyō* was the first foreign trade union to establish formal contacts with *Solidarność*. Lech Wałęsa and other *Solidarność* activists flew to Japan in May 1981. It is worth noting the work of Umeda Yoshiho, a Japanese who had lived in Poland since the 1960s until the beginning of the 1980s. Umeda was involved in KOR (Workers' Defense Committee, *Polish*: Komitet Obrony Robotników), and later in *Solidarność*. In January 1982 he was expelled from Poland for 'anti-state' activity.

The outbreak of martial law at the end of 1981 stopped economic co-operation between both countries. Some serious possibilities for cooperation emerged in 1983, when Daihatsu demonstrated interest in investing in FSO (Passenger Automobile Factory, *Polish*: Fabryka Samochodów Osobowych) (Warsaw), one of the biggest automotive plants in Poland.

³ The first JETRO in CEE was opened in Bucharest, Romania in 1971.

However, longstanding problems with finalising the investment and Poland's government sluggishness, contributed to the failure of negotiations. Eventually, Daihatsu withdrew in 1990. In the 1990s, FSO co-operated with South Korean Daewoo and with General Motors.

The liberalization of trade and investment regulation in Poland after 1989 did not cause an immediate flow of JFDI. The reason for this lack of interest in the early days of transformation could also be explained politically. Understandably Poland, among other CEE countries, was not known to Japanese investors. Additionally, Poland was considered as not a particularly safe country to invest in after introducing martial law in 1981. The Japanese government did not favour a decision of cancelling of Poland's foreign debt either (Piech, 2003; Tarnowski, 2009). However, the Japanese objected to the Paris Club's decision on cancellation and eventually the Japanese government, pushed by the USA, agreed to writing off 50 per cent of Poland's liabilities. It was Poland's Pyrrhic victory: on the one hand, half of the debt was cancelled, on the other, the country lost a strategic investor during its crucial first years of transformation. Moreover, Japanese investors were discouraged by the earlier investment setback of Daihatsu and Asahi Glass, which could not have come into terms with Polish partners as well as with the government. The mutual relations were frozen in years 1991-1994 and during this period Japanese investors' interest was more focused on the Czech Republic and Hungary.

The stabilisation of Poland's economy in the mid-1990s and successful JFDI in other CEE countries (Czech Republic and Hungary) boosted the trust of Japanese investment. Slowly JFDI started flowing into Poland in the mid-1990s. The importance of those investments is pointed out by Tarnowski (2009: 33):

‘Therefore, in Polish-Japanese relations, the Tripartite Diplomacy period has started, whereas apart two traditional actors (the governments of Poland and Japan), new actors in the international political arena have emerged - transnational corporations, in this case big Japanese firms such as Toyota and Isuzu’.

It took almost ten years of Polish transformation before both the aforementioned Japanese automotive corporations chose to invest in Poland (Isuzu in 1997 and Toyota in 1999). The first Japanese manufacturing company which opened the greenfield site was Matsuchita (*joint venture* with Philips Electronics) in Gniezno in 1994. The first decade of Polish capitalism in terms of Japanese investment could be considered a time of lost chances and wasted potential.

One of Japan International Cooperation Agency (JICA) experts in Total Quality Management (TQM), who was based in Poland for the *Umbrella* project⁴ said:

(...) Poland is located in the center of Europe, and filled with plenty of superior educated researchers, engineers and diligent workers. If they work for Poland, the abilities of Poland will increase very much. Most of Japanese industries still make investment in China or Southeast Asia. However considering the market, it is advantageous to put a base in Europe. Until now I don't feel eager activities to invite industries from Japan. Poland should show your intentions clearly. You must reserve your power, you must open your door and heart for Japan (...) you should issue such information more clearly (...)

Kanya Tsuchihashi; JICA *Allumni Association in Poland Bulletin* (2002)

The attractiveness of Poland had been rising substantially after accession to the European Union in 2004. As previously stressed, the attitude of Polish government towards JFDI (and any other form of FDI) is evidently positive. Strong political commitment to attract FDI has become the *raison d'État*. The facilitation of trade and investment has played an important role in Polish foreign policy after 1989. Table 2.2 shows the main institutional and market related determinants of Japanese decisions to invest in Poland. When it comes to investing in Poland, the Japanese underline the importance of government support, among the other factors, in the decision-making process.

Joining the Schengen Area in 2007 was another facilitation which increased the volume of JFDI in Poland. Prior to 2007, the heavily controlled cross border traffic was a burden for the Japanese companies who were working under *just-in-time* methods. Despite being criticised for not doing enough to attract foreign investment (mainly lack of infrastructure), Poland is considered to be one of the most attractive locations in Europe and in terms of numbers of Japanese factories is fourth in Europe, after Germany, France and the Czech Republic (JETRO, 2011).

⁴ In Poland *Umbrella* was the United Nations Development Programme (UNDP) project, which also co-operated through ODA Official Development Assistance. It co-ordinated transformation processes in Poland from 1990 to 2005 and had given foundations for a commercial consultancy agency, which is now helping businesses in restructuring their management practices and implementing quality standards.

Table 2.2 Overview of institutional and market related determinants of JFDI in Poland

Welcomed and encouraging	<i>Government's support for the FDI:</i>		<i>Political and economic stability:</i>
	<ul style="list-style-type: none"> - financial incentives - tax breaks - operation of Special Economic Zones 		<ul style="list-style-type: none"> - EU membership (since 2004) - resilience of the Polish economy during the Global Financial Crisis (2008-2009)
	<i>Poland's economy characteristics:</i>	<i>Characteristic of the labour market:</i>	<i>Labour characteristics:</i>
	<ul style="list-style-type: none"> - the size of the market (the most populous in the CEE; 38 million) - location (Central Europe; proximity to Germany's market and transportation network, port of Hamburg as an alternative to Gdańsk and Gdynia) 	<ul style="list-style-type: none"> - comparatively low labour costs - relatively high unemployment rate - use of short term contracts; - relatively easy recruitment process (employment agencies) 	<ul style="list-style-type: none"> - skilled (based on vocational education) - diligent workers
Unwelcomed, suggested areas of improvement	<i>Weak commercial climate</i>		<i>Infrastructure:</i>
	<ul style="list-style-type: none"> - bureaucracy and long administrative procedures - inflexible labour regulation and Labour Code (particularly provisions regarding working time and sick leave) 		<ul style="list-style-type: none"> - lack of extensive network of motorways - unreliable and underinvested public transportation (investors in Crystal Park had to provide transportation for workers)

Source: Author, based on research findings (interviews with managers), and Shokokai Report (2012).

JFDI in Poland is relatively small compared with that of The Netherlands, Germany, France or even Luxemburg. Table 2.3 lists the main investors in Poland by country of origin. In 2010 Japanese capital in Poland was worth almost 1.2 billion Euros, and that increased significantly in the last decade (in 1997 it was worth only 69.5 million USD). The value of the JFDI is comparable with those coming from Finland or Portugal. The Japanese are the biggest investor from Asia, much exceeding the volume of South Korean and Chinese firms. In 2012 268 Japanese investors were operating in Poland, including 85 manufacturers.

Table 2.3 FDI inflow in Poland by country of origin (in millions of Euro) (2011)

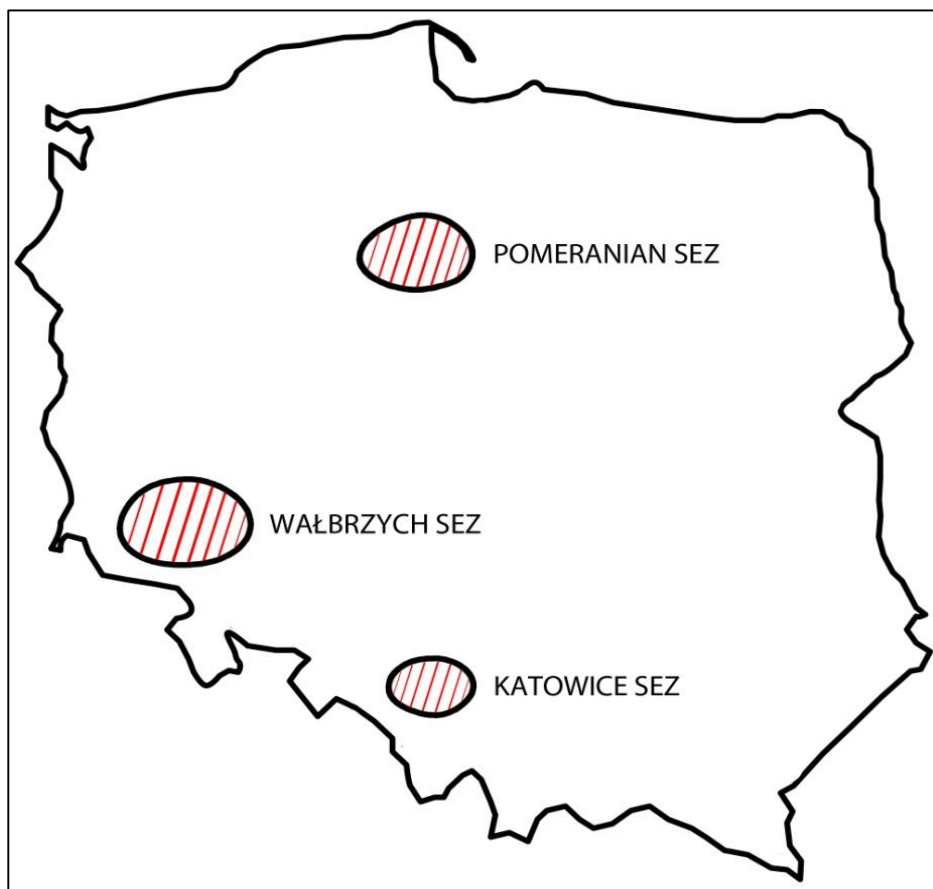
The Netherlands	26,817
Germany	20,394
France	18,689
Luxemburg	13,132
Italy	10,528
USA	9,271
...	
Japan	1,158
South Korea	556
Total	150,441

Source: Author based on National Bank of Poland (2011).

The major Japanese investments in manufacturing (automotive, electronics, bearing industries) were located in some of the Special Economic Zones (SEZ). SEZs play a crucial role in Poland's development strategy. There are fourteen SEZs, employing more than 225,000 workers (KPMG, 2011), which makes Poland a leader in CEE.

Poland's Special Economic Zones were established in the mid-1990s to attract investors and accelerate economic growth in the most undeveloped regions. The first zone was opened in Mielec, South-East in 1995. Initially SEZs were set to operate for twenty years. In 2007 the Tusk government has enthusiastically extended functioning of the zones until 2020. However, the effectiveness of SEZs was undermined by the independent report published by the Polish Supreme Audit Office (NIK, 2009). The Audit Office has indicated that the Ministry of the Economy did not scrutinise the benefits and cost stemming from the SEZs and is lacking information as to how much precisely was spent on tax breaks and direct governmental support paid to investors. Additionally, it was pointed out that 30 per cent of the SEZs' land is not used. Nevertheless, the zones are continuously expanding, getting support from local and national governments.

Map 2.1 Concentration of Japanese companies in Poland's SEZs.



Source: Author.

The major clusters of Japanese manufacturing companies are situated in the south-west (Wałbrzych Special Economic Zone) and in the north (Pomerania Special Economic Zone). The third largest concentration of Japanese firms is located in the heavy industrialized region of Upper Silesia (Katowice SEZ); (see Map 2.1). Both areas are relatively remote from agglomerations and big city centres. Conventionally, in economic terms, Poland is divided into developed, 'urban', Poland 'A' and undeveloped, 'rural' Poland 'B' (the origin of this division finds its roots in the Partition of the Polish-Lithuanian Commonwealth in the end of the XVIII century). Generally 'A' represents the West and 'B' the East of the country, with the demarcation line along the Vistula River. However there are many underdeveloped and depressed areas in the South and in the West (like the Wałbrzych region). Poland 'B' is characterized by structural unemployment mainly caused by collapse of the SOEs and collective farming, so-called PGRs (*Państwowe Gospodarstwo Rolne*; English: State Agricultural Farm).

Research conducted in the western economies (Ford and Strange, 1999) confirmed that the Japanese are attracted to heavily industrialized regions with a low unionization rates, where the wages are relatively low. Aaron's (1999) study suggests that Japanese investors (Nissan, Sharp and Toyota) located their factories in relatively depressed regions: Tennessee and Kentucky in the USA and Northern England and Wales in the UK, where the unemployment rate was high and cost of the labour was low. Established Japanese investors in Poland: Toyota, Isuzu, Bridgestone and Matsushita have located their plants in Poland's regions with very good transportations links (the capital, Lower and Upper Silesia, the Greater Poland). More recently, Japanese manufacturing companies prefer to invest in the special economic zones (see Table 2.4 for detailed information on number of JFDI in particular Special Economic Zones) located in Poland 'B', mainly taking advantage of the labour market structure and accessibility to the major routes. This is the case with the Japanese investment in Toruń.

Table 2.4 Japanese investments in Poland's Special Economic Zones (2012)

Special Economic Zone	Number of Japanese Investors	Sector
Kamienna Góra	1	Automotive
Katowice	5	Logistics, automotive, machinery
Kostrzyń- Słubice	1	Electronics
Kraków	1	Automotive
Legnica	2	Automotive
Łódź	1	Packaging
Pomerenian (PSEZ)	11⁵	Automotive, electronics, logistics
Tarnobrzeg	1	Electronics
Wałbrzych	12	Automotive
Total	34	

Source: Author based on PAIZZ (2015), information gathered directly from the zones' administration.

2.5 Japanese investment in Toruń, Kujawy-Pomerania Province

Toruń is a middle-size town (200,000 inhabitants) and is one of the most attractive tourist destinations in Poland. It is also the biggest academic centre (Nicolaus Copernicus University, *Polish*: Uniwersytet Mikołaja Kopernika, UMK) in the North of the country. The University

⁵ Additionally, in Pomerania Special Economic Zone (PSEZ) 2 other Japanese companies were registered as Belgian and Hong-Kong capital.

remains the main employer in the city: 4,000 workers and 35,000 students. UMK largely contributes to Toruń's cultural attractiveness. Despite these advantages, Toruń remains relatively economically underdeveloped in the Pomerania region. The lack of opportunities in the labour market is balanced by the cheap cost of living.

After liberation in 1945, Toruń got a new university, established on the basis of two former Polish universities combined: Vilnius University and Lvov University. The new University was named after a famous medieval resident of Toruń - astronomer Nicolaus Copernicus.

In the first two decades after WWII the region experienced economic depression. In the 1960s and the 1970s, new chemical, textile and electronic plants were built in Toruń. Among the biggest ones were chemical Elana and textile Merinotex which employed over 10,000 workers in the mid 1970s. Elana was the first company in Toruń to co-operate with Japanese firms. In 1974 Elana's polyester department was fully equipped by the Toyobo Co Ltd. In 1990 the Toruń-based company was trying again to establish economic co-operation with Toyobo, this time fruitlessly (Tarnowski, 2009).

During the 1970s Toruń took an industrial character with new residential settlements (Borough of Rubinkowo - now inhabited by 80,000 dwellers). The population of Toruń increased to 150,000. In the result of an administrative reform, Toruń became the capital of the new Province (Toruń Province) in 1975. Since 1998 the city of Toruń has belonged to Kujawy-Pomerania Province with administrative centres located both in Bydgoszcz and Toruń.

After 1989 most of the state-owned companies across the country were privatized, partitioned or went bankrupt. The situation in Toruń was not any different. Industry had shrunk dramatically in the 1990s, and the town was affected by unemployment. At the end of 2010 unemployment rate in Toruń (independent city) was 9 per cent, in the Toruń land district 18 per cent (compared with unemployment rate in Poland of 13 per cent) (WUP, 2012). New major investments were made mainly by multinational retail chains like Géant, Carrefour or Real. Among the most successful companies based in Toruń, the majority are the previous state-owned companies, privatized after 1990 or acquired by foreign capital. The most prosperous in 2009 were: ThyssenKrupp Energostal, TZMO (Toruń Dressing and Sanitary Materials Manufacturing), Toruń-Pacific (Nestle), Apator (electronics) and Polmos (spirits). Recent major investors are Castorama Polska/Kingfisher, Sourcing Eastern Europe, International Theaters Ltd, Makro Cash & Carry, Urbański Construction Company. Tourism

has a significant impact on the economy of the town. The Medieval Old Town of Toruń is listed as a UNESCO Heritage Site (from 1998). Toruń was visited by 1.6 million tourists in 2007; tourism is expanding (several hotels and the new coach station were opened after year 2000). Having a German heritage (the town belonged to the East Prussia until 1918), Toruń is extremely popular among German tourists. The council of Toruń closely co-operates with the adjoining city of Bydgoszcz (a distance of 40 kilometres; which is more economically-developed with an international airport; a population of 400,000) creating bi-polar agglomeration: Bydgoszcz-Toruń metropolitan area, colloquially called 'BiT City'. This area is a base for a few economic zones and industrial parks, not only in Toruń and Bydgoszcz but also smaller towns in Kujawy-Pomerania Province like Inowrocław, Świecie or Solec Kujawski. At the present, intensive talks are being held between both cities to create a fast railway link connecting Bydgoszcz and Toruń. Furthermore, this partnership is significant, as for many years towns were feuding, treating themselves as a competition in the region. The population of Toruń was 205,129 in 2009 and is decreasing. Women make 54 per cent, and men 46 per cent of the population (Statistical Office in Bydgoszcz, 2015). Around 30 per cent of Toruń residents between the ages 25 and 29 years have a degree (Toruń City Government Office, 2011).

In 2006 the Sharp Corporation opened one of the biggest LCD factories in Europe on the Northern outskirts of Toruń in Łysomice, which attracted other manufacturing and logistics Japanese companies (see Table 2.5). This new industrial site was called 'Crystal Park' and became part of the Pomerania Special Economic Zone (PSEZ). PSEZ belongs to one of the biggest Poland's SEZs, has 21 subzones spreading through four regions (West-Pomerania, Pomerania, Kujawy-Pomerania and Greater Poland).

Table 2.5 Japanese companies located at Crystal Park.

Company name	Business activity
Sharp Manufacturing Poland	LCD/LED TV manufacturing
Orion Electric Poland	LCD/LED TV manufacturing, LED lighting production
Sumika Electronic Materials Poland	Polarizing filters manufacturer
Poland Tokai Okaya Manufacturing	Production and assembling of metal pressed elements.
Tensho Poland Corporation	Plastic injection moulding
Sohbi Craft Poland	Precision pressing manufacturer
Kimoto Poland	<i>Components for LCD screens</i>
U-Tec Poland	Packaging manufacturer
Yussen Logistics	Logistics services
Nissin Logistics	Logistics services
Nippon Express	Logistics services

Source: Author.

The government's role in encouraging Japanese investors to Toruń was crucial. On 13th April 2006, a preliminary agreement was reached between Prime Minister (then Kazimierz Marcinkiewicz, Law and Justice Party), PAiIZ director - Adam Żołnowski and Sharp Poland CEO - Katsuhiko Machida. The very same day, Sharp CEO had visited Toruń himself to verify the location (see Map 2.2). He was greeted with honours by the Province Governor - Waldemar Achramowicz. Two other locations were considered, probably in the 'High Tech Corridor'

(North-South Axis, along A1 motorway) or in Southern Poland⁶. It has been said that Kujawy-Pomerania Province was not so attractive for investors. The rankings placed the Kujawy-Pomerania region at the 10th place out of sixteen provinces (Godlewska-Majkowska, et al., 2011).

Map 2.2 Location of Crystal Park site.



Source: Author.

According to a local government official, the Toruń location was chosen by Japanese ‘accidentally’ on the way to check another place (probably in the Northern Poland)⁷.

⁶ Interview with the legal advisor at Investor Assistance Centre in Kuyavia-Pomerania Province. Toruń, 7th June 2011.

⁷ Interview with the legal advisor at Investor Assistance Centre in Kuyavia-Pomerania Province. Toruń, 7th June 2011. Many higher rank managers at Crystal Park have also confirmed, Japanese preferred Toruń to other locations because of its cultural and architectural attractiveness.

However, Sharp management claimed that the choice was not unintentional, quite the opposite:

Sharp's location in SEZ is mainly down to adherence of academic centres in Bydgoszcz and Toruń and in consequence availability of highly specialised and well educated potential personnel. Japanese are planning cooperation with Polish scientist and employment of the university graduates *crème de la crème*. We have opened the first of five planned production halls. We produce LCD TV sets with the mother glass substrates coming from the most technologically advanced factory in Japanese Kamayama. Except substrates all the other electronic components are produced in Poland.

Wawrzyniec Jakubowski, Sharp Marketing Manager (*Rzeczpospolita*, 2007)

The willingness of the Japanese to invest at this particular site influenced the government's decision to expand Pomerania Special Economic Zone to Toruń and the government decree on the expansion of the PSEZ was signed on 5th December 2006. The Province's marshal Piotr Całbecki said: 'Undoubtedly, Crystal Park's location near Toruń is a success for the whole region. Here at Pomerania Special Economic Zone, as probably nowhere in Poland, new initiatives are welcomed and fully supported by many research and development institutions' (Kujawsko-Pomorskie Investor Assistance Centre, 2015).

This government involvement was also shown during the official opening of the Sharp Factory in August 2007. Then Polish Prime Minister Jarosław Kaczyński was present during the event. He said that the government was interested in attracting foreign investors, especially high-tech companies: 'Poland is aware of Sharp's importance to the world's economy (...). Owing to its investments in Poland our country will soon become Europe's tycoon TV maker.' (PAP, 2007).

The Sharp investment agreement (*Memorandum of Understanding*), 2006 was signed between Sharp Manufacturing Poland, PAIZZ, the local government and PSEZ. This document specified long-term government support for Sharp, paid in tranches, by the Ministry of the Economy. Moreover, the government was committed to improve infrastructure (mainly, A1 Motorway). In return Sharp was obliged to create employment. The company faced some problems in complying with this contract, as many workers were employed by agencies. Such employment is not considered as 'permanent'. In the years 2006-2010, according to the agreement with the government, the firm should have created 3,000 jobs, (Sharp's prognosis were even more ambitious and it claimed to plan on creating 10,000 jobs by 2010; see JETRO,

2007) and invested respectively 44 (first stage of investment) and in total 150 million Euros (by the end of 2010) (see Ministerstwo Gospodarki, 2006: 21). However this did not happen and Sharp's management blamed the crisis for unredeemed promises. During Sharp's operation the employment at the site fluctuated. At its highest, more than two thousand workers were employed by the company⁸. However the corporation was dependent on agencies, which supplied up to 50 per cent of the staff. As per 2011 Sharp has only invested 460 million PLN (around 110.5 million Euros) and created 1,620 jobs (see Hejna, 2011). As a result of decreasing investment and employment, the Polish government has limited subsidies. The LCD manufacturer was only granted 56 million PLN, instead of 90 million. The government had completely withdrawn the support in 2013 due to Sharp's not fulfilling the *Memorandum of Understanding*.

At local level, the regional council agreed to exempt Sharp from payment for land conversion - from agricultural to industrial site. The other Japanese companies were granted the same privilege after a few months, although it should be stressed that the Crystal Park companies are still paying property tax.

The local government, PSEZ and PAIiZ were working closely together in attracting Japanese investment. The political mood was described as 'positive', especially the role and attitude of Kujawy-Pomerania Province Governor at the time – Waldemar Achramowicz (LDA, Left Democratic Alliance, Polish: SLD, *Sojusz Lewicy Demokratycznej*) and Polish Information and Foreign Investment Agency director - Włodzimierz Ziółkowski. All of the major political parties at the regional level have supported Japanese investment. This consensus is visible at Regional Parliament, and among local MPs. One of the leading local politicians who support the Japanese investment is MP Tomasz Lenz (Civic Platform, Polish: PO, *Platforma Obywatelska*). He had organized the conference held at local government offices (in April 2008) titled: 'The development of Crystal Park'. The Japanese side was complacent with such an initiative; Mr Lenz had visited Crystal Park, where he conducted talks with the management on the investment plans at the site.

Crystal Park was also expected to bring direct benefits to local business. Relatively intensive co-operation between Japanese investors took place during the start-up period 2006-2008. Many local companies were involved in the construction of the site. However, the main

⁸ Information provided by Sharp's manager and workers during the fieldwork interviews.

investor – Sharp had used a Japanese contractor – Shimizu (which builds most of the Sharp sites all over the world). Orion was built by the biggest local construction company – Marbud. Another local company installed all the plumbing at the park (Melbud). This co-operation diminished in the following years. Japanese firms grouped in Crystal Park are not registered at Toruń Chamber of Commerce and Industry. Polish law does not require a company's registration at the Chamber of Commerce (unlike in Germany). Presumably, firms associated with the chamber are not considered as serious partners for Japanese investors. Table 2.6 lists Crystal Park locational characteristics which have influenced Japanese decisions to invest in Kujawy-Pomerania Region.

Table 2.6 Locational characteristics of the Japanese investment in Toruń.

<p>Fixed locational characteristics</p> <ul style="list-style-type: none"> • provision of the industrial site • market access • transportation infrastructure • labour force characteristics • labour relations climate 	<ul style="list-style-type: none"> • Industrial site: the local government provided fully equipped land, with 10 km of internal roads, with gas, water and electric networks. This investment was worth 100 million PLN. • Labour characteristics: High unemployment rate in the whole province: in 2006- 22per cent, in 2010- 15per cent. Average monthly gross wages and salaries are 14 per cent lower than country's average. • Skilled and ample labour force- around 30 per cent of Toruń residents at the age 25-29 years have a degree. • The trade unions are considerably weaker in the Toruń region, than in the metropolitan areas. Only <i>Solidarność</i> union has established relatively good network in a private owned companies. • Transportation infrastructure: Crystal Park was located next to the A1 Motorway linking South and North of Poland (there are good connections to the port of Gdańsk, as well as to Warsaw). Polish railways Cargo Terminal supposed to invest in Crystal Park, Polish Railways bought the land; no investment took place. Proximity of the major Poland's airport in Warsaw – 250 km distance from Toruń; other minor international airport in Bydgoszcz (located 50km from the site). • Market access: From the national level: decision was undoubtedly influenced by the Poland's accession to the EU (2004). Proximity to German market. • Toruń's cultural and architectural attractiveness (mainly gothic old town, UNESCO heritage site).
<p>Adaptable locational characteristics</p> <ul style="list-style-type: none"> • fiscal and financial initiative 	<ul style="list-style-type: none"> • At the national level: investment agreement (this document was called <i>Memorandum of Understanding</i>). • The long-term government support for Sharp; paid in tranches, by The Ministry of the Economy. Moreover, the local government is obliged to improve infrastructure (mainly A1 Motorway and other local routes). • At the local level: Regional Council has agreed to exempt Sharp from payment for the land conversion- from agriculture to industrial site. The other Japanese companies were granted the same privilege after few months. It has to be stressed that Crystal Park companies are still paying property tax.
<p>Creatable locational characteristics</p> <ul style="list-style-type: none"> • political support • investment climate 	<ul style="list-style-type: none"> • Good co-operation between the local government, PSEZ and Polish Information and Foreign Investment Agency. • All of the major political parties at the regional level have supported Japanese investment. This consensus is visible at Regional Parliament, and among local MPs.

The production in Crystal Park peaked in 2009-2010, due to a high market demand for TVs stimulated by incoming football championships. As far as the 2010 world cup proved successful in terms of sales and demand, European championship in 2012 disappointingly did not bring the longed-for boom. Oversaturated markets did not react to an aggressive advertising campaign, the sales had grown less than expected, even though Sharp was one of the major sponsors of UEFA Euro 2012. Since 2011 the site has been downsizing. Shown in table 2.7 is the scale of the Japanese phase out.

Table 2.7 Downsizing of the Crystal Park

Company name	Employment (as per January 2012)	Current status (2014)
Sharp Manufacturing Poland	2000	Operating; downsizing; in 2014 sold to Slovakian company UMC – Universal Media Corporation; partnership with Sharp
Orion Electric Poland	700	Withdrawn, factory building partially leased to Polish company Kreis Pack (food industry packaging manufacturer)
Sumika Electronic Materials Poland	500	Withdrawn; sold to Polish company Katarzynki Akcesoria Meblowe (furniture manufacturer)
Poland Tokai Okaya Manufacturing	800	Operating, stable
Tensho Poland Corporation	250	Sale in completion, bought by Polish firm Boryszew S.A. (automotive components)
Sohbi Craft Poland	270	Operating, stable
Kimoto Poland	40	Put out to tender
U-Tec Poland	116	Withdrawn, facilities sold to Tioman Ltd (signs and banners manufacturer)
Yussen Logistics	70	Operating, stable
Nissin Logistics	70	Operating, stable
Nippon Express	70	Operating, stable

Source: Author; based on Kujawy-Pomerania Investor Assistance Centre (2015)

Administration of PSEZ slowly started attracting Polish investors, when two of the Japanese corporations Sumika and Orion suspended production in late 2012. The latter is partially taken on lease by Kreis Pack – a producer of food packaging. One Polish company has built a factory within the site; however, the administration of Kujawy-Pomerania SEZ is attempting to attract more new investors to enter the site and talks are being held with potential investors. The character of the investment was initially supposed to be lease-based, however Polish firms acquired Sumika, Tensho and U-tec. Another abandoned factory is on sale. The local press coined a new catch-phrase and is now foreseeing ‘Polonisation of the Japanese site’ (Ciechoński, 2014).

The size of this ‘take over’ is not known yet, however the media appears to embrace this new trend as much as the ‘Japanese invasion’ only a few years back. In 2014 employment at Crystal Park Japanese firms was relatively low and only 1,050 people were working at the site. Despite ‘broken promises’ Japanese investment is still considered positive and beneficial to the region. During the parliamentary question time, when asked about the downsizing and future of Łysomice, the Polish Undersecretary of State at the Ministry of Economy said:

We agree that both, Administration of PSEZ and the local authorities have exercised all legally possible means to alleviate consequences of downsizing production at Crystal Park Japanese companies. We consider establishing of the cluster in 2006 under special economic zone a rational decision based on the economic prognosis of highly regarded economic institutes. According to investment plans production level was to provide employment for over 10 thousand people. As we know today, no one could have predicted the sudden market slump, especially in electronics industry, and no one could have prepared for this early enough. The problem has also grown due to close proximity of the interlinked firms which shared similar production profile and industry. Administration of the economic zone is successfully working on resolving the situation. We have seen some positive effects already and chances are that within the next two to three years Crystal Park will undergo investment ‘revitalisation’.

(Antoniszyn-Klik, 2013)

2.6 Conclusions

With the stagnation of the Japanese economy, the significance of the global Japanese FDI has declined over the last twenty years. In addition, the emergence of South Korea and BRIC (Brazil, Russia, India and China) economies as an important source of outward investment has eroded some of the Japanese investors. However, JFDI has not diminished and it can be argued that the collapse of communism in CEE, and the consequent accession to the EU contributed to the diversion of some JFDI from Western to Eastern Europe.

Poland is the leader among CEE countries in attracting Japanese investors. This could be attributed to the role and the scale of Poland's SEZs of which Japanese manufacturers have fully taken advantage. The Japanese are attached to the supportive role of the state, which is expressed in strong administrative supervision of the corporate sector by the Ministry of Economy Trade and Industry (METI) in Japan. In the eyes of the Japanese investors the role of Polish government in attracting Japanese multinationals, is still insufficient, although the attractiveness of Poland substantially increased after the EU enlargement in 2004. The vast majority of Japanese manufacturing corporations in Poland operate within SEZs and the two biggest (in terms of concentration of JFDI) Japanese clusters in Poland are located in Wałbrzych Special Economic Zone and in the subzone of Pomerania Special Economic Zone near Toruń (Crystal Park). Both regions suffer from structural unemployment and underinvestment.

The Japanese corporations maintained a close relationship with the host-country's political networks and took advantage of strong support of local legislative and executive bodies. From the national level, the Toruń investment obtained the necessary assistance from the government (Ministry of the Economy, Prime Ministers themselves representing two opposing political parties as well as Polish Information and Foreign Investment Agency). The harsh economic situation (especially the high unemployment rate and lack of the greenfield investment) in the province forced political consensus, even among foreign investment sceptic parties such as PiS (*Prawo i Sprawiedliwość*, English: Law and Justice). This political support has not decreased even though Sharp did not fulfil their requirements in terms of creating employment.

From the point of view of the location decision, market access, the supply of labour, transportation infrastructure and financial incentives have played a fundamental role. The skills level was of marginal importance, as the majority of jobs required low-skilled labour. The

locations of Japanese investments in Toruń share similar features as Japanese corporations' other investments in Western Europe and United States. Japan prefers to invest in peripheral, less-developed or even depressed regions, but those well-integrated through transportation network at the same time. The site in Crystal Park is downsizing, this however reflects the global trend of decreasing demand for electronics, particularly LCDs.

This chapter has outlined the context of JFDI in Poland. Theoretical underpinnings of the project will be presented in the next two chapters. Researching transforming economies requires a deep understanding of the highly complex and dynamic context (Steger, 2004) and the researcher is faced with the task of unravelling and understanding as much of this context as possible. In case of qualitative research, the existence of an 'absolute truth' is generally rejected (Guba and Lincoln, 1994; Steger, 2004) and there is no single best framework or theory to grasp the dynamics of transformation in CEE, hence the need for an interdisciplinary approach.

The following chapters will present an analysis and comparison of Japanese and Polish business systems and capitalism. Japanese FDI characteristics, starting at a national level (Chapter Three) and then moving to the workplace itself (Chapter Four) will be given.

CHAPTER THREE

JAPANESE AND POLISH VARIETIES OF CAPITALISM

3.1 Introduction

Workplaces can be viewed as peculiar laboratories of socio-economic interaction, yet, they do not operate in the vacuum. The purpose of this chapter is to identify the relationship between the foreign investors (Japanese FDI) and the FDI recipient (Polish workplace) in the context of employment relations. The theoretical approach for the purpose of this analysis is the Variety of Capitalism framework (VoC). This chapter aims to cast light on the existing literature on Varieties of Capitalism in a complex context of transforming CEE economies. Some scholars consider the application of the VoC taxonomy in analysing transforming economies ‘fruitful’ and ‘useful’ (Crowley, 2008); sufficient in gaining understanding and providing tools for analysis of the *latecomers* (Federowicz, 2004); however it can also prove ‘challenging’ when applied to CEE (Hardy and Kozek, 2011; King, 2007a; 2007b) or even narrow in underestimating the role of external dimensions in shaping institutions (Bohle, 2006; Shields, 2004).

The chapter is structured as follows. Firstly, to contextualize Poland, works presenting transformation in historical perspective, from planned to free-market economy will be reviewed (3.2). Next, the ongoing debate on the variety of capitalism framework will be presented (3.3). Simultaneously, based on the VoC framework, Poland and Japan’s economies will be examined in terms of the main defining features of VoC (3.4). The discussion will then move on to the further aspects of capitalism. The employment relations in the context of Polish and Japanese workplaces will be explored (3.5). Lastly, recognizing the limitations of the VoC framework in transforming economies, this chapter will briefly outline the critical literature on the subject (3.6).

3.2 Economic Transformation in Poland

Throughout twenty years of Poland's democratization, since 1989 the economy remains in transition. There is no reversion, as King (2002: 8) observes: 'Shock Therapy destroyed old communist era institutions – making the transition irreversible'. Poland became a playground for many conflicting political and economic factions. Nevertheless, the majority of all governments since 1989 have agreed that Poland should follow a market oriented path, underpinned by an explicit admiration of Anglo-Saxon type of capitalism. An unwritten alliance among Polish elites over neoliberal policies took place after 1989. Moreover, in the beginning phase of the transformation the working class (with the dominant *Solidarność* trade union) supported this agreement⁹. 'A protective umbrella' was folded over the reforms introduced by the government in 1989 (Rainnie and Hardy, 1998). David Ost (2002) accurately observes that the trade unions, initially at least, accepted the shock therapy measures.

Poland belongs to the post-communist economies, which are distinguished by political economists into two main subgroups: Central Eastern Europe (CEE) and Commonwealth of Independent States (CIS). The former has integrated with Western capitalism relatively quickly; in the latter transformation processes took much longer. The Polish road to capitalism shares similar characteristics to other CEE countries, particularly to the three remaining Visegrád Group (V4) economies; hence in the political economy literature these economies are regularly compared with each other. Poland, Czech, Slovak Republics and Hungary, despite collaboration within the V4 had co-operated economically altogether within the Central European Free Trade Agreement (CEFTA), followed by joint accession to the European Union (EU) in 2004. As Bohle and Greskovits (2007a: 90) point out: 'East European societies indeed seem to have settled on divergent models of capitalism'. Still, Poland differs from its counterparts not only in the terms of the structure and size of the economy, but also institutionally. This chapter tries to place Poland's economy in the variety of capitalism approach avoiding generalization made by the V4 perspective. In order to understand how this specific, 'Polish' type of capitalism is responsible for creating brand new, post-communist

⁹ In 1989 Lech Wałęsa said: 'We will not catch up to Europe if we build a strong union' (Ławiński, 1989). During his presidential campaign in 1990 he argued, that the plight of the working class in the beginning phase of the transformation can be solved only by introducing more capitalism and more privatization.

industrial relations and the development and complexity of Poland's capitalism it is necessary to outline its economic-historical cycles.

3.2.1 Economy

Poland's economy along with the other countries of CEE started transforming from commanded to market economy in 1989 and 1990. This transition is known as the *Balcerowicz Plan* or *Program*¹⁰ (Hardy, 2009). Leszek Balcerowicz as the Deputy Prime Minister of Poland and Minister of Finance (1989-1991) in Tadeusz Mazowiecki government had introduced a packet of ten acts liberalizing Poland's economy¹¹. At that stage there was no serious debate over the model of capitalism Poland should follow; neither was any alternative plan officially presented¹² *Balcerowicz Programme* undoubtedly was leaning towards liberal market economy. Leszek Balcerowicz and other economists backed up the market 'on all fronts' and 'advocated the Shock Therapy of stabilization, liberalization and privatization' as a part of the 'neoliberal blueprint' and 'extraordinary politics' (King 2002, 2007b). The implementation of the plan was carried out with the support of the IMF and the World Bank, organizations which, at that time, imposed the particular way of transformation, not only in Europe, but also in Latin America ('Washington Consensus').

The Mazowiecki government was granted a loan of nearly two billion dollars, which reduced Poland's huge foreign debt (over 40 billion USD) by half. Both Paris and London Clubs agreed

¹⁰ According to the Polish economist, Professor Tadeusz Kowalik, the whole *Balcerowicz Programme* was in fact the idea of foreign advisors such as Jeffrey Sachs, David Lipton and Stanisław Gomułka (Dryszel, 2010).

¹¹ *Entrepreneurship act* was introduced earlier, by Mieczysław Rakowski communist government in the late 1988. This act is considered as a model for liberal entrepreneurship legislation. Mieczysław Wilczek, one of the few successful entrepreneurs in the 1960s and the 1970s, later the Minister of the Industry in the Rakowski cabinet was the initiator of the act. The last legal decision of Rakowski ministry was passing the price liberalization act in August 1989, which caused hyperinflation in next few months.

¹² As Drahoukoupil (2009: 90) states: 'Shortly before the collapse of communism, the idea of the Third Way between capitalism and socialism was quite popular. In the discussion about the reform strategy 'Sweden' was an important reference point as of capitalism and social system for which the CEE states should strive. Alternative, more gradual plans of transformation, based on German and Scandinavians models were prepared by Polish economists Ryszard Bugaj, Danuta Hübner and Tadeusz Kowalik, although never seriously considered by Mazowiecki government. Considerable, but only academic debate about *Balcerowicz programme* took place later. The main opponent was prof. Grzegorz Kołodko, supporter of the gradual, 'Keynsian' way of transformation. The Balcerowicz-Kołodko dispute is fully understood, since both of them were involved in governing (Ministry of Finance), implementing different economic policies. On many occasions Kołodko named *Balcerowicz programme*: 'Shock without therapy' (see Kołodko, 2007; Mańka, 2011).

to cut it back due to a difficult transition period and implementing free-market reforms (Balcerowicz, 2009).

Since 1989 Poland has also become the beneficiary of the PHARE programme (Poland and Hungary – Assistance for Economic Restructuring) financed by the European Union. Drahokoupil (2009) coined the term *neoliberal transformational state* which is related to shock stabilization, shock price, trade liberalization and privatization in CEE countries. In a short period of time Poland's inflation and budget deficit were significantly reduced, and its currency stabilized. The slow growth of GDP was noted. On the other hand, Poland faced massive public cuts and structural unemployment (increase from 0.5 per cent in 1989 to 14 per cent in 1994¹³) followed by bankruptcies of some state-owned companies (SOEs) (predominantly affecting steel, mining and heavy industry).

Balcerowicz focused predominantly on monetary policy. In order to control money supply in the years 1990-1994 SOE employees' wages were subdued by deflationary *popiwiek* tax (super-normative wages tax). The decrease in living standards was severe. In 1990, an average family spent more than 72 per cent of its income on food; it was 30 per cent more than in 1989 (Supińska, 1995). The transition was especially hard for the rural areas where the previously collectivized state-owned farms (Polish: PGR - Państwowe Gospodarstwo Rolne), now bankrupt, were the only employers and therefore source of income¹⁴. With the open market and the liberalization of trade, Polish farmers were forced to compete with the subsidized agricultural products of the EU (Shields, 2004). The vast unemployment in the depressed regions of Poland became the transition's longstanding symbol.

Kołodko and Nuti (1997: 9) argue:

(...) in the Polish case, progress in some directions was matched by excessive deterioration in others, showing that early Polish transition had not resolved the

¹³ Some economists claim that it was not the real increase of unemployment since 'hidden unemployment' took place in the SOEs before transformation. In 1989 only 10 thousand people were registered as unemployed. Leszek Balcerowicz (2009) states, that unemployment in years 1989-1991 was at the usual European rate (unemployment in Spain was 22 per cent at that time), and it was intrinsic to transformation.

¹⁴ The research of Polish Association of Suicidology monitored the growth of the suicide rate in the rural depressed regions, which was disproportionately higher compared to urban areas. In 1992 in agricultural areas as many as 2156 deaths were noted to have been the result of a suicide (1495 in 1990). The tendency continued to grow till the end of the 1990s (see Jarosz, 2005).

outstanding problems but simply transformed them into other problems and, what matters most, had underperformed.

The outcome of the ‘shocks’ overshot initial targets in terms of budget surplus and trade surplus. At the same time Poland was still facing recession and high inflation (60 per cent in 1991)¹⁵. The privatization processes in the beginning of the 1990s were carried out gradually, mainly in small and medium enterprises (SME). As Drahekoupil (2009) points out, privatization was not conducted in a *pure* neoliberal way. In the period 1995-1996 the social-democratic government implemented mass privatization through direct sales, although FDI’s contribution in the conversion was insignificant. The early phase of Polish transformation was also characterized to some extent by state interventionism caused by a social and political backlash. The ‘nationalistic’, Olszewski government (1991-1992) tried to constrain the reforms started by Balcerowicz, but his cabinet was more focused on the political issues (‘decommunization’ and ‘lustration’¹⁶) than on economic ones. In the view of the latter, social-democratic governments (1994-97) inflow of FDI became a panacea for high unemployment. It was supposed to compensate for huge social problems evoked by shock liberalization and stabilization.

Multinational Corporations (MNCs) provided capital, technology, access to foreign markets and were responsible for the country’s re-industrialization (King, 2007a). Indeed, the Polish economy accelerated; industrial production rose and unemployment fell. In 1996, Special Economic Zones (SEZ) and investments grants were introduced to attract foreign investors. SEZs were a much preferred location for foreign companies than domestic firms. The inflow of foreign investment increased, especially in the automotive sectors (General Motors, Fiat, and Daewoo). The new institutions present in the Visegrád countries such as: protective regulation and tariffs, foreign trade and investment agencies, investment support funds and tax exemption regimes attracted foreign investors (Bohle and Greskovits, 2007a). At the end of the decade, foreign investors took more advantage of privatization opportunities. In the years 1999-

¹⁵ ‘Balcerowicz has to go!’ (Polish: *Balcerowicz musi odejść!*), slogan popularized by the leader of the *Samoobrona* (English: Self Defense) party, Andrzej Lepper in the mid-1990s was directed not to Balcerowicz personally, but expressed a dissatisfaction with the free-market reforms.

¹⁶ Lustration (Polish: *lustracja*), name taken from the Roman *lustrum* purification rituals; was a process of purge and scrutinization of government officials once affiliated with the Communist system. In variety of forms it took place in the whole of CEE and in principle resembled de-Nazification in post-World War II Europe. Its purpose was to eliminate all those formerly involved in communist state from any public office. It was also aimed at unmasking former members of SB (communist secret police; Polish: *Śłużby Bezpieczeństwa*) and later in its extreme form, all the civil ‘informants’ who might have cooperated with the communist regime.

2000 an immense sell-off in the banking sector was observed. At the same time the ‘national’ Mass Privatization Programme (Polish: PPP - *Program Powszechnej Prywatyzacji*) – so-called ‘voucher privatization’ did not bring significant economic results, as the bonds did not reach the initially suggested price on the stock exchange (see Baltowski and Mickiewicz, 2000). The effects on corporate governance were also minimal, as the PPP in Poland was conducted through the investment funds (Estrin *et al.*, 2009). Finally, in terms of political impact it was even considered a failure, as in the eyes of the voters it was nothing more but the ‘sell-out to the Germans’ (Boycko *et al.*, 1993: 10).

Overall, the second part of the 1990s had consolidated Polish capitalism with the global economy. Significant economic growth was noted in the years 1994-1997 (the biggest growth rate in CEE) (World Bank, 2013). The end of the decade was characterized by recession and social unrest caused by the failure of four reforms introduced in 1999 by the Solidarity government. Nearly one thousand industrial actions took place in 1999 alone (ILO, 2014)¹⁷. In the international arena, with EU negotiations opened (1994) and accession to OECD (1996) and NATO (1999) - Poland was recognized politically and economically. The new millennium brought social democrats (Democratic Left Alliance) to the power again (2001). Being inspired by the economic position of Labour in the UK and SPD in Germany (‘The Third Way’), DLA fully accepted capitalism, continuing neoliberal policy. The social democrats significantly reduced spending on welfare and made the Labour Code more flexible (Hardy, 2009). Although economic growth rose, the unemployment rate reached 19 per cent in 2004 (GUS, 2006). This trend was stopped by EU accession and huge labour emigration. Joining the Union also intensified MNCs’ activities in Poland, improving the economic situation. In 2007 alone, more than half million jobs were created in the private sector (GUS, 2008). Poland developed manufacturing sectors (white goods and LCD monitors) (Ancyparowicz, 2009). The post-2005 right-wing governments (Law and Justice followed by the Civic Platform) applied even more neoliberalism: further public cuts and privatization. Poland’s economy was at variance with the global crisis, with positive economic growth as the only country in the region, hence the media called the Polish economic situation the ‘velvet crisis’ (Hardy, 2010). However at the same time other macroeconomic factors like unemployment and public debt had a rising tendency (GUS, 2010).

¹⁷ Social disappointment of reforms was expressed by famous slogan: ‘Four Reforms and the Funeral’.

Despite the immense economic growth (in the years 2000-2007 by 250 per cent) (World Bank, 2013), transformation did not diminish the historical division of Poland 'A' and Poland 'B' ('Eastern Frontier'). The Eastern, undeveloped, underinvested part of the country is characterized by structural unemployment, a huge percentage living in poverty and lack of FDI, which contrasted with predominately western, developed regions¹⁸. Half of the FDI in the manufacturing sector has been invested in three western and southern (Poland 'A') provinces only: Mazowieckie, Śląskie and Wielkopolskie. The capital intensive investments are located in metropolitan areas, and the labour intensive in the rural regions. As a result, metropolitan areas are getting long-term, more technologically advanced investments (Domański, 2003). The most significant aspects of Poland's division are income disparities and the rate of unemployment; Mazursko-Warmińskie Province has 18 per cent registered unemployed while Mazowieckie or Małopolskie 10 per cent less (GUS, 2010). It is hard to avoid comparisons with the imperfect unification of Germany in 1990s, when the country was still not fully integrated and immense social and economic differences between 'Ossi' and 'Wessi' could be found. Poland 'B' is also suffering from depopulation due to huge rural-urban migration started in the 1970s, deepened by joining the EU in 2004 with easily-accessed labour markets of Western Europe. Uneven regional development seems to be an inherent part of Polish capitalism. Existence of poverty in the rural, Southern and Eastern parts of the country is a structural problem. The different level of economic development in the regions is related to the various capacities of human capital in Poland 'B', hence serious disparities in income are present in different regions (Leszczyńska, 2006). The 'Eastern Frontier' is not only lacking investments and infrastructure, but also public institutions. Economic diversity of the regions is typical for many developed countries like the UK or Belgium, but the scale of Polish 'partition' is more severe and has a deteriorating tendency. At present, the dominant neoliberal discourse opted for labour migration, rather than for restructuring the depressed regions¹⁹. Developmental unevenness is a hallmark of Poland's economy.

¹⁸ Purely geographical division is too general. Many regions in the West (especially the West-Pomeranian Region) and in the central part of Poland (Świętokrzyskie Region) belong to Poland 'B'. The division has also its political aspect: 'A' is more liberal and pro-European (supporters of the 'Civic Platform' Party), while 'B' is conservative and catholic ('Law and Justice' Party). Interestingly enough, the economic division can be observed also on the railway map of Poland: dense network prevails in the West and South (Prussian and Austro-Hungarian partitions). This serves as one of the examples of lack of infrastructure in the East.

¹⁹ Leszek Balcerowicz in the interview for *Gazeta Wyborcza* on 17th December 2009 said: 'There is no point to create jobs in Poland 'B', it is better for people to migrate to developed regions in search of jobs' (Klich, 2009).

The next sections will compare Poland's and Japan's economic systems using the Variety of Capitalism (VoC) framework.

3.3 Varieties of Capitalism: Conceptual Framework

The application of comparative approaches in analysing capitalist systems is not a new perspective (Crouch and Streeck (eds), 1997; Whitley, 1999; Coates, 2000; Jessop, 2002). The Variety of Capitalism (VoC) framework identified by Hall and Soskice (2001) has been broadly adopted and scrutinised over the last decade. It distinguishes two main types of capitalist economies: Liberal Market Economy (LME) and Coordinated Market Economy (CME). The first perspective places the firm in a dominant role among other 'actors' of the economy: individuals, governments and producer groups. LMEs are characterized by the presence of the market mechanism co-ordinating relations between firms, and between firms and their financiers, while CMEs depend more on non-market relationships and formal institutions which harmonized these relations. Such a dichotomy has limitations. Hence, this approach has attracted some criticism. The analysis considers only one feature of capitalist economies - the co-ordination process of firms (Lane and Myant, 2007). Alternatively, Amable (2003) develops five types of capitalism: *The Market-Based* one is equivalent to the LME. The *Asian* model is 'highly dependent on the business strategies of large corporations in collaboration with the state and the central financial system' (Ibid: 15). The *Social-Democratic* model is characterized by moderate employment security and high levels of social welfare. The *Continental European* system is similar to the social-democratic model, the welfare state is less developed, and the wage bargaining system is co-ordinated. The *Mediterranean* model has more employment protection and less social provision than the continental European model. Amable uses more complex criteria (product market, labour market, finance, welfare and education) to distinguish these types.

The Varieties of Capitalism paradigm is based on an institutionalist worldview. Hall and Soskice are attempting to understand 'institutional similarities and differences among the developed economies' (Hall and Soskice, 2001: 1). The major strength of this approach lies in the synthetic explanation of economic systems - their main features, sources of comparative

advantage on an institutional level, although there is a strong argument for more emphasis put on the exogenous factors. It is argued that a wider theoretical framework may be required to gain a deeper understanding. Howell (2008: 122) proposes:

The next step is to place its distinctive institutional analysis within a wider theoretical framework that incorporates historical trajectories, class relationships, and the development of capitalism as a global system.

According to Hall and Soskice (2001) in different market economies generally corporate strategy is conditioned, yet not completely determined, by institutional structure. They acknowledge the importance of various regional and sector level impacts on strategy (Campbell *et al.*, 1991; Hollingsworth *et al.* (eds), 1994) however their focus is on the national level.

The Variety of Capitalism framework places the firm in the centre of the socioeconomic arena. In order to be successful, the firm needs to interrelate with a wide range of actors. Hall and Soskice identify the following spheres of such co-ordination: industrial relations, vocational training and education, corporate governance, inter-firm relations and finally the employees. (Hall and Soskice, 2001: 7) Each of these areas may present problems and it is vital to the firm's development and growth to be able to tackle them. This is done with the support of institutions. (Ibid: 9). Therefore it is argued that

(...) differences in the institutional framework of the political economy generate systematic differences in corporate strategy across LMEs and CMEs. (Ibid: 16)

Departing from the above-mentioned viewpoint, it is crucial for this analysis to establish whether in fact, as Hall and Soskice suggest, within given political economy, firms meet 'a set of coordinating institutions' that they are not able to fully control (Ibid: 15).

Following the notion of VoC framework it is presumed that on a national level different investment strategies are shaped by availability of 'institutional support' rather than market relations alone. Moreover, this can also be applied on a general level, as 'each economy displays specific capacities for coordination that will condition what its firms and government do.' (Ibid: 35).

The era of globalisation brings new questions to the comparative capitalism perspective. Determined by easier and cheaper transport and communication, the liberalization of trade and

financial regimes and growing international competition, a large increase in foreign direct investment is a characteristic notion of a globalising world. It is not in the scope of this research to discuss the phenomenon of globalisation *per se*. Ohmae (1990), Berger and Dore (1996), Friedman (1999), Hirst and Thompson (1996), Giddens (1999), among many others have considered this extensively over the last couple of decades. Yet, in the globalisation debate the variety of capitalism approach takes an unconventional stand.

Firstly, it presumes that firms are not homogenous across nations and, as Knetter (1989) suggests, their reactions to similar challenges also differ, and therefore they cannot respond to globalisation in the same way either (Hall and Soskice, 2001: 56). Secondly, it argues that firms' mobility and preparedness to conquer global markets is determined by comparative institutional advantage. Firms may be reluctant to give up the supporting institutions of the home country; simultaneously they may want to take advantage of the particular institutions off-shore in the process of 'institutional arbitrage' (Ibid: 57). In this view globalisation is unlikely to lead to a monolithic model of politic and economic governance (Giddens, 1999). As sceptics of convergence, Hall and Soskice conclude:

Because of comparative institutional advantage, nations often prosper, not by becoming more similar, but by building on their institutional differences. (Ibid: 60)

In the light of the above, the question of the diffusion of particular practices and institutions across the borders appears especially important. As a capital (firm) travels to operate abroad it does so equipped with its nation-specific 'baggage'. Two strands of literature, both within the institutionalist tradition, explain this notion of globalisation.

Departing from a view that MNCs are not 'stateless' organisations and are not in fact independent of their homeland model of economic culture; an older approach points to distinctiveness of 'industrial orders' (Lane, 1989), better known under the name of 'national business systems' (NBSs) (Whitley, 1992 (ed); 1998; Sally, 1994) as determinants of specific business behaviours across countries. Another explanation underlines the importance of 'country of origin effects' in shaping corporate strategies overseas (Ferner, 1997; Ferner and Quintanilla, 1998; Noorderhaven and Harzing, 2003).

National business systems are defined as:

(...) particular arrangements of hierarchy-market relations which become institutionalized and relatively successful in particular contexts.

(Whitley, 1992: 10)

Deeply embedded in specific institutional contexts of different nations these 'clusters' of institutions significantly influence MNCs behaviours (Ferner and Quintanilla, 1998) on many levels. Lane (1998: 463) argues that:

Degree of national embeddedness and implantation into national policy networks is held to influence the internationalization strategy of companies - the degree of foreign direct investment (FDI) undertaken, the kind of competitive advantage they seek to derive from it and the way in which they combine nationally based and globally focused activities.

At the same time, the extent to which NBS influence patterns of MNCs business behaviour is problematic. Derived from the new-institutionalist notion of isomorphism (DiMaggio and Powell, 1983; Powell and DiMaggio, 1991; Westney, 1993; Zucker, 1977), some scholars suggest that in some areas MNCs subsidiaries are likely to adopt similar structures and practices as countries in which they operate (Brewster, *et al.*, 2007), while in other areas the 'country-of-origin' effect is prevalent (Ferner, 1997). MNCs are deeply anchored in their national business systems and the latter influence corporate strategies; yet not all elements of the business systems are transferable, or in Ferner's (1997) words – 'exportable'. While some features of native variety are rooted too deep in the 'home' culture to disseminate, host country institutions may guard the import of foreign NBS or shape the dynamics of the transfer, and therefore 'national differences in MNCs will continue' (Ibid: 34), yet they will do so in an evolutionary manner. An earlier work points to MNCs as key actors in the diffusion of 'best practice' across the borders through FDI. According to Elger and Smith (1994: 35):

(...) the international division of labour and production through transnational capital means an unequal installation of personnel practices, manufacturing techniques and training programmes typically identified with the home practices of the dominant country.

Elger and Smith (1994) are therefore convinced that the national economies compete to introduce their version of capitalism. Moreover, a competitive advantage of a particular

economy (or economies) is a deciding factor in the run towards ‘hegemony’. At the same time MNCs are seen as the main protagonists of this transfer process, and their capacity to move HR/IR practices from one country to another marks the significance of multinationals in the globalised world. One fact of this is the transfer of employment practices to subsidiaries. If successful the latter may result in higher efficiency of the given MNC; simultaneously it may pose a challenge, as - due to the shift from the practices widely accepted on national level - it can lead to tensions between different organizational groups (Edwards, 2004). Response to the transfer may take many forms – actors in subsidiaries adopt a variety of approaches in response – from willingness to learn and enthusiastic implementation, to questioning and opposing the practice and reluctant acceptance; or even critique and resistance, insisting on the practice being adapted to the host country’s specific requirements (Edwards, 2004; Broad, 1994). Employment practices, like any other institutions, are deeply embedded in national contexts and cultures; therefore it is presumed that transfer of the latter practices will also be contested by nature. Edwards (2004: 396) concludes that:

(...) national origin shapes and constrains the actions of these actors but leaves scope for them to draw on practices operating in other countries (...)

It is suggested that a host-country effect (Edwards and Ferner, 2000; Lipsey, 2002; Almond *et al.*, 2005; Broad, 1994) may also inform the behaviour of MNCs while transferring employment practices to host environments. Thus the institutional and cultural features of a subsidiary business system shape the dynamics of the transfer and in some cases the practice ‘may undergo *transmutation* as actors in the recipient seek to adapt it to pre-existing models of behaviour, assumptions and power relations’ (Edwards and Ferner, 2000: 13). Almond *et al.*, (2005) enumerate main influences that should be considered while researching HRM within MNCs. They point to: country of origin, dominance effects, pressures for international integration, and host country effects. It is argued that the degree of impact may vary and alter over time because of wider political, economic and institutional change.

In the light of the above-mentioned literature, it is important to examine the behaviour of MNCs (in the case of this thesis - Japanese corporations) – which originate in a particular national business system (Japanese business system) – when moving to a host-country environment (transforming economy of CEE – Poland). The national business systems of both - home and host - countries can be defined as ‘the interlocking relationships between societally constructed institutional forms’ (Almond *et al.*, 2005: 279) in the following areas - industrial relations,

vocational training and education, the nature of inter-firm relations, the firm-level employee relations' (Hall and Soskice, 2001). The proposed Variety of Capitalism framework allows such theoretical exertion.

While the VoC framework successfully identifies patterns of similarity and differences across national economies, it is not flawless. Placing Poland and Japan in the taxonomy of the VoC framework (below, Section 3.4) allows an integrated comparison of these economies. At the same time, for a variety of reasons, it is necessary to take into consideration a number of factors that transcend beyond the two ideal types presented by Hall and Soskice. Country-of-origin effect and national business systems concepts have been introduced for a better understanding of the FDI's institutional impacts. The critique of the VoC literature will be discussed further in the last section of this chapter (3.6).

3.4 Polish and Japanese Varieties of Capitalism

The following sections provide a comparative analysis of both economies. While the Japanese type can be classified as CME, placing the Polish transforming economy within the VoC taxonomy is problematic. There is a body of literature attempting to address this dilemma (Mykhnenko, 2007; Nölke and Vliegenthart, 2009; Hardy and Kozek, 2011; Bohle and Greskovits, 2007a). It is argued that Poland is a mixed economy and that characteristics of either of both ideal types distinguished by Hall and Soskice (2001) are present. Throughout the twenty five years of transformation the Polish economy has shifted towards the LME type, however still some characteristics of socialist regime can be found. Hence reliance on FDI is considered an important feature of post socialist economies. The term 'Dependent Market Economy' has been coined to depict the nature of this relationship. A concise comparison of the two economies can be found in Table 3.1, while a detailed juxtaposition, based on the VoC framework, with the focus on the employment relation aspects of Poland's and Japan's systems, is provided in the next two sections, respectively 3.4.1 and 3.4.2).

Table 3.1 Poland and Japan compared (Varieties of Capitalism framework).

Feature of VoC	Poland	Japan
Relationship with suppliers	Short-term relationship	Long-term relationship (cooperative).
Relationship with the government.	Open policy towards FDI. SEZs set up by the government.	Strong administrative supervision of the corporate sector by the Ministry of Economy Trade and Industry (MITI)
Corporate governance	Shareholder model of corporate governance with little dispersion of shares. The boards of directors are often politicised	Insider control. High level of control and ownership by banks and affiliated companies; Distinct <i>keiretsu</i> system.
Education and vocational training	Company- or industry-specific skills are acquired both through state funded vocational training and further education and on-the-job training.	Vocational training strongly promoted by the government. Importance of on-the-job training.
Culture	Individualistic	Collectivistic

Source: Author, based on Hall and Soskice (2001).

3.4.1 Poland

Poland's post-communist economy can neither be recognized as the ideal LME or CME type, nor one of Amable's approaches. Both Hall and Soksice's and Amable's models are mainly concentrated on the most developed countries, not allowing for post-communist economies of CEE, including Poland. As Bohle and Greskovits (2007a: 90) have rightly noticed:

...15 years after the breakdown of state-socialism and after sustained attempts at market reform, the East European societies indeed seem to have settled on divergent models of capitalism, and 'transitology' has moved on to comparison.

Therefore, placing Poland in the Variety of Capitalism approach brings some difficulties. Polish capitalistic institutions are relatively new; the *ancien regime* prevailed to some extent especially in terms of the expanded machinery of the state (regulated product market, administrative burden). Colloquially the Polish new system was negatively described as '*crony capitalism*' referring to the corrupt practices. This however was unavoidable since the transformation was conducted in the rapid way. King (2007a) expanded Hall and Soksice's typology distinguishing Liberal Dependant Capitalism (LDP) in CEE, with proto-CME and -LME elements, which can be applied to V4. LDP is characterized by the dominant role of FDI. Nölke and Vliegthart (2009) have 'baptized' this new model of capitalism, alternative to LME and CME, a Dependent Market Economy (DME), congenial to LDP. This variety can be found across Poland, the Czech Republic, Slovakia and Hungary. The four share 'very similar socioeconomic institutions, while being distinct from, for example, the Baltic States, the Commonwealth of Independent States (CIS), Romania or Slovenia' (Ibid: 671). Moreover, Nölke and Vliegthart suggested that the economies of the Visegrád Group have comparative advantages in the assembly and production of relatively complex consumer goods. Among the main advantages are cheap skilled labour and the presence of foreign direct investment (FDI) which is the most important source of capital; the share of foreign ownership in strategic sectors such automotive, electronics and banking is predominant. Thus, the 'dependent' variety of capitalism suggests how crucial the dependency on foreign capital and the presence of multinational companies in Visegrád Group economies is. The authors concluded that the most important financing decisions are made in Western Europe and U.S., not in the region itself. The labour situation in DMEs is considerably weaker than in CMEs. MNCs are reluctant to

institutionalize high wages, high union density and comprehensive collective agreements. These industrial relations can be bolstered by competitive pressures and the threat of moving investment further east. Additionally MNCs in V4 are attracted by states with substantial tax breaks. In terms of welfare arrangements DMEs are not as comprehensive as CMEs, but public social spending is more substantial than in LMEs. Myant and Drahokoupil (2010) distinguish five, flexible and overlapping types of VoC in the post-communist countries of Eastern Europe and Central Asia: FDI-based market economies; peripheral market economies; oligarchic or 'clientelistic' capitalism; order states and remittance; and aid-based economies. In this approach, Poland's economy can be classified as an example of the FDI-based market economies, which are characterized by relatively stable and democratic system, integration to the EU and the dominant role of MNCs. Greskovits (2005) applied a similar, simplified approach based on Wallerstein's (1974) world systems theory with 'semi-core' (V4) and 'semi-peripheral' (Baltic and Southeast countries) divisions in Eastern Europe. Poland's exports, reliant on the 'heavy basic' and 'heavy complex' sectors, constitutes Poland as a 'semi core' country in a global economy. Bohle and Greskovits (2007a; 2007b) claim that countries grouped in V4 are interested in industrial-upgrading. Additionally they offer more social protection against neoliberal side effects.

Another perspective is presented by Mykhnenko (2007) who was the first to compare Poland's variety of capitalism with Ukraine. The Polish economy is characterized by a heavily regulated product market and a high level of protection against foreign trade and investment. Capitalism in both Poland and the Ukraine is classified as Mixed Market Economy (MME) or 'weak' CME, with moderate employment protection, weak unions and little formal centralization and co-ordination for wage bargaining. Since the late 1990s the role of Poland's welfare state has decreased, and the wage-labour nexus has shifted towards *market-based* models. Polish industrial relations have decentralized. Relations between managers and employees are non-confrontational, as the small scale of industrial disputes indicates. While in Ukraine strong unions have a high degree of wage-bargaining centralization and extensive co-ordination.

Poland's variety of capitalism shares some similarities with LME in terms of contracting welfare and privatization of the public sector; on the other hand, the structure and size of the Polish economy indicates its peripheral character. The Polish economy is lacking in high value-added sectors. Low labour and means of production costs still remain the most important incentive for foreign investment. Definitely, Poland is not a typical 'maquiladora' of the

Western Europe. Foreign investors, despite cheap labour, are looking for large markets, in respect of a country's size and human potential. Following Kołodko's article (2009) Poland has reached a two-thirds rate of success.

In the case of Poland's economy, MME and FDI-based market economy perspectives are the most adequate in describing the variety of capitalism. All of them include 'national' conditionality residual welfare and the crucial role of the FDIs. However, in comparison to the other CEE countries, the FDI's presence in Poland should not be overestimated. The value of FDI per capita in 2007 was 337 Euros, when in the Czech Republic it was 652 Euros and in Hungary 401 Euros²⁰. Attention needs to be paid to the structure of foreign investment in Poland. A considerable bulk is short-term investment in banking and service sectors. According to Kołodko (2007) the lack of investment in productivity and infrastructure sectors is not improving competitiveness and export capacity. The industrial sector in Poland is smaller than in other Visegrád countries. The inconsiderable size of Research & Development (R&D) sites and the purely 'assembly' character of new investments, rule Poland out of the 'core' economies. Moreover, MNCs are interested in investing in profitable companies, applying 'cherry-picking' tactics (Hardy, 2009). Domański (2003) argues that the emergence of MNC in Poland brought an indirect positive effect on the number of jobs. Employment in the foreign-owned factories was downsized while productivity increased. In the early phase of transformation in CEE, FDI was boisterously called an 'engine of growth' (Lipton and Sachs, 1990) or a 'New Marshall Plan to help Central and Eastern Europe'²¹. This was disputed by Ivanova (2007), who argued that precisely the opposite strategy was adopted in CEE countries after 1989; which effected in the 'high share of foreign ownership of assets especially in the industrial and financial sectors of the economy, large and growing dependence on capital imports, and trade dependence' (Ibid: 345).

²⁰ Report published by Polish Ministry of the Economy: 'Napływ bezpośrednich inwestycji zagranicznych do Polski. Bariery i możliwości wzrostu' [*Inflow of FDI to Poland. Barriers and Possibilities to Growth*], source available for download at:

<http://www.mg.gov.pl/NR/ronlyres/F91B004A-083D-439F-87CB-A964981E4B5F/44316/BIZ042008.pdf>;
accessed 15th January 2011.

²¹ This expression is attributed to Donald Blinken, the US Ambassador in Hungary in the years 1994-1998 who, during a speech given on 16 March 1995 at the Collegium Budapest, said that 'private foreign investment was a new Marshall Plan for Europe' (see Gowan, 1995: 10; Drahokoupil, 2009: 2).

The analysis of the Polish variety of capitalism should also delve into the research of Polish authors. Krzysztof Jasiński's *Capitalism, the Polish Way* (2013) provides a comprehensive investigation into the specificities of Polish capitalism. Jasiński argues that Poland constitutes a hybrid of LME and CME; at the same time pointing out that the Polish variety is far apart from the Anglo-Saxon model. According to Jasiński, Poland suffers from the lack of good quality public institutions, which make the country vulnerable economically and politically. As primal examples Jasiński lists the chaos in the national health system, the precarious character of employment and financial scandals involving shadow banking which shook the Polish banking system. He emphasizes the paramount role of foreign capital, therefore he refers to Poland's capitalism as 'from without'. Szahaj (2015) argued that Polish capitalism shares many of the Anglo-Saxon model characteristics, which uncritical acceptance led to negative effects of Polish transformation such as a high unemployment rate, unbalanced regional development, economic marginality and 'pathological forms of employment' (ibid: 813). In Szahaj's view Poland should depart from the Anglo-Saxon model and follow the Nordic one, enriched by the elements of the Rhineland model (based on industrial policy). The similar perspective is presented by Kowalik's (2011) critical analysis of the Polish neoliberal version of capitalism. Kowalik argued that the alternative system, based on principles of the Swedish model could have been introduced in 1989. The transformation takes the centre of Kieżun's (2013) analysis. Kieżun argues that, Poland's economy was 'colonised' by foreign capital and dominated by post-communist *nomenklatura*. Tinnenbrun (2007) takes a broader perspective, and suggests that the world of business and politics in Poland is much broader than the system of former dignitaries of the communist party. Tinnenbrun noticed that the richest Poles acquired their wealth directly through public auctions with the help of both post-communist and 'Solidarity' led governments. This symbiosis is perfectly described by Tinnenbrun as 'matrimonial capitalism'.

Apart from a vast non-academic encomia (see Balcerowicz 2009), the sceptical view of the capitalist transformation is dominant. Polish researchers put emphasis on the role of foreign capital, which corresponds with the Dependant Market Economy type proposed by Nölke and Vliegenthart (2009). Nevertheless they also demonstrate the weakness of public institutions. The Polish variant of capitalism is not only neoliberal, but also 'crony'.

3.4.2. Japan

Japan belongs to the well-established capitalist economies. The state has been playing a significant role in stimulating the economy. The post-1945 government led industrialization and exports of Japanese products were responsible for the rapid growth and building of the second largest economy. Japan's political institutions are very stable. For most of its post-war history Japan has been ruled by only one party – centre-right LDP (Liberal Democratic Party). 'One and half party system' perfectly describes LDP hegemony. LDP is pursuing the mixture of free-market policies and protectionist, Keynesian measures. Only sporadically, since the mid-1970s, Japan has experienced social unrest and turmoil. Japanese labour institutions are hugely influenced by a strong sense of corporatism. Since the peace Treaty of San Francisco (1951) Japan is closely allied with the USA. Economically, apart from financial support, this special relationship has revealed its 'submissive' nature, especially in the 1980s. For instance Japan agreed for Voluntary Export Restraints (VER) in the automotive sector, and made its exports less competitive, appreciating the Japanese Yen against the US Dollar (Plaza Accord 1986).

Japanese economic development is regarded as an example of the 'success story'. It has been to some extent repeated by other East Asian countries ('Flying geese' paradigm). The 1950s and 1960s were characterized by the enormous economic growth of the Japanese economy. Nakijama *et al.*, (2001) argue that technical progress and the associated expansion of capital rather than labour input expansion played a crucial role in this spectacular growth. Commonly, this advancement is also attributed to mass production, improvement of labour productivity and close ties between large and small business (Takeshi, 1989). In the 1960s the average GDP growth rate was 10 per cent. The 1973 oil crisis has severely affected the Japanese economy, causing shortage of energy supply and soaring inflation. Growth substantially decreased, but thanks to the special trade and investment connection between Japan and Asian newly industrialized countries (NIC), the slowdown was not so severe. As Itoh (2000: 21) explains:

...Japan maintained a closer connection with these Asian countries and formed an international division of labour through international investment and trade. This helped Japanese economy to sustain a relatively high economic growth rate among advanced economies until the end of the 1980s. As a market for Japanese exports,

Asian countries took up 30 per cent throughout the 1980s. Their share increased in the 1990s, and became as high as 44 per cent in 1995-1996; much bigger than the share of the USA. Moreover, trade with Asian countries brings to Japan a large trade surplus, as does her trade with USA.

Following a 'bubble' economy in the early 1990s, Japan has fallen into recession, which also influenced the growth of other East Asian countries. Slight sign of the sluggish recovery have been noted since the mid-2000s.

As it was mentioned earlier, industrial policy determined Japan's capitalism post-war development. Since 1951 the Ministry of Economy, Trade and Industry - METI (MITI)²² played a crucial role in supporting the corporate sector and in implementing industrial policy (see Johnson, 1982). Sheridan (1993: 151) explains the protectionist nature of the policies implemented by the Ministry:

An extensive and systematic policy formula was elaborated by MITI officials for the protection and assistance of 'infant industries', and the maintenance of an 'efficient market structure' in the manufacturing industry. The former was achieved by a variety of measures, including tax concessions, subsidies, supply of government finance, and the relaxation of anti-monopoly laws to allow various kinds of control agreements. To achieve the latter, MITI encouraged mergers and other types of 'collusive conduct' by firms. MITI possessed the authority to grant import licences. This authority was used to control and restrict investment and new entries into the target industries. It also manipulated licences for the import of foreign technology and raw materials.

Flath (2005) questions the effectiveness of these policies prior to 1964; he shows that sectors favoured by the state (shipbuilding, agriculture), contributed relatively less to economic growth. Since the 1970s the government successfully supported electronics and car manufacturing. In addition to METI, another governmental agency, the Japan External Trade Organization (JETRO) assists Japanese MNCs.

Traditionally, Japan belongs to CMEs (Asian type). Frequently, Japan's capitalism is juxtaposed to Germany's, especially in terms of organizing and maintaining post-war growth by the state (Braverman, 1974; Dore 2000; Streeck and Yamamura, 2001 (eds); Kang, 2006).

²² MITI (Ministry of International Trade and Industry) was predecessor of METI until January 2001.

Interestingly, Harman (2009) points out that Japanese ‘state capitalism’ in contrast to Western economies, is hugely invested in civil industries rather than in the military. Certainly this shift has its consequence in the impressive development of hi-tech industries and Japan’s comparative advantage. Even though social spending and real wages are relatively low (Stevens, 1988), Japan is one of the very few countries in East Asia with some visible elements of the welfare state with an egalitarian distribution of income. Wilkinson and Pickett (2009: 87) argue:

...in Japan, the influence of the post- Second World War Allied occupation and demilitarization democracy and redistribution of wealth and power led to egalitarian economy and unrivalled improvements in population health.

Whilst Estevez-Abe (2008: 1) explains the phenomenon of the ‘small’ welfare state:

...the Japanese state interferes frequently and extensively with the market. Just as Sweden uses social policy as a form industrial policy, Japan uses industrial policy as a form of social policy.

An important distinguishing mark of Japanese capitalism from other CMEs is *group-based coordination* (Hall and Soskice, 2001: 34), the system of *keiretsu*²³. It is commonly attributed to Japan’s fast economic development (Calder, 1993; Gerlach, 1997; Okumura, 2000; Kensy, 2001). *Keiretsu* is the specific organization (‘family’) of companies from different sectors with interlocking business relations and shareholdings. Westney (1993) argues that the Japanese business system cannot be understood without analysing the *keiretsu* or business group. The *keiretsu* system did not catch on outside Japan; however a few British, American and Indian groups are regarded as ‘*keiretsu*’ (e.g. Virgin Group, Cisco Systems, Tata Group). There are two types of *keiretsu* in Japan: horizontal, which links conglomerates from several industries and vertical with one manufacturer controlling the complex system of suppliers (Grabowiecki, 2006). The organization of *keiretsu* is also conducive to a long-term relationship (based more on co-operation rather than competition) which is a distinctive feature of Japanese business networks. It is argued that a *keiretsu*-led organization bestows the transfer of technology and

²³ *Zaibatsu* (the pre-war prototype of *keiretsu*), was a large, family-controlled monopoly. After the war, in the late 1940s, *zaibatsu* was dissolved by the Americans.

skills (Hall and Soskice, 2001). A *keiretsu* relationship can be also found in JFDI, with Japanese companies frequently investing and operating in clusters.

Over the last twenty years, the nature of Japanese economy has substantially changed. This is not only the consequence of stagnation at home, but also due to global economic trends. Japanese capitalism obtained some of LME characteristics (Waldenberg, 2000; Mehri, 2012). The welfare achievements were substantially limited. Deregulation and privatization prevailed in many sectors (Kagami, 1999). Finally, the *keiretsu* system has loosened its ties.

3.5 Polish and Japanese Employment Relations

Employment relations are one of the key characteristics of national business systems (Whitley, 1999) and therefore one of the dimensions that allow comparison of the business system varieties. While there exists a rich amount of research dedicated to various Western Economies (Blyton and Turnbull, 1994; Hyman, 1994; 1995; Ferner and Hyman (eds), 1992), employment relations in transforming CEE economies have only recently entered the debate (Gardawski *et al.*, 2012; Maerdi, 2007; Hardy, 2009, 2010; Hollinshead and Maclean, 2007; Martin, 2006). Employment relations vary depending on the business system. Martin (*ibid*) sees employment relations in CEE as segmented and still transforming along the systems, with both converging and diverging trends; evolving from managerial capitalism, through an entrepreneurial type towards international capitalism. However, while in transition, they are floating somewhere in between the three ideal types. Thus identifying the variety of capitalism (business system) allows identification of the employment relations developing within these systems. For the purpose of this research and a better understanding of mutual impacts, it is important to juxtapose the main features of Japanese and Polish employment relations. The focus will be on labour market characteristics – the structure and training of labour, recruitment, pay, quality management and path dependent trade unions.

3.5.1 Poland

Firstly, with the emergence of the new economy, the change in the Polish labour market was inevitable. Before the transition, the labour market in Poland was characterized by disequilibrium. The surplus of vacancies compared with the number of jobseekers resulted in over employment. With underdeveloped services there was a huge concentration of employment in industrial and agricultural sectors. This has changed rapidly in the aftermath of the *Balcerowicz Programme*. Both liberal and social-democratic governments have continued the liberal policy initiated by Balcerowicz.

In the mid-1990s the GDP growth rate was one of the highest in CEE. Industry production along with labour productivity demonstrated an upward tendency. Despite these positive macroeconomic indicators, one of the main characteristics of Poland's capitalism since 1990 is relatively high unemployment, which became a new phenomenon. Despite twenty-five years of new capitalism, it is still a two-digit figure and one of the most distinctive features of the Polish economy. As King (2002) has noticed, the working class became the biggest immediate victim of 'Shock Therapy'. The unemployment rate did not decrease below 10 per cent, and in the period 2002-2003 reached 20 per cent. It has started decreasing since 2004 (12 per cent in 2008, remaining one of the highest in CEE) (GUS, 2011). However, the unemployment figures are being underestimated since over two million Poles work abroad. Economic growth which is mainly based on labour efficiency and industry restructuring, is not accompanied by growth in employment (Golińska, 2006). Unemployment is especially intense among young people, including graduates (7 per cent of unemployed with a degree); almost double the average rate of unemployment in Poland as a whole. In the beginning of the 1990s governments have assumed that the unemployment generated by the public sector would be absorbed by the private one. That never happened. Poland has faced long-term unemployment. In 2007 more than 45 per cent of all unemployed were jobless for more than 12 months. Many of them were unable to find employment, as they were often considered second class employees by potential employers (Szczapa, 2008). The rate of unemployment is responsible for social exclusion, previously unknown in Poland on such a big scale, and is generating enclaves of poverty (Hardy, 2009). Full employment was a political rather than economic doctrine of PRL (Polish People's Republic; Polish: *Polska Rzeczpospolita Ludowa*). It was mainly serving the communist 'propaganda of success' and purposes of society control: the state provides work

for everyone, everyone is allocated somewhere. Moreover, according to Ost (2005) various Plans for the National Economies implemented by the socialist state were enforcing social mobility and job migration into industrialized areas (mainly Silesia). The SOEs managers were obliged to meet the overshot plans' targets and therefore produce more and employ more people.

The degree of inequality in the distribution of income significantly intensified from the mid-1990s. The number of people living in poverty is increasing. According to the Polish Central Statistical Office (GUS, 2011) 2.2 million live below the poverty line. Poland appears to be the most unequal country in terms of the distribution of consumption among post-communist economies. As Mykhnenko (2007: 361) explicates,

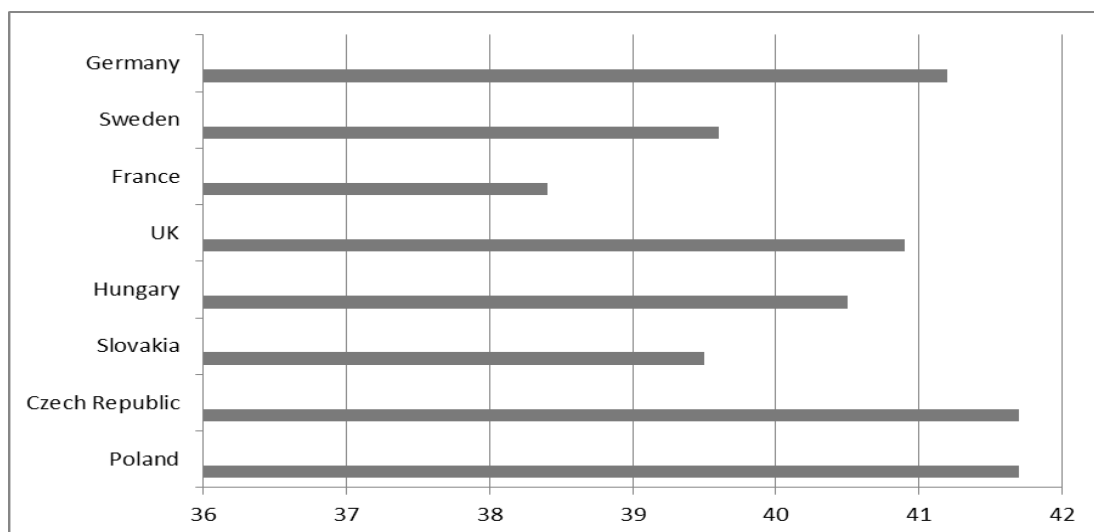
the fundamental dichotomy between the growth record of the Polish economy, considered to be the best in post-communist Eurasia, and the country's crisis of joblessness is emphasized by what can be described as Poland's 'poverty puzzle'.

Further, Mykhnenko contends that the high level of unemployment is partly caused by Poland's *poverty paradox*; deregulated labour markets are not able to function properly with regulated product markets; especially in the small and medium enterprises sector (SME), which could absorb the low-wage labour force. SMEs in Poland are still constrained by economic and administrative barriers. Some authors (Szczapa, 2008) attribute unemployment problems to the high cost of labour and inflexible employment law. Various legal requirements such as: period of notice, statutory maternity leave or insurance premium may have encouraged entrepreneurs to employ workers illegally. Employers' pressure made the Left Democratic Alliance (LDA) government liberalize the Labour Code in 2004. There is a strong argument in support of post-accession emigration having contributed to the decrease of unemployment more than the newly introduced work policy changes (Bukowski (ed), 2008; Kaczmarczyk and Okólski, 2008). Liberalization of the Labour Code can lead to positive changes in the labour market and, in consequence, the decrease of unemployment, however implementing these changes can be a long-lasting process and its impact on employment relations in Poland is an area of research still to be explored. Few empirical and theoretical studies have yet been carried out. The changes are often small and only applicable to a particular segment of the overall labour market, while emigration affected all social groups and representatives of almost every profession from builders and plumbers, to nurses, doctors and graduates from both Poland A and B.

The second important characteristic of the labour market in Poland is the strong polarization of wages. Economic restructuring undermined the inherited wage structure, with wage movements across industries, skill groups and occupations (Rutkowski, 1996), and in effect also influenced individuals' educational choices and career planning. Currently, even though the average gross monthly salary seems to be high (over 3,500 PLN in 2010), it does not tell us how the income is distributed. Considering the Gini coefficient, which measures the level of inequality, income disparity in Poland is relatively high (36) compared to other Visegrád members: Czech Republic - 26, Hungary - 28 and Slovakia - 26. Data published by Eurostat (2013a) shows that the average Polish annual net earnings (estimate based on a single person without children) are one third of EU (27) average; just above Latvia, Lithuania, Hungary, Romania and Bulgaria, and below Estonia, Slovakia and Slovenia.

The immense income disparity is not fully understandable since GDP is rising along with labour productivity which increased much quicker than wages in the years 1995-2005 (Growiec, 2009). Wages of the vast majority of society remain at low levels; which leads to a conclusion that people are not in fact benefiting from the successful economy. The emergence of the *nouveau riche* is accompanied by growth of a working poor class: people living in the communist-era-built blocks of flats in the medium and large town suburbs with unsecure, low-paid jobs (Smith *et al.*, 2008). Polish employees along with other Eastern Europeans (Romanian, Czech and Latvian) work the longest hours in Europe (see Figure 3.1).

Figure 3.1. Average number of actual weekly hours of work (full-time employees) in Visegrád Group and selected European Union countries (third quarter, 2008).



Source: Eurostat (2008), adopted by the author.

The threat of being unemployed stimulates irregularities and employment law-breaking. Many workers are still not paid on time. Studies conducted by Gardawski (2005) uncover the scale of these practices: only 76 per cent of employees are paid on time, over 12 per cent of workers are getting salaries without their taxes paid. Every fourth employee faces problems with punctuality or taxation of salaries. Workers employed in the private SME sector are exposed to the biggest exploitation, while work in the public sector and big foreign companies is more secure (presence of the trade unions and workers' councils). These severe labour conditions (structural unemployment as well as high numbers of people working long hours at the lowest rates) generate poverty. Research shows that 17 per cent of Polish society is in danger of poverty, including 8 per cent of the working population (GUS, 2010). This figure is slightly lower than a few years ago; still neither the EU accession, nor the accelerating economic growth reduced the scale of chronic poverty. *The Economist* (2013) reports that the significant scale of economic migration can be contributed to these inequalities:

(...) low-skilled workers from rural areas and small towns leave for low-skilled, but better paid, work abroad. From bigger cities, graduates and skilled technical workers are also emigrating, usually with a plan to save up for a few years and then return.
(...)

The precarious character of work (Smith *et al.*, 2008; Hardy, 2009); increase in self-employment, for many Poles being the only alternative to unemployment and often an effect of coercion rather than choice (Sula, 2006; Hardy, 2009); and growth of temporary employment have resulted in lower work protection. Kozek *et al* (2013: 84) argue that in response to poverty (brought by mass post-transformation unemployment) the government is operating 'poverty mitigation policy' rather than prevention. Unemployment, polarisation of wages, inequalities in income distribution and poverty shape attitudes towards work and employment. The work discourse in Poland is still influenced by the neoliberal notion of the 'self-made man' and a false belief that 'under democracy and capitalism people could achieve everything if they worked hard enough' (Ibid: 84). The 'mass migration' and the new debate that slowly emerges on the Internet (via social media, blogs and online journals) may serve as evidence of this discourse changing.

Thirdly, the character of work in Polish enterprises has transformed. The shift in the global economy, especially the expansion of the service sector did not leave Poland excluded. 'Flexibility' became a catch phrase. Workers should be 'flexible' in order to satisfy the

requirements of the labour market. 'Flexible' must be the Labour Code, and finally employers have to be granted 'flexibility'. In 2005 over 10 per cent of all employed were part-timers and over 2.5 million workers were hired on limited duration contracts (Coe *et al.*, 2008). By 2012 the ratio had risen to 26 per cent (Eurostat, 2013b). Temporary contracts or rather 'business orders' were informally called 'junk' as they constitute a 'civil law contract' omitting the employment law. Since the 1990s Polish governments have been gradually 'relaxing' the Labour Code. Męcina (2009) argued that in Polish reality, flexibility is beneficial for both employers and employees. In times of austerity, 'flexibility' became an orthodoxy celebrated by politicians and the media. Government officials and employers' organizations insist, there is even more scope for flexibility in employment law. As already stressed, the extremely precarious character of employment and job insecurity ('junk' contracts) have contributed to a decreasing standard of living, massive migration and possible failure of the pension schemes. The trade unions are the only institution which perceived the seriousness of the 'phenomenon' of 'junk' contracts.

The emergence of temporary labour agencies and temporary staffing were the manifestation of this new tendency. The scale of the new phenomenon was so significant, that in January 2004 Polish Sejm passed The Interim Work Act. All major, transnational working agencies started their business activities in Poland at the beginning of the 2000s, mainly as greenfield investments; however they are not as dominant as in the UK or the Netherlands. Temporary staff is not only present in the expanded service sector, but also in manufacturing. Many workers with temporary contracts are highly-skilled employees (especially in IT). It is also important to acknowledge that 'flexibility' policies are excluding people over 40. An average temporary worker is between 25-30 years old. The violation of the Labour Code is common, since many temporary workers are forced to work overtime. However, despite these irregularities, work agencies are an easy way to provide jobs for the people with the lowest qualifications in the age of structural unemployment (Hardy, 2009).

In terms of education and training of the workforce, the transformation context is again very important. In the 1990s along with many other changes, Poland had to restructure its education system, as it was not training a workforce that could move the country toward a new economy (World Bank, 2014). Tertiary education and vocational schools had mostly been connected with large industrial plants, with staff from industry combining periods of study with periods of work (Dąbrowa-Szeffler and Jabłeczka-Pryśłowska, 2006; Janowski, 2007).

The transformation of the education system has seen a shift from specialist vocational education towards general preparatory qualifications. Currently Poland is seen as a country with a dynamic workforce whose competencies in reading, mathematics and science exceed OECD and EU averages (World Bank, 2014).

Even after the EU accession labour productivity in Poland was relatively low (67 per cent of the EU average) (OECD, 2011), but is growing steadily. Growth in productivity indicates the departure from a communist unproductive and inefficient economy to the new capitalist regime. The international competition and pressures of the market imposed the necessity of not only higher efficiency, but also quality. Polish companies were forced to duplicate the path of quality management systems' development as it emerged in the Western economies (Haffer, 2010). The new workplace institutions introduced by foreign investors included standards for quality management systems (IS 9001). Currently IS 9001 system is the most popular in Poland with the total number of certifications 10,527 (as per 2013), which places Poland in the mid-range among the European countries (ISO Survey, 2013).

There is a wide range of literature regarding quality management in Poland, yet it mainly focuses on the managerial perspective and implementation of TQM (Ulrych, 2011; Haffer, 2010; Ćwiklicki and Obora, 2009; Łańcucki, 2006; Karaszewski, 2000). Relatively little is known about the impacts of increased productivity and quality demands on Polish workers. Karaszewski's (2000) research revealed however some patterns (again from a managerial point of view) in employee reception of these policies. The lack of properly qualified and motivated personnel was seen as one of the obstacles in implementation of quality assurance systems. On the other hand the research proved that companies owned by foreign capital were the most advanced in implementing quality principles.

According to Bugdol (2005) ISO certificates may still be treated as an element of promotion and 'marketing' advantage by Polish managers, therefore it is unclear whether the aim to restructure organizations and adjustment to the quickly changing environment was in fact the main reason for implementation of quality assurance systems.

Lastly, a key aspect of employment relations is trade unionism. Despite the fact that trade unions still remain the main institutional form of employee interest representation in Poland, collective bargaining on both national and sector level is considered to be relatively weak

(Gardawski *et al.*, 2012). In a Polish context, trade unions show a strong notion of path-dependency.

The victory of 1989 found trade unions in an ambiguous position. The political faction of *Solidarność* - OKP (Citizens' Parliamentary Club; Polish: *Obywatelski Klub Parlamentarny*) was separated from the union. OKP members were present in both chambers of the Polish Parliament supporting government's reforms. According to Ost (2005); the cleavage between 'labour and *intellectuals*' arose in the mid-1980s, when the communist system demonstrated weakness, and *Solidarność* victory was inevitable. Labour did not share the intellectuals' enthusiasm for economic liberalism. The interests of both groups became divergent. A peculiar alliance took place: technocrats (members of the communist party) and intellectuals wanted to transform the socialist economy into capitalism (Szelenyi, 1998; King 2002). The continuation of this alliance was the first post-communist government where unionists were barely represented. The working class and intellectuals' unity, so intense in 1980, started to diminish. The introduction of the harsh *Balcerowicz* plan is marked with the meek behaviour of *Solidarność* as well as OPZZ unionists (All-Poland Alliance of Trade Unions; Polish: *Ogólnopolskie Porozumienie Związków Zawodowych*), even though, as Klein (2007: 177) stresses it, 'it was a direct clash with Solidarity's economic programme of worker ownership'. Strike action in defence of working conditions and wages occurred rarely. In the years 1990-91 – the most nagging period of the transformation – only a few hundred industrial actions were taken. In many cases the unions accepted lay-offs as an integral part of transition (see Ost and Weinstein, 1999). In 1989 one of the 'Solidarity' leaders Wojciech Arkuszewski²⁴ instructed workers, that their jobs and wages were from now on dependent on the profitability of the firms. The majority of workers were convinced that significant improvement in the economy could only be achieved through privatization (Kozek *et al.*, 1995). Submission and 'politicization' of trade unions in the first years of the transformation significantly decreased their influence (Gardawski *et al.*, 2012). Early studies (Kozek *et al.*, 1995; Gardawski *et al.*, 1999) show that at the enterprise level labour relations were shaped by the official unions' compliance; broad acceptance of lay-offs, lower wages, and restraint from striking. Ost and Weinstein (1999) presented empirical evidence supporting the thesis that in the beginning phase of transformation Polish trade union leaders had strong pro-market inclinations and were deeply sceptical of institutionalized employee influence in the new market economy. It was

²⁴ Arkuszewski, W (1989), 'Od góry do dołu' (English: 'From top to bottom') in *Tygodnik Solidarność*, 22 September 1989, pp 1-2.

suggested that Polish industrial relations have become ‘less participatory and increasingly hierarchical’ (Ibid: 1). Later research indicates an increase in workers confidence (Hardy and Kozek, 2009; 2011) and union revitalisation (Meardi, 2007; Mrozowicki *et al.*, 2009; Krzywdziński, 2010). Therefore labour relations could be described as conflictual.

Solidarność averted from the labour problems and became more of a political organization than the union (rivalry with OPZZ, involvement in Solidarity Electoral Action²⁵). The union’s leaders did not want to be committed to trivial union work (Ost, 2005). *Solidarność* evolved to be a complete denial of the social movement from the 1980s. In consequence, the membership became unpopular and the union density dropped in the next years (from 2.5 million in 1990 to 1 million in 2000). *Solidarność* members even accepted redundancies and disinvestment as part of ‘restructurization’ (Hardy 2006). In the second part of the decade trade unions tried to rebuild their membership and reputation, rather unsuccessfully. *Solidarność* established a department of union development, aiming to encourage new members and co-operation with foreign trade unions (American AFL-CIO; American Federation of Labor and Congress of Industrial Organizations). However this strong affiliation met with some criticism of the union’s ‘Americanization’ (characterized by weak confederations, low collective bargaining coverage and decentralization). This position could have been a threat (*‘The Trojan Horse’*) to the latter’s co-operation within the ‘European style’ after the EU enlargement (Meardi, 2002). The union’s main concerns were: Christian worldview and anti-communism (debate over the abortion bill, a reference to God in the Constitution’s preamble), rather than the ‘traditional’ unionism. This attitude shifted *Solidarność* to the far right, which is hardly surprising given that the workers were rejected by ‘leftist’ intellectuals (Ost, 2005). Still, the right-wing and conservative *Solidarność* is considered as a peculiar phenomenon in Europe. The union’s political engagement and the fierce relation between *Solidarność* and ‘communist’ confederations paralysed the effectiveness of the implementation of the union’s charter objectives in the 1990s. *Solidarność*’s ardent ‘anticommunism’ was observed on the international scene. Polish unionists opposed co-operation with Russian unions (Meardi, 2002). Ost (2002: 42) described 10 years of the Polish reformed economy as the way of becoming a ‘non-unionized economy’. This deadlock situation changed in the 2000s.

²⁵ SEA (Solidarity Employment Action) - AWS (Akcja Wyborcza Solidarność): name of the coalition of Solidarity and small right wing parties, which won parliamentary elections in 1997.

Currently the unionization rate in Poland is still one of the lowest in EU – 13.4 per cent (OECD, 2013) – while during the first wave of *Solidarność* movement, 1980-1981, it reached 80 per cent. Trade unions are hugely fragmented and politically divided. The main division between two of the three major confederations NSZZ *Solidarność* (*Niezależny Samorządny Związek Zawodowy: Solidarność*; English: Independent Self-governing Trade Union: *Solidarity*) and OPZZ is political, the third one – FZZ (*Forum Związków Zawodowych*; English: Trade Union Forum) wants to be politically indifferent and is not affiliated to any political party. The unionization of the private sector, which constitutes over 70 per cent of all employees, is residual. The privatization has marginalized and eroded trade unions. The wage-labour nexus can be described as ‘restrained tripartism’ – the broad civic arrangements of the interests of labour, business and government. Still, only one third of the workforce, mainly in larger enterprises, is covered by collective bargaining agreements and this number has a diminishing tendency (Hollinshead 2010; Gardawski *et al.*, 2012). Collective bargaining is mainly company-centred and of lessening significance with most existing collective agreements originating in the 1990s (Gardawski *et al.*, 2012; 1999). David Ost (2000) called tripartite bodies in CEE an ‘illusory corporatism’. The Polish Tripartite Commission, established in 1994²⁶, dragged by political disputes did not accomplish much in terms of improvement of government–trade unions–employer relations. Moreover, industrial relations were complicated, by the fact that the main trade union centrals: *Solidarność* and OPZZ were involved in governance. The Polish system of industrial relations is more similar to those in LMEs than in CMEs, ‘only with *Mediterranean* levels of labour participation’ (King, 2007a: 309). Bohle and Greskovits (2006) state that the non-confrontational industrial relations and the weak welfare system in the CEE are shaped by transnational capital, which can act more powerfully in East Europe than at home. This state influenced the condition of Polish trade unions.

Most contracts are negotiated at the level of the plant, or even with individual employees. King (2007a) considers the Polish working class to be ‘demobilized’ and explains the reasons for its weakness. Ideologically with the transition from communism, the class enemy became very unclear, and furthermore there was no concept of an alternative to capitalism; structurally, the Polish working class faced the loss of full employment. Unionization has shrunk since the arrival of new greenfield investments, which typically have a completely non-unionized

²⁶ Similar bodies in other Visegrád countries were established much earlier, just after 1989.

workforce. Ost's (2000) studies show workers' reluctance towards trade unions and their absence in the private sector due to the belief that private firms operate better, and the lack of unions acts in workers' favour. Employees are afraid that strong unions will not benefit from the new economic system. Further, Ost explains labour's own self-marginalization and low self-confidence; moreover 'being a union member is often perceived by unionists themselves as a sign of weakness, a sign that they and their enterprise lack the qualities that bring success' (Ibid: 520).

Research conducted by Bohle and Greskovits (2006) and later by Hardy and Kozek (2009) suggested that in labour-intensive industries, such as electronics or automobile, trade unions are well-established and have bargaining power. The intense activities of the *Konfederacja Pracy* (English: Confederation of Labour) and *Sierpień '80* (English: August '80) unions in private enterprises, are responsible for the renaissance of workers' confidence in the 2000s. Hardy (2009) is positive about the future of trade unions. Since the mid-2000s some of them have recovered, regaining efficiency. The passivity and rigidity of *Solidarność* and the OPZZ were broken. ZNP (*Związek Nauczycielstwa Polskiego*; English: Polish Teachers' Union), or August '80 were strongly opposed to the neo-liberal policy on wages or the presence of Polish troops in Iraq. Brand new trade unions were established too: FZZ (*Froum Związków Zawodowych*; English: Trade Unions' Forum) with 400,000 members or very active OZZPiP (*Ogólnopolski Związek Zawodowy Pielęgniarek i Położnych*, English: Polish Union of Nurses and Midwives) - 100,000; famous for an eight-day occupation of the Prime Minister's office in 2007.

Undoubtedly unemployment and living standards have influenced the working conditions in Polish workplaces. Employment has an enormous value. As Hardy (2009: 123) states 'Work has become increasingly precarious and casual, with a plethora of different forms of flexibility'. The growing presence of private firms (especially in service sectors with little tradition of workplace organization) has changed industrial relations. Polish employees have been exposed to new 'phenomenons' as 'mobbing' (bullying) or other forms of discrimination in the workplace environment. Many cases of appalling working conditions in the foreign chains of supermarkets (Tesco, Biedronka, Carrefour) were revealed. However the decrease of unemployment in the mid-2000s caused the rise of the employees' confidence (expressed by soaring number of strikes) and employers slowly began to approve the presence of the trade unions, especially in the private sector. For instance, previously non-unionized Tesco Poland

currently has three confederations. A good example of rebuilding trade unions can be found in Silesia, at the Opel car plant in Gliwice - one of the biggest GM factories in Europe. When the company started in 1998, unions were passive and absent at the workplace. This trend was overturned in 2005, when the union recruited 40 per cent of the workforce. Active, young unionists established negotiating structures with management (Hardy, 2009; Hardy and Kozek, 2011). Mrozowicki *et al.* (2009: 94) explain the reasons behind the soaring membership in the last decade:

...it was neither political activism, nor the rhetoric of broad social change, but a more efficient representation of economic interests in the workplace which attracted new membership. However, this economic agenda was built on an ethos which transcends 'bread and butter' unionism, involving the issues of civilising workplace relations and defending human dignity, deeply embedded in local union traditions, Catholic national culture and socialist past.

It seems, that Polish employees regained their 'class consciousness', which was so blurred during the communist regime and early years of transformation (Ost, 2005). They started to consider themselves workers as well as citizens or Poles. The emergence of the new confederations caused the depoliticization of unions in 2000s. The growing membership, especially among young workers and women, supports this tendency (Mrozowicki and Trawińska, 2013; Ostrowski, 2014; Kubisa 2011, 2009).

In private-capital controlled enterprises management is considered to have a major (or even dominant) influence on the organisation of the labour process (Child, 2000). Not only the unions, but also the management changed during the economic transformation. The next sections provide an overview of the new management development in Poland. It is not in the scope of this research to analyse management as such, but the transfer of management practices to an alien environment. In the case of Poland, the process was not as painless and straightforward as its architects imagined (Hardy, 2009). This journey from command economy to new neoliberal market economy brought enormously exhausting social change. In these difficult times the new regime needed to be perceived as necessary and the only alternative. Incoming foreign investors were the harbingers of the new economy at both macro (locality as a whole) and micro (individual workplace) levels through the process of institutional bending. While grand scale influences were researched sufficiently, Hardy (2006: 131) argues little attention was paid to 'changing values and norms in the workplace'. Cultural embeddedness

of FDIs was possible through a deep restructuring and ‘a new set of enabling myths and understandings about economic behaviour (...) instituted in the workplace’ (Ibid: 136).

Research has shown that FDIs are ‘cathedrals in the desert that is enclaves of foreign capital with few linkages backwards and forwards’ (Hardy, 1998: 650; Grabher, 1997). Pavlinek (2004) indicates that spillover effects to the domestic economy in Central Europe are statistically insignificant. Even, if FDI brought some positive changes to the invested companies, these effects did not always spill over to the domestic industry. In Romania and Bulgaria the domestic industry was exposed even to negative spillover effects (Konings, 2000). The FDI effects on the local labour market are questionable. Domański (2003, 2004) argues that restructuring plant strategies and the outsourcing of industrial processes lead to a shrinking number of jobs in the successful foreign-owned companies. MNCs could bring positive economic prospects for the workplace, but not necessarily for individual employment. It has been argued that foreign investment could lead to downsizing of production, labour shedding and may destroy local firms, which are unable to compete with multinationals (Hardy, 1998; Hardy *et al.*, 2005; Domański, 2003). Some suggest that the new investment in Eastern Europe emulates maquiladora - Latin American assemble factories. This type of FDI is responsible for creating only low-skilled jobs at assembly plants (Ellingstad, 1997). In many cases economic growth attracts foreign investments; hence there is no clear relation between inflows of FDI and economic growth (Pavlinek, 2004). Nevertheless FDI impacts on the economy through spillover and crowding out effects, supplier linkages and the phenomenon of the dual economy or social dumping have to be examined separately in the localities. Different social, political, and economical conditionings could interface with the role of FDI in the regions. These could be overlooked by national-level statistics. Lastly, but not less importantly, FDI is likely to transfer specific to the home country methods of management and production.

Decades of central planning in Central and Eastern Europe (CEE) changed not only the structures of the economies, but also created the unique ‘communist’ style of management. The command economy is responsible for the formation of a new set of values, behaviours and mentalities, which are in general described as *Homo Sovieticus*, a term coined by Russian sociologist, Aleksander Zinovyev (1986). This reference is not only related to the political, communist enslavement, but also to the management practices conducted in the Eastern Block. Over the years the soviet type of economic management spread with different intensification over CEE countries. In Poland some of the practices (like collectivization) encountered

resistance. Nevertheless, the main goal of state socialism, the rapid economic growth through massive industrialization coordinated by central plans, was achieved in the whole Block (Clark and Soulsby, 1999).

This type of demeanour was not welcome by the neoliberal economy. Formal institutions and understandings were evolving, shaped by Western influence and orchestrated by international organizations and governments. Incoming foreign capital, although not helpless, had to face a plethora of informal institutions and workplace behaviours that were still being developed and pushed in the right direction. Inherited behaviours if nurtured could become detrimental to productivity and efficiency. Hardy (2006: 130) argues that ‘powerful players in the global economy have not been content to see formal institutions and understandings about economic behaviour emerge gradually or spontaneously, but sought to bend them in a particular direction’.

As already mentioned, institution bending is an important factor in shaping workplace relations to required standards. The extent to which a firm manages to adapt to its new environment may vary and depend on the behaviour of economic actors (managers, workers, institutions at the local, national and multinational levels). This behaviour may be cooperative and adaptive but may also have a notion of conflict, resistance, contestation or even defiance.

There is no single simple conceptual framework to analyze it either, as Hardy observes:

Tensions in the workplace amount to more than simply a clash of cultures. Workplaces are inherently contradictory as the pressure of competition continually forces managers to find new ways of extracting surplus value from their workers. (Hardy, 2009: 96).

For a greater understanding of the subject it is necessary to draw on the transfer of management in Poland’s historical context. It is of crucial importance to understand the changes that the managerial class underwent. Polish managers were not only implementing ‘intellectual capital’ to be embedded, but were also disciples to the foreign investors and were to carry on their work after the ‘agents of change’ had moved on elsewhere (Hardy, 2006).

The introduction of capitalism, followed by the inflow of FDI and Poland’s connection to the global economy brought relevant changes in the field of management and employee relations. The revision of the structure of ownership and exposition to the global competition of Polish

companies outlined the major changes. A completely new institution had to be established at the workplace. In the early phase of transformation, managers were forced to adapt to the new managerial functions that prevailed in the competitive markets and introduce human resources management (HRM), which did not exist during the communist era (Hardy *et al.*, 2005). Habits acquired before 1989 became ‘unsuitable legacies’ for the emerging market economy (Hardy, 2006). Liberalization and privatization processes left Poland with a heterogeneous structure of companies. Some of the SOEs were privatized and the new private sector came into existence (SME, FDI). Management and employee relations were arranged differently in each of these types. In general, small private companies were left without any social dialogue between employees and employers. The new relations were established at brownfield and greenfield investments. Hardy and Kozek (2009) list incorporation and decentralisation as strategies implemented by foreign investors in Polish companies. Incorporation takes place when managers are closely linked to the structure and networks of the company, being influenced by the corporate culture. Decentralisation is based on greater autonomy of the managers. According to the authors in these models, there is no difference in affecting labour relations. Competitive pressure, benchmarking with the firm, constant cost and profit comparison can be found in firms who implemented either incorporation or decentralisation strategy. However, corporate culture positively influences management relations with trade unions in the firms where workers are viewed as a ‘source of embedded knowledge’. An example can be found in the greenfield automotive investments. In general, at workplaces based on low-skilled labour, workers have less bargaining power. Moreover, employees were rewarded individually and were expected to be more flexible. Implementing the new HRM practices met some backlash in the brownfield investments with the embedded, old workplace institutions (Hardy and Kozek, 2011). At the greenfield sites, managers were given much more control over the business itself as well as over employees (Hardy, 2006).

The management under communist rule was characterized by an authoritarian relationship with employees, low economic effectiveness and indifference, where fear of punishment became an integral part of managerial life (Clark and Soulsby, 1999). Political rationality (maximization of influence) dominated economic rationality (maximization of material utility) (see Kostera and Wicha, 1996). Professional management education was not required, especially in the early years of the communist rule (Kostera, 1995b). Managers were constrained by the ‘soft budget’, not by the economically rational ‘hard budget’; the government could always cover the losses of the state enterprises (Kornai, 1992). Additionally, managers had to compete for workers in

a tight labour market (Weinstein and Obłój, 2002). Contrary to the free-market management, communist managers were limited by the supply not demand possibilities. The way of acquiring resources was based on the network of socio-economic connections. Managers with broad connections were able to benefit not only to the enterprise but also the community. (Clark and Soulsby, 1999).

In Poland like in other CEE countries the majority of the management's decisions were subject to the economic plans (three, five, or six year intervals), implemented by the governmental body – Central Planning Office (CUP; Polish: *Centralny Urząd Planowania*). The government directly instructed managers of the SOEs. Simply, Polish managers expected to be told what to do. The manager's role was limited even within their 'own' company (Kostera, 1995b: 682). The most important strategic decisions were made by the Centre, the management only executed them. The word 'effectiveness' was related to the central plan achievement, not to economic efficiency. The managers did not take any economic risk; any 'initiative' was treated as an act of 'showing off' (Jankowicz, 1994). Central planning simply did not leave any space for 'activity'. Plan fulfillment, rather than cost was the first law of socialist enterprise management (Clark and Soulsby, 1999: 80). It has to be stressed that management was politically involved in the communist party, and those two roles were overlapping (Ibid). In many cases SOEs managers held office as party secretaries (*apparatchiks*). The skills and values of the communist managers were twofold: technical and political. The first were related to the planning system and controlling the technology of the enterprise production, whereas the latter covered relations with the communist party, maintenance of links with planning officials and finally, political management of the labour force (Martin, 1999) Therefore politics prevailed over economic rationality. However, the mid 1980s, with the period of *perestroika*, brought some economic liberalization, which affected the management class as well. During the PRL era management education did already exist. Several management departments were established in Polish universities, with strong links to Western institutions (Kozłowski, 2008)²⁷

A few years before the transformation, many Polish economists and members of the communist party were granted international scholarships (mainly through Fullbright and Ford Programs). The ideas of the free market were transferred and became popular among the class of *technocrats* (*vide*: Leszek Balcerowicz, Henryka Bochniarz - later Minister of Industry). The

²⁷ Management institutions were also present in other CEE countries. For instance in Bulgaria during the communist era, the Institute of Social Management (ISM) was established. The program undertaken by ISM involved western consultants (Hollinshead and Michailova, 2001)

last communist government of Mieczyslaw Rakowski (1988-89) introduced a set of liberal economic bills which created favourable conditions for the reforms commenced in 1989. The 1988 Law on Economic Activity enabled state companies to create joint ventures, or sell assets to private companies (Drahokoupil, 2009). As a result of such legislation, some of the SOEs implemented more rational economic policies²⁸. The expanding small private sector has also changed its attitude towards communist-style management, regarding it as inefficient.

Reforms started in 1989 brought enormous changes to society in Poland's economy and politics. Polish workers were introduced to an unknown range of proceedings (flexibility, entrepreneurship, restructurization). Many did not cope with them, staying excluded, and were called 'demanding' by the resourceful ones. The working class faced new relations at the workplace. Closures of the hundreds of state-owned enterprises (SOEs), and the threat of being unemployed put the employers in privileged position. In order to keep the jobs, workers made serious concessions. Unfettered capitalism constrained unfettered labour relations, especially in the early stage of transformation. That could not have happened without the submissive role of the trade unions, which is a paradox considering the strengths of 'Solidarity' in the 1980s.

The transition process and emergence of capitalism affected almost all aspects of social life. The appearance of marketization, privatization and entrepreneurship modified the perception of the economy. The institution of management was one of the first to undergo the transformation. This coincided with the globalization process, even though some authors partly refute the myth of powerful MNCs which are overwhelming the national state (see Hirst and Thompson, 1996; Harman, 2009). Hyman (2004: 425) points out that:

For many employers and government in recent years, the idea of globalization has provided a useful excuse: it implies that the fate of national economies is not susceptible to influence by domestic policies, or at best that government can do no more than impose effective forms of adoption external forces

The ubiquitous, post-1989 'westernisation' without doubt has helped to impose this sole type of management. As Kostera (1995a) suggested, being 'international', 'British' or 'American'

²⁸ In November 1988, the Gdansk shipyard, so-called 'cradle of Solidarity' went into liquidation due to economic inefficiency. This government's decision was criticized by the trade union, as a 'political vengeance', not as 'economic rational'. Kostera and Koźmiński (2001: 334) quote one of the workers' popular statements: 'The communists [and post-communist] are after the Gdańsk Shipyard. They want its bankruptcy and closure as an act of historical revenge'.

became an uncommon virtue in post-socialist societies, additionally the predominant admiration of Anglo-Saxon capitalism indicated the only source of knowledge. The free market environment brought changes to the management.

Management as a profession was a pure embodiment of the free market economy. Thus, the English word 'manager' was easily adopted by the Polish language (*menadżer*). The Polish equivalents of 'manager' - '*kierownik*' or '*zarządca*' have pejorative connotations of mastery and governance (related to Communism), while *menadżer* can be defined as a 'person regarded as skilful in household, financial or other management' (Jankowicz, 1994: 490). Management as a topic became enormously fashionable and popular (diversity and the scale of the publications), although managers themselves were not always enjoying esteem; mainly due to beliefs about the fairness of entrepreneurship (Kostera, 1995a). Nevertheless, the managerial role in Poland is important. Proportionally higher managers' wages constitute the popularity of this profession. During the transformation many of the managers in CEE were recruited with *nomenklatura* credentials. Although out of this *ancien régime* management evolved, obtaining necessary 'free-market' knowledge, while the most resistant figures were gradually eliminated (Clark and Soulsby, 1999). The age of transformation enforced the management to undertake different strategies in order to keep SOEs going in the post-socialist market environment (Martin, 1999: 82-85). The first one: 'pragmatic opportunism' was based on reduction of costs (delaying of payments, cuts in welfare expenditure). The second strategy was seeking assets through 'spontaneous privatization' and getting direct subsidies or privileges from bureaucracies. Finally the 'market orientated' strategy was focused on profit seeking through the provision of goods and services to customers. Unsurprisingly the third one could provide the long-run prosperity of the enterprise.

Managers had to redefine their role within the enterprise. The developments had to be carried out in areas, which were neglected during communist rule, especially in marketing, quality, finance and human resources. The new approach was necessary in the employment relations; changing work organization, the mode of managing labour and attitude towards trade unions. Hence, the process of management learning took place. This could not have happened without support and guidance of western organizations, which treated the CEE as a 'virgin land'. The transfer of knowledge was predominantly funded by the European Union's PHARE programme and the European Bank for Reconstruction and Development (EBRD). Countless western management training programs and seminars flooded into universities and schools in Eastern

Europe contributing to the knowledge transfer (see Michailova and Hollinshead, 2009; Kostera, 1995a). This ‘imperialistic’ approach has given rise to some criticism. Kostera (1995a) uses religious metaphors to illustrate the transfer of knowledge from West to East. The whole process of finding a model for the organization of social life after the fall of communism is called a ‘mission’, where the Western trainers are ‘missionaries’, who came to ‘preach’ to the East. These ‘evangelizing’ terms unambiguously suggest that management learning was conducted without respect of the local differences in culture. In terms of management Poland was recognized a land of ‘non culture’ or a land without its own ‘religion’, thus the communication between West and East is unidirectional. Following the religious trope, this process was not a ‘conversation’, but a ‘sermon’. According to the author the mission should not continue as a crusade. The work of the Western trainers imposed another extreme type of management based on the ‘universal’ neoliberal model leaving no room for cultural differences. During the first years of system ‘conversion’, the indiscriminate approach towards anything of Western origin dominated the discourse. This attitude has weakened since Western ideology faded and CEE countries built up their economic position.

3.5.2 Japan

Japanese employment relations are considered to be relatively stable and have a number of uncommon features. Companies seek to recruit individuals, who will fit into the corporate culture, endorse the company’s philosophy and values, and be committed to the company and the job. Traditionally, the Japanese employment system consists of: ‘lifetime employment’ (Japanese: *shushin-joyo*), ‘seniority-based wage system’ (Japanese: *nenkō joretsu*) and ‘enterprise unionism’ (Japanese: *kingyo-kumiai*). In the literature these are also referred to as ‘the three treasures’ or ‘three pillars’. Japanese employment relations are also famous for their distinctive flexibility and quality policies, and famously the model example of effectiveness – lean production.

However, as a consequence of the economic downturn, it is not astonishing that the two first features of the system have eroded substantially over the last thirty years. The three main elements (weakening) of the Japanese employment system increase workers’ identification

with their company, and restrict mobility of labour between firms. However, these treasures are not equally accessible to Japanese workers. ‘Lifetime employment’ does not apply to women, who generally perform low-level jobs until they leave the workforce (through marriage). Hollinshead (2010: 185) puts emphasis on the dual structure of the Japanese employment system:

Core employees, concentrated in *keiretsu* were assumed to have lifetime employment and were surrounded by more malleable and dispensable, peripheral employment in satellite firms or subcontractors. In general, female workers found themselves in periphery.

‘Lifetime employment’ is not a legal obligation, but rather accepted practice. It is argued that a lifetime commitment to employees reduces labour mobility between firms and increases the potential for mobility within the firms. Beardwell (1994) argues that, by the Western standards it is a ‘lifetime commitment’ rather than ‘employment’.

Unlike lifetime employment, quality management did not diminish. Quality and efficiency policies are regarded as vital and one of the most recognizable features of the Japanese employment system. Focus on quality is determined by Japan’s natural characteristics (scarcity of raw resources) but also by the post-war influence of American statisticians: Joseph M. Juran and W. Edwards Deming²⁹, who reputedly visited Japan in the 1950s introducing the principles of quality management and Just-in-Time (JIT) techniques in manufacturing. Inspired by Juran’s and Deming’s work the Japanese launched a nationwide programme of Statistical Quality Control (Hutchins, 1988). Quality and minimum waste (Japanese: *muda*) are achieved by just-in-time (JIT) techniques (Bratton, 1992). These methods have enormously affected the work organization. It was assumed that Japanese firms had found mechanisms for being continually successful in manufacturing sectors. Both mechanisms are identified most clearly with specific working practices such as *kaizen*, the philosophy of continuous improvement, where staff constantly considers methods of improving quality and efficiency. Small groups of workers organized in so-called ‘quality control circles’ are very common in Japanese workplaces. Duties connected with the operation of the circles are carried out voluntarily. Generating a consensual style of decision making, quality circles can be seen as a peculiar manifestation of ‘industrial democracy’, where practices encouraging employee participation

²⁹ In the post war years William Edward Deming was one the most famous Americans in Japan. The Deming Prize was established to reward Japanese companies for advances in quality management.

and team working are regarded as a product of the Japanese collectivist culture. Japanese quality management emphasizes the flexible and multi-skilled workforce. Job rotation and assignment of flexible tasks are supposed to enable workers to learn different skills which are essential to manufacture high-quality products (Beechler and Yang, 1994).

Another salient characteristic of the post-war Japanese company is the seniority-based reward system which ‘ties’ the worker to the firm, attracts quality people to the organization and encourages longer tenure. It simply means that years of experience in the company are additionally rewarded. Dore (1973: 107) suggests that the origin of this scheme could be expressed by an equation: ‘older = more experienced = better worker’. Sato (1997) observes that seniority (*nen*) is also about merit (*ko*). Notwithstanding Sethi *et al* (1984:51) list the drawbacks of the seniority-based wage system: difficulty in rewarding individual creativity and excellence, thereby possibly reducing motivation among able employees, the possibility of paying compensation to those who are not capable or competent; additionally, the system has created a large number of middle managers in Japanese companies. The ‘bubble economy’ of the 1990s has altered the seniority-based system, which has been shifting toward more of a ‘performance-pay system’. Implementation of this reform varies between particular companies (Conrad, 2009).

As a result of global competition, especially that coming from the Asian Tigers, the process of labour flexibility in Japan has intensified (Passet, 2003). Workers are divided to ‘core’ (full time) and ‘peripheral’ (temporary and part-time), who are employed in periods of increased demand. Further flexibility took place in the 2000s, when employment agencies started to flourish. The number of agency workers soared from 360,000 in 2000 to 1.4 million in 2008 (Whittaker, 2013).

Uniquely, the majority of trade union organizations in Japan are organized, not by occupation or by job (like in Europe, in the USA or Canada), but by company. An enterprise union consists only of regular employees of a single firm, regardless of their occupation. Predominately, within the enterprise there is only one union (grouping both white and blue collar workers) even though there is no restriction on the number of unions. Company trade unions are developing more ‘corporation consciousness’ rather than ‘union consciousness’, which makes them weaker in terms of defending employees’ rights (Bratton, 1992). This stance is really well expressed in Nissans’ company union’s motto: ‘those who truly love their union love their company’ (Beale, 1994: 27). Shirai (1983: 117) claims, that in a broader perspective, this

special organization of trade unions is partly responsible for the Japanese economic boom of 1950 and 1960, and also mitigated the aftermath of the early 1970s economic crisis:

Enterprise unionism has attracted increasing attention from foreigners who see it as an important contributor to the remarkable economic growth of Japan following World War II, particularly between 1955 and 1974. After the 1973 oil crisis Japan, like other industrialized economies, faced difficulties that seemed almost insurmountable because of her heavy dependence on imported energy and other resources. However Japan managed to weather the difficult situation and to find a way out of it, and enterprise unionism was credited with facilitating the adjustment of the Japanese economy to changing circumstances.

As was mentioned earlier, Japanese employment relations are characterized by a strong sense of corporatism. Workers associate themselves with the firm and its objectives (they are ‘members’ of the organization, rather than ‘employees’). Historically, this compliant and co-operative relationship was not always so prevalent. The emergence of the managerial hegemony was preceded by a long and bitter workers’ struggle (Gordon, 1998). Prior to 1975, strikes and disputes were an integral part of the Japan’s industrial relations (Korpi and Shalev, 1980), particularly, in the first years after Japan’s surrender, when the country had not risen from its war destruction. Takezawa, (1982) attributes this to politics being dominated by ‘subversive’ or even ‘Marxist’ discourse. The unionization rate was extremely high, in 1949 reaching 56 per cent (Fujimura, 1997). This atmosphere was also reflected in the labour movement. In the late 1940s and early 1950s, trade unions were radicalized and run by far left activists (grouped in *Sanbetsu* - Congress of Industrial Unions), who wanted to introduce ‘soviet’ organizations at factories. These outbursts were stopped by the government backed by the USA (bearing in mind historical context: Mao Tse-Tung’s victory in China in 1949, Korean War 1950-1953). The majority of the communist trade unionists were crushed in a ‘Red Purge’ (Morishima, 1982). This evoked waves of protests and confrontations in many factories (including Hitachi and Toyota). In 1952 Nissan experienced the longest strike action in Japan’s history. After one hundred days workers lost the battle. This dispute is regarded as a watershed moment in Japanese industrial relations and an effective end to independent unionism, which almost entirely lost their radical elements. Milsome (1993: 17) argues that, Nissan’s union remained independent after 1953, however its involvement in the decision-making process (investment plans, operating schedules, staffing levels) contributed to operating losses in 1986, the first time since 1951. After all, full managerial control was imposed on the union.

Enterprise unionism met serious criticism. Dispersed unions, with weak bargaining power are not able to effectively protect overall labour and tend to be pressured by employers (Shirai, 1983; Fujimura, 1997). As Sako (1997) rightly observes, it is through policy-making channels on the national level, rather than at the enterprise level, that workers would be able to execute their demands more efficiently. The tendency towards organizing national, craft-based unions can be observed from the late 1970s. Therefore, uniquely in Japan outside of 'independent', company-based unions, workers are also grouped within national confederations. In 1989, the Japanese Trade Union Confederation (RENGO) was formed, which constitutes the largest forum for trade unions in Japan.

Sako explains (1997: 17):

...policy demands made by the labour movement include neoliberal elements, such as privatisation and deregulation. Also the government bureaucracy, rather than political parties in government, plays a role in intermediating the interest of labour and management. In these respects, Japanese-style neo-corporatism is different from Social Democratic corporatist model of Sweden and Germany.

Despite the co-operative nature Japanese trade unions; they are very active in pay negotiations. The majority of unions negotiate their pay annually, in April and May (called Spring Labour Offensive - Japanese: *Shunto*). In the decade 1965-1975 negotiated pay rises were twice the size of those won by unions in the Western countries (Shirai, 1983). Chalmers (1989) showed that *Shunto* has its effect also on small, unorganized sectors.

The examination of Japanese trade unionism should not be limited to the stereotypical view (enterprise system). The research conducted by Stewart (2006a) demonstrated the existence of the truly independent and alternative social and labour movements: *sa'ha shōsū -ha kumiai* (minority-faction union) and *shingata kumiai* (the community unions). As Stewart argues, these organizations with progressive agendas reaching beyond the workplace, embraced the needs of the marginalized, including foreign workers.

The worsening economic situation in the early 1990s changed labour institutions, employment systems have evolved and the protective role of the state has decreased. In a time of low economic growth, lifetime employment was not sustainable. The dual character of the Japanese economy, division of periphery and core workers, excluded those who are not employed by the large, established corporations and on permanent contracts. Japanese workers have also

experienced large scale lay-offs in the 1990s and 2000s, the first time since 1945. In 2001 the unemployment rate reached 5 per cent, the highest in the post-war history (Kuwahara, 2004). Over the last thirty years, following the global trend, Japanese unionization has reduced drastically, from 35 per cent in 1975 to 18.5 per cent in 2010. The 2008-2009 financial crisis undermined the traditional models of employment in Japan even further, with an increased number of non-regular workers and diminishing employment of core workers (Suzuki, 2010). Table 3.3 compares the main features of employment relations in Poland and Japan.

Table 3.2 Employment relations in Poland and Japan

	Poland	Japan
Management	Authoritative, influenced by US style.	Participative. Companyism and groupism.
Quality	Growing importance of quality production due to competition.	Total Quality Management Various management quality policies.
Trade unions	Low unionization rate. Weak presence in the private sector. Negotiations mainly at enterprise level.	Dual structure: enterprise unions coexist with national confederations.
Hierarchy	Formal and hierarchical organization. Paternalistic leadership. Prevalence of the 'feudal' nomenclature. Education and seniority highly regarded.	Rooted in distinct form of Confucianism. Present in Japanese workplace and customary. Main manifestation: seniority and formality at the same time Japanese workplace is characterized by consensual decision-making process.
Performance of employment	Performance-based system. Managers have ability to award themselves high salaries and remuneration inked to profits.	Seniority-based system being rationalized.
Discipline	Punitive discipline.	Non-punitive discipline. Importance of peer pressure.
Stability of employment	Flexibility. 'Junk' contracts.	Increase in number of non-regular workers and the role of employment agencies, diminishing life-time employment.

Source: Author

3.6 The critique of Varieties of Capitalism Approach

The Varieties of Capitalism framework outlined in the first part of this chapter has met some criticism.

Firstly, as it was designed for developed economies (chiefly for OECD members), the division into two ideal types appears too simplistic, or as some scholars suggest even a ‘false juxtaposition’ (Stewart, 2014: 138). For instance, putting Germany and Japan into one category of co-ordinated market economies (CME) is not very accurate; as the two economies have very different levels of state provision and dissimilar participation in the international economy; on the other hand Great Britain and Canada (LMEs) have different welfare systems (Lane, 2007:18). Moreover, the dichotomist taxonomy of LME and CME does not sufficiently categorize transforming economies (Lane and Myant, 2007; Knell and Srholec, 2007; Nölke and Vliegthart, 2009).

The arrival of capitalist institutions in post-socialist economies has been very dynamic, as opposed to the established economies (Hardy and Kozek, 2009). The VoC framework deals with the institutions that are present and deeply embedded in the national economies, while in CEE countries the institutions have emerged (Hardy, 2006). Deeg and Jackson (2007) see the relatively static nature of the analysis as a main deficiency of the VoC literature, especially in relation to the issue of institutional change.

Secondly, VoC was criticised for placing the firm in the centre of the analysis. The Framework proposed by Hall and Soskice lacks the labour perspective, and more importantly does not explore crisis and conflict, which are central parts of the comparative political economy. This ‘omission’ is not startling, as the VoC framework operates ‘within smoothly functioning, self-adjusting political economy’ (Howell, 2003:112).

Lastly, there is a doubt about the VoC framework’s capacity to account for system change (Ibid). Indeed, the static nature of Variety of Capitalism poses a problem for understanding how workplace relations change as capital moves across boundaries and how far it is able to bring and impose the VoC characteristics and institutions of the home country to the subsidiary location in which there is investment. In this context employee and labour relations have to be

understood as contested and workplaces have to be viewed as sites of passive and active conflict.

Moreover, in terms of industrial relations the VoC framework limits the understanding of the travelling institution's true nature. FDIs are inevitably affected by the recipient's country VoC and alterations to corporate culture, employee and labour relations and workplace institutions will occur. While the best efforts are made to 'transplant' (as often used to describe Japanese production systems abroad) the home country institutions in the host workplace, it is a lengthy and difficult process. The next chapter will look into the foreign direct investment literature with respect to the transfer of foreign managerial practices and the workplace institutions that prevail when the firms enter a new environment. The workplace is seen as contested terrain and an arena of potential conflict.

3.7 Conclusions

For a more thorough understanding of Polish capitalism, historical cognizance seems necessary. Therefore a compact chronicle of Poland's transformation serves as a prelude to this chapter. Using the VoC framework, the main characteristics of Poland's and Japan's economies were analysed. Applying Hall and Soskice's (2001) classification, Poland is clearly moving towards LMEs. However, it is impossible to classify Poland to 'pure' CME or LME type. Therefore, MME and DME are of valuable 'assistance' in describing the post-socialist country. Correspondingly, Japan's CMEs features, especially in terms of company welfarism, are in decline. Notwithstanding, these enormous differences can be observed in Polish and Japanese types of capitalism, not only in the sizes and potential of the economies, but also in contrasting concepts of employment relations. Poland is an ardent pupil of neoliberal doctrine. High unemployment, deep rooted in Polish transformation, is responsible for extremely flexible and precarious forms of employment, such as short-term civil law contracts (Trappmann, 2011). The Japanese employment system in this respect seems more secure. Simultaneously, few similarities are emerging. In both countries organization of work is based on hierarchical values. The bargaining power of trade unions is low in Japan and Poland. It can be argued that

Japan's VoC is leaning towards LME due to the competing global business environment. This trend decreased the importance of the famous three pillars of the Japanese employment system.

The application of the VoC framework does not allow these subtle aberrations as its nature is static. Furthermore, transfer of managerial practices remains the main purpose of this research. Multinational companies do not travel across the borders without baggage. They bring a wide array of practices and customs, individual organizational culture and styles of management, different values, norms and workplace institutions along with technological know-how. The host country does not always share the same institutions and culture. Occasionally it may belong to the same VoC, while at other times it may represent some exactly opposite values. In this light the workplace can be viewed as a site of probable clashes between the 'known old' and 'unknown new' and, in consequence, a ground of potential contestation. A labour process approach needs to be considered alongside the VoC framework for a better understanding of this phenomenon.

CHAPTER FOUR

FOREIGN DIRECT INVESTMENT AND WORKPLACE INSTITUTIONS AS CONTRAIDACTORY AND CONTESTED TERRAINS

4.1 Introduction

The previous chapter argued that in the global economy foreign direct investment is a ‘transmission belt’ for the dissemination of employment practices, which are embedded in national business systems and varieties of capitalism. Workplaces and employees, as the last links in this ‘influence’ chain, are likely to be affected. The aim of this chapter is to contextualise the debate about foreign direct investment in terms of the labour process. Ever since it emerged, capitalism (in all its varieties) has been reproduced and contested in the labour process, therefore the labour-capital conflict is intrinsic to capitalist societies.

There is no argument that developed countries played an important role in the transformation of former communist economies. The neoliberal model was instilled successfully and in this context FDIs could be seen as an avant-garde of transformation, although its role should not be overestimated and some researchers argue it was modest in material terms (Hardy 1998, 2002; Hardy and Kozek, 2009).

Firstly, in order to cast some light on the labour process debate, the underpinnings to the Labour Process Theory (LPT) will be outlined, with the main modern approaches, which can be described briefly as neo-Marxist (Braverman, 1974); post-structuralist (e.g. Edwards, 1979; Friedman, 1977a; Burawoy, 1979; Littler, 1978) and the most recent ‘core’ LPT (e.g. Thompson and O’Doherty, 2009; Smith, 2006; Edwards, 2007; Littler, 1990). Its critique (e.g. Jaros, 2005; O’Doherty and Willmott, 2001) and future directions will also be discussed (4.2.1).

Originating in LPT, the notion of the workplace as a potential contested terrain (Edwards, 1979), poses questions regarding the nature of workplace resistance. Section 4.2.2 will examine workplace resistance literature.

Lastly, taking a step closer to the beginning of a debate over the workplace, the notion of Japanisation (4.3) will be discussed; while section 4.4 will draw on the body of literature dealing with the experience of transferring Japanese work practices to alien environments. The Polish workplace will receive special attention in this respect.

4.2 Conceptual underpinnings

4.2.1 Labour Process Theory

The Labour Process Theory (LPT) in general terms deals with a broadly understood aspect of ‘labour’ – a form of behaviour pre-supposed to be exclusively human, and as Marx distinguished in the first volume of *Capital* (1867), one that is not synonymous with ‘those primitive instinctive forms of labour that remind us of the mere animal’ (Marx, 1996: 187). Furthermore Engels argued that labour was not only a ‘prime basic condition for all human existence’, but also that ‘labour created man himself’ (Engels, 1975: 1).

Originating in the Marxist tradition, the studies of work and the labour process have seen a renaissance with post-war capitalist development. Since the 1960s the growing significance and scale of industrial conflict, has once again turned scholars’ attention to the workplace.

The earliest most significant work shaping the modern labour process debate is that of Harry Braverman, who in his *Labor and Monopoly Capital* (1974) revisited the Marxian concept of social conflict and control manifested through the labour process. Braverman’s extensive critique of the capitalist labour process, as seen in a Taylorist workplace, was based on three main arguments (*‘principles’*). It was argued that firstly, the labour process is dissociated from the skills of the workers; secondly, the conception is separated from execution (or in other terms – mental and manual labour are separated); and thirdly that the managers use their ‘monopoly of knowledge’ (Ibid: 82) – taken away from workers and exclusively attributed to

managers – in order to ‘control each step of the labour process and its mode of execution’ (Ibid: 82). According to Braverman (Ibid: 83) modern management emerged on the basis of the above principles, and was to

(...) ensure that as craft declined, the worker would sink into the level of general and undifferentiated labour power, adaptable to a large range of simple tasks, while as science grew, it would be concentrated in the hands of management.

This has led to a ‘degradation of work in the twentieth century’. Brought into existence by the capitalist society, management becomes the necessary means of control, as the mass of alienated workers who ‘have lost all stake in or concern for the process’ (Ibid: 317) carry out the production.

Zimbalist *et al.* (1979) expanded on Braverman’s theory of fragmentation, degradation and deskilling - dehumanising conditions of the modern workplace. The collection of *Case studies on the labor process* supports the thesis of deskilling being a central and long-run tendency. Most of the critique pointed out that Braverman neglected the issues of workers’ consciousness and resistance. There were doubts with regards to his account of deskilling (see Thompson, 1983; Meiksins, 1994; Spencer, 2000), and allegations of the ‘romantic’ perceptions of traditional craft (Littler, 1978; Littler and Salaman, 1982). Friedman (1977b) argued that it was an error on Braverman’s part to suggest that with the spread of modern industry the material basis for workers’ resistance would disappear. Moreover, a failure to address ethnicity and gender issues is, among the above mentioned, a key limitation of the Marxist literature (Hyman, 2006). Burawoy’s (1979) influential work is consistent with Marxist understandings of the capitalist labour process in terms of obscuring and securing of surplus value. It does however question how the surplus value is secured. Thus Braverman’s deskilling and alienation does not provide a good enough explanation, as the labour process ‘must be understood in terms of the specific combinations of force and consent that elicit cooperation in the pursuit of profit’ (Ibid: 30). Burawoy sees the worker as an individual rather than as a member of a broader class; autonomous (worker controls the machine rather than is controlled by it) and therefore the reward system is said to be based on an individual rather than a collective effort. Initially workers’ effort is extracted through coercion and fear, then through ‘consent’. The labour process itself also becomes a metaphorical ‘game of making out’ in which workers are engaged by management to ‘face one another in conflict or competition’ (Ibid: 80-86). The conflict is thus reshaped and redirected from the hierarchical towards the lateral. Moreover, the

‘consent’ is being ‘manufactured’ as a consequence of the process, in both narrower (workplace) and more general (economic system) dimensions:

‘(...) just as playing a game generates consent to its rules, so participating in the choices capitalism forces us to make also generates consent to its rules, its norms. It is by constituting our lives as a series of games, a set of limited choices, that capitalist relations not only become objects of consent but are taken as given and immutable. (Ibid: 93).

According to Burawoy (1990) coercion and consent are integral to the production process, yet their proportions and the way they are being articulated changes. The more workers become engaged in the ‘game’, the less coercion is needed to extract effort. Furthermore, the coercion itself ‘becomes the object of consent’ (Ibid: 4).

Workers resistance, however rare, is directly involved in the production process. Burawoy distinguishes between ‘economic’ and ‘political’ (Burawoy, 1979: 177) struggles, of which only the latter may threaten the capitalist process, while the former are mainly focused on the effort bargain. The concept of conflict was further developed in *The Politics of Production* (Burawoy, 1985).

Famously described by Giddens (1981: 192) as ‘one of the most significant contributions to the sociology of industry’, Burawoy’s work was criticised for being ‘fundamentally a-historical and non-dialectical’ and attributing all social processes as beneficial to the capitalist class (Clawson and Fantasia, 1983: 671), as well as its eschewal from interconnectedness of class struggle, workplace organisations and capitalist social relations (see: Spencer, 2000). Kelly (1985) argued that *Manufacturing consent* overestimated the degree of capitalist control of the enterprise.

Nevertheless, the second-wave contributions, based on critiques of Braverman’s, and further Burawoy’s analysis, is said to have infused or even ‘initiated’ what has come to be known as ‘the labour process debate’ (Meiksins, 1994; Smith, 2009).

Finally, as Thompson (1983: 118) argued, regardless of the critique outlined above, ‘deskilling remains the major *tendential* presence within the development of the capitalist labour process’.

At the beginning of the 1990s the newest wave of the labour process debate associated mainly with the International Labour Process Conference emerged. Concepts of concern were control, resistance and consent (see Thompson, 2010; Warhurst *et al.*, 2008) and the need for a ‘core theory’ (Thompson, 1990) which could provide the ‘structural characteristics of the capitalist labour process that shaped and constrained workplace relations’ (Thompson and O’Doherty, 2009).

An extensive evaluation of the core LPT critique along with methodological suggestions is provided by Jaros (2005; 2004). Departing from the Marxian argument that the core LPT is ‘managerialist’ (2005: 8), and ‘methodologically deficient’, ‘theoretically trivial and politically irrelevant to contemporary conditions’ (2005: 9), Jaros suggests that LPT would benefit from the application of methods that utilize qualitative research studies.

Another important focus of modern LPT is the nature and transformation of labour power under capitalism (Thompson and Smith, 2009). It is suggested that capital looks for different values in the modern worker. Thompson (2010: 11) points to the transfer of risk from capital to labour as the new form of insecurity. Under global capitalism

Workers are told that they no longer have a job for life or even a career with a company, and that they have to make themselves employable even without employment, while pensions are being cut back or removed.

‘High performance’ practices cause overwork, more and more time devoted to employment and in consequence ‘negative job-to-home spillover’ (Ibid).

In the 21st century the labour process faces a new range of theoretical challenges and problems to address. There is a call for a new multi-levelled analytical approach (Thompson, 2010; Edwards, 2007) that would allow tracing ‘patterns of change in the labour process within and across increasingly globalised industries’ (Thompson, 2010: 13); but also for the rejuvenation of radicalism in labour process analysis (Spencer, 2000). As precarious employment and intensified labour mark contemporary capitalist production with increasing significance, the ‘critique’ approach needs to rejoin the debate.

An overview of the literature provided in the previous section also pointed to the significant role of management in controlling workers. Burawoy’s *Politics of Production* (1985) suggested the emergence of ‘hegemonic despotism’ as the new regime of labour control, the product of

economic crisis that ‘rendered workers helpless against managerial assault’ (Burawoy, 1990: 5). Indeed, in the labour process perspective management is mainly considered in terms of control and resistance as well as delegation and monitoring of work (see: Storey, 1985; 1989; Friedman, 1987; Hyman, 1987).

The next section will explore the body of literature on workplace resistance.

4.2.2 Resistance

The notion of ‘workplace as contested terrain’ is attributed to Edwards (1979), who argued that employers (managers) and workers have conflicting interests. It is not a new concept within the Marxist and LPT tradition and has been considered in the works of many theorists and a variety of perspectives (Marx and Engels, Gramsci, Braverman and Burawoy and many others), as the relationship between management (capital) and workers (labour) is inherently considered to be an unstable and conflictual one (Hyman, 1975).

The literature provides a plethora of definitions for resistance and a wide range of tools that workers can utilise to contend with their bosses. A classic account by Edwards (1979: 13) suggests that

‘The workplace becomes a battleground, as employers attempt to extract the maximum effort from workers and workers necessarily resist their bosses’ impositions.’

Collinson (1994: 49) sees the role of workplace resistance in attempting to

(...) challenge, disrupt or invert prevailing assumptions, discourses and power relations. It can take multiple material and symbolic forms, and its strength, influence and intensity are likely to be variable and to shift over time...

Therefore resistance is mainly associated with control, as managerial practices are always contestable and different functions of capital impossible to ‘harmonise’; moreover capital has

no 'one best way' in managing these contradictions, but also is *en route* to partial failure (Hyman, 1987: 30).

The literature dealing with workplace resistance draws on two main strands (see Mumby, 2005), and either emphasises managerial control and its ability to subordinate and surveil workers (e.g. Burawoy, 1979), referring to a Foucauldian (1977) factory metaphor (e.g. Sewell and Wilkinson, 1992), or the opposite – highlights the workers' abilities to regain spheres of autonomy within these mechanisms of control (e.g. Fleming and Spicer, 2003; Fleming and Sewell, 2002; May, 1999; Scott, 1994). However broadly-described power relations and managerial strategy concepts can be an insightful prelude to understanding the nature of workplace resistance (see Thompson and van den Broek, 2010; Edwards *et al.*, 1995; Roscigno and Hodson, 2004; Friedman, 1977a). It is also important to attempt, at the same time, a more critical and flexible approach, as suggested by Mumby (2005) and Prasad and Prasad (1998). The latter claims that perhaps the most important thing when talking about workplace resistance is to treat it as 'an established set of behaviours' (Prasad and Prasad, 1998: 251).

When Thompson and Ackroyd (1995) suggested that 'recalcitrant' workers should be listed among the endangered species, with the research focus moving from labour towards management studies, they also observed that the decline in trade unions is often mistaken with the decline in workplace resistance, while the picture is not yet as gloomy as it may seem. In the later work (Ackroyd and Thompson, 1999: 47) they state:

Control can never be absolute and in the space provided by the indeterminacy of labour, employees will constantly find ways of evading and subverting managerial organization and direction at work.

Hence, in contrast to the unitarist approach, conflict has not been eliminated and still exists. This structural antagonism results in workers responding to this oppression. Traditionally industrial conflict was embodied by strikes - very formal, organized and furthestmost collectivist form of resistance. However the number of strikes and trade union density in developed countries decreased substantially over the last 30 years. It does not mean there are no other alternative forms in which conflict manifests itself in the workplace. Contestation can take a variety of forms. This might include absence, pilferage, and sabotage. To address the nomenclatural dilemma Ackroyd and Thompson (1999) replaced 'conflict' and 'resistance'

with a new term - 'organizational misbehaviour' to grasp these non-institutional forms of resistance.

In a broad understanding, resistance itself may take a variety of forms, hence the attempt to taxonomise the concept poses some difficulties (see Richards, 2008). In the least complicated distinction, the main axis of division is running from individual to collective resistance, the organised and unorganised one and the passive and active resistance.

Organised, and active collective workers' resistance can be manifested in a non-violent way through corporate campaigns, industrial action, sit-ins, workplace occupations, blockades and 'hacktivism' and trade unionism in general, while it can also take violent forms and in radical cases include sabotage, property destruction or even assaults. Yet, as argued by Mishel (1985: 76)

A strike is [...] powerful weapon [...] When effective, a strike prevents the production of goods or services, and nothing hurts a company more financially than not being able to produce products for sale. Strikes directly use labor's greatest resource—the power to produce—and do not require much assistance beyond that of the workforce.

Strikes have captured the attention of economists for many years (see Card, 1990). Žižek (2011: 242) observes an interesting new dimension of industrial action in the changing global world, and sees striking more as

(...) a protest act addressed primarily to the general public rather than owners or managers, its goal being simply to maintain jobs by making the public aware of the terrifying predicament that awaits the workers if they lose their jobs (and a typical strike now occurs in a factory which plans to radically curtail or close down production).

Union activity itself has also taken an important place in the contemporary debate with the emphasis on collectivist vs. individualist identities of workers. Valkenburg (1996) emphasises the change in workers' attitudes and decline in significance of collectivist frameworks. Jose (1999) characterises the transformation of trade unions in industrialised and less developed countries and despite the declining trends, he is confident that unionism will survive, yet he sees union activity in terms of broader social cohesion, transcending the boundaries of the workplace and becoming partners to other actors in civil society. The research into the new

politics of production (especially ‘lean production’, high-performance workplace techniques) suggests that trade unions are not in all instances marginalised and cooperative with the management agendas (Danford *et al.*, 2002; Martinez Lucio *et al.*, 2000; Martinez Lucio and Stewart, 1997). A comparative study of workers resistance in CEE confirms the above stand:

While there has been some shift in union and employee resistance mobilisation from collective to individual, particularly in the countries where employment regulations began by being less embedded, this should not be exaggerated. (Jefferys, 2011: 686)

The disorganised and more individualist forms of resistance are slightly more difficult to grasp. Firstly, it is challenging to define what exactly constitutes such resistance, as it takes more and more subtle and indirect shapes.

A broad concept of misbehaviour is, despite the limitations, an easy definition to adapt. ‘Misbehaviour’ is regarded as anything other than organised and collective action by labour as a wider class agent (Thompson and Newsome, 2004), or as Acroyd and Thompson (1999) suggest – it can be understood as synonymous with terms such as conflict and resistance – and best described as ‘non-compliance’(Ibid: 21). They distinguish four directions such misbehaviour can take – disagreement over appropriation of work itself, the materials used in work; time spent on work; employee identity; and the following responses the workers may adapt towards the conflict in the above mentioned spheres. These range from commitment, engagement, cooperation and compliance to withdrawal or even denial and hostility (see: Ibid: 25-28).

Richards (2008) provides an extensive overview of multiple approaches to ‘misbehaviour’ across industrial sociology, organisational behaviour studies, industrial relations and gender studies. Dialectical analysis of these is beyond the scope of this research therefore the focus will be on a brief characteristic of the plethora of forms the disorganised workers’ resistance may take.

Among the most common forms of resistance in the workplace, sabotage and micro-resistance take one of the top places (see Brown, 1977; Thompson and Bannon, 1985; Townsend, 2005; Barnes, 2007). Other popular strategies are ‘*fiddles*’ (e.g. Thompson and Ackroyd, 1995; Webb and Palmer, 1998), theft and pilferage (Ackroyd and Thompson, 1999; Thompson and Ackroyd, 1995; Ditton, 1977).

Noon and Blyton (1997: 1435) argue that

in order to ‘survive’ work people are obliged to become resourceful and creative in developing strategies that allow them to assert some control over, and construct meanings for the work activities they are instructed by managers to undertake.

They explore five such strategies: fiddling, joking, ‘making out’, sabotage and escaping. Yet, Noon and Black are aware, that some of these strategies may be far removed from the core of resistance and in fact even show signs of compliance, depending on individual attitudes and understanding. The very same act of fiddling or sabotage may be ‘lost in translation’, as the worker engaging in misbehaviour and the manager may have different interpretations and different beliefs towards the meaning of the particular ‘misbehaviour’.

Workplace fiddles have also been studied in terms of performing domestic chores and private tasks when at work (Anteby, 2003).

Among the more subtle forms cynicism, sarcasm, joking, workplace humour, use of nicknames, gossiping, mocking can be listed as most distinguishable (see Scott, 1994; Richards, 2008; Thompson and Ackroyd, 1995; Collinson, 1988, Taylor and Bain, 2003; Marra, 2007, Mulholand, 2004). Inspired by Bailey’s *The Kingdom of Individuals* (1993), Fleming and Sewell (2002) add ‘švejkism’, which in broad scope incorporates all the above; to the list. They refer to the novel by Jaroslav Hasek (1973), *The Good Soldier, Svejk*. The main protagonist is the Austro-Hungarian Imperial Army soldier, who famously, in order to survive, adapts a subtle strategy of subversion and resistance to the discipline through foot dragging, false compliance, feigned ignorance, dissimulation and so forth. They also emphasise the need of a new methodological approach in identifying the subtle and less evident modalities of resistance in the workplace.

Finally, with the emergence of the internet, the symbolical battlefield of the workplace is slowly taking trenches in the ‘www.’ world; however still underestimated and insufficiently researched, it should not be treated as separate to traditional forms of employee resistance. Workers express discontent on blog sites, social media; ridicule their bosses or workplace relations through so-called ‘memes’.

Therefore, in recent years employees’ use of the internet has become a subject of growing interest amongst scholars. With the rise of social media and the era of unlimited communication

workers gained a powerful tool in their struggle. A modest body of study has yet been conducted on workplace resistance with regards to the various aspects of the internet (Richards, 2008; Schoneboom, 2007; Beard, 2002; Block, 2001). The internet has played an important role for campaigning against the employers (Collinson and Aycroyd, 2005). Some researchers place various ways of internet campaigning next to informal or unofficial trade union activity (Carter *et al.* 2003; Saundry *et al.* 2007). The most recent account by Richards (2007, 2008, 2012) points to a growth of internet misbehaviour among non-organised workers. In his view ‘the evolution of the internet and the technologies associated with internet access appears to have further increased the possibilities for employee internet-based misbehaviour’ (Richards 2012: 30). In the context of resistance a plethora of web based tools can serve a purpose of resistance. Workers have been noted to use weblogs and social networking sites, to include most popular platforms such as Facebook and YouTube. According to Richards, blogging about work is a ‘metaphorical punch bag’ (Richards 2008: 102), it allows workers to, colloquially-speaking, ‘let the steam off’. For almost 26 per cent of cases studied by Richards it was considered a ‘strategy to release work-related frustrations and to release tension’ (Ibid: 103). Effectively blogging is seen as a new form of employee resistance (Ibid), however still underestimated and insufficiently researched, it should not be treated as separate to traditional forms of employee resistance.

The research on internet-based resistance is still in its infancy and there are many questions to answer regarding its methodology, approach, conceptual underpinnings (a very important issue should be workers’ identity in terms of individual vs. collective and its manifestations in the cyber world, where traditional understandings about the nature of social conflicts may not be easily applicable).

Still, as Schoneboom (2007: 419-20) suggests:

The link between blogging and organized social change is tenuous but, considered broadly, the cumulative power of employees writing critically about the labour process may contribute to an emerging public dialogue that undermines corporate capitalist hegemony.

4.3 The phenomenon of Japanisation

Poland, the biggest economy within CEE, started attracting FDI at the beginning of 1990s, when the country became part of the global economy and investment flowed from core developed to the transition economies. These foreign investments are regarded significant and 'strategic' to development of CEE, which suffered from effects of being an inefficient, command economy. The presence of FDI in Poland has stimulated important and also controversial debates on privatization, deregulation and labour market flexibility. Some argue the benefits of FDI have been overrated, and low levels of FDI perpetuate the existing economic *status quo* with Poland still based on the periphery, rather than in the core of world economy. Nevertheless FDI became inseparable to Poland's economy over the last twenty years. The private, foreign owned sector is gradually growing, employing a considerable share of Poles and bringing institutional change.

One of the growing sources of foreign capital in Poland comes from Japanese multinationals which substantially invested in the manufacturing sector (predominantly: Toyota, Isuzu and Bridgestone). Thousands of employees in Japanese factories for the very first time have been introduced to specific methods of production and management. This Japanese characteristic is based to some extent on the culture; Confucian philosophy and strong sense of collectivism. Whitehall (1992) argues that Confucianism hugely affects thinking and behaviour of managers. Attributes stemming from this doctrine of obedience, loyalty and self-development are part of common Japanese managerial practice. At the same time, Japanese collectivism, or groupism is presented as something opposite to American individualism. The Japanese are famously known for their distinctive employment system, so-called 'three pillars': lifetime employment, seniority-based system and enterprise unionism. The Japanese corporation have also successfully implemented just-in-time (JIT), total quality management (TQM) and *kaizen* (the philosophy of continuous improvement) techniques which contributed to high efficiency and quality of work. This specific managerial style and application of the quality policies were not purely dependent on 'Japanese culture'. The influence of the USA in the post-war years has affected economic and political aspects of Japanese life, including management.

Japanese production methods have been viewed from a variety of perspectives: technological, social-political and philosophical-ideological (Oliver and Wilkinson, 1992). The term

‘Japanisation’ has several meanings: it is the process of outward direct investment by Japanese corporations; it is a notion that economies are reproducing Japanese forms of economic structures and practices; and it also describes the attempts of mainly British and North American managers to emulate Japanese industrial and labour management (Ackroyd *et al.*, 1988). Japanisation is based primarily on specific Japanese manufacturing methods: flexibility, quality and minimum waste which are achieved by the just-in-time (JIT) technique³⁰ (Bratton, 1992). These methods have also affected the work organization. It was the assumption that Japanese multinationals had found mechanisms for being continually successful in particular industrial sectors. These mechanisms were identified most clearly with specific working practices (Japanese: *Kaizen*³¹) and with the coordination of the supply chain (*Kanban*³² and JIT techniques):

In broader political discourse, Japanese style and JFDI were assessed mainly in positive terms. Lech Wałęsa was not the only statesman who expressed admiration for Japanese ‘values’. Margaret Thatcher in her lecture on Japan’s role in the global community said:

Japan's distinctness is manifest in the nature of her achievements. And truly remarkable is her ability to combine in harmony what seem contrasting qualities. Her culture is expressed not just in that wonderful art, portraying a lost world of rural idyll, but equally in her highly efficient automated mass production. Her industrial enterprises manage to succeed in combining the energetic pursuit of personal fulfilment with total loyalty to the interests of the company. Her very history expresses a still deeper contrast: an unsurpassed capacity to draw upon skills, first practised by others, in order to modernise—and yet, while changing, to remain herself.

(Tokyo, 2 September 1991)³³

³⁰ The JIT concept has been described by Schonberger (1982: 16) as follows: ‘produce and deliver finished goods just in time to be sold, sub-assemblies just in time to be assembled into finished goods, fabricated parts just in time to go into the sub-assemblies and purchased materials just in time to be transformed into fabricated parts.’

³¹ *Kaizen*: Japanese for ‘improvement’, ‘change for better’. *Kaizen* is the philosophy of continuous improvement, in which all staff constantly considers methods of improving quality and efficiency (Hollinshead, 2010). The five main elements of *kaizen* are: team work, personal discipline, improved morale, quality circles, and suggestions for the improvement. The improvements sought through *kaizen* include maximum utilization through the elimination of unnecessary movement and the idle time (Oliver and Wilkinson, 1992).

³² *Kanban*: Japanese for ‘signboard’ or ‘billboard’. System which helps JIT techniques: ordering parts during production process. It improves processing vs. non-processing time ratio (Oliver and Wilkinson, 1992).

³³ Thatcher, M. (1991) *Lecture on Japan’s role in the global community*, Margaret Thatcher Foundation; available online at <http://www.margaretthatcher.org/document/108278> (accessed on 15.02.2011).

A few years before, in 1986 Thatcher herself opened the Nissan plant in Sunderland. The largest Japanese investment in England became her 'favourite factory'. For Thatcher, Japanese investment was a way to 'fill' the gap after dismantling steel and mining industries (especially in the North of England) and to help to transplant Japanese methods across British business: the Japanese, now firmly established on British soil, would finally prove to British management and workers alike how to run a successful company (Turnbull, 1988: 18). Whereas for Poland's governments Japanese 'effectiveness' and 'productivity' were more embodied in mythical East Asian values and cutting edge technology, rather than in a specific managerial style. Poles have also perceived Japan as an integral part of the affluent Western economy. This popular notion was expressed by Lech Wałęsa (2002):

I saw Japanese reliability, robustness, diligence. I saw discipline, efficiency stemming from a free will, desire of work to build the country and own wealth, based on democracy. I saw roads in good conditions, I admired the economy, I observed a well-functioning political system, embedded in tradition and respect for monarchy, and at the same time very modern. This kind of reality I wanted in Poland. I wish I had lived in this country, only I wanted it to be situated between Bug and Oder rivers.

It was exactly these attributes, which were awaited to revive Poland's economy which had suffered from underinvestment. Quite rightly, Japan was considered to be one of the most successful at the time of transformation in Eastern Europe. It was believed that the inflow of Japanese investment would have brought back a respect for the slogan 'Made in Poland'. As it will be explained in the next chapter, Poland had to wait for JFDI at least for a few years after 1989.

It is not surprising the ultra-efficient 'Japanese style' got so much attention in the time when neoliberal discourse became dominant in the political economy. Corporations were desperately seeking new cost-cutting methods. Japanese production practices ideally met those requirements. As Stewart (1996: 2) put it: 'Japan and Japanese practices are the benchmark by which efficacy of and new practices are to be judged'. This Japanese phenomenon was perfectly expressed by the productivity at the car plants in Europe and Japan; at the end of the 1980s it took 16.8 hours to assemble a car in Japan. The average for car plants in Europe was more than double at 35.6 hours. High productivity in Japan was accompanied by the high quality of the product (Oliver and Wilkinson, 1992). Moreover, some studies suggested that Japanese organization is an alternative to the alienation and degradation associated with

conventional Taylorism (Womack et al., 1990). Applying Japanese methods became a new orthodoxy. They were ‘naturally’ incorporated in the West, without acknowledging them as ‘Japanese’.

The Japanisation debate lost its impetus in the late 1990s and 2000s. The Japanese economy itself slowed down, as did the volume of outward investment. At the same time South Korean *chaebols* were expanding massively, investing in USA, Europe and China. Notwithstanding JFDI has not disappeared, nor has the Japanese management system, although the latter has been criticized and substantially adjusted to the changing economic circumstances (Keizer *et al.*, 2012). Since the mid-1990s the Japanese started investing in CEE. In Poland JFDI has been gradually rising since 1994, and especially from 2004 when Poland joined the European Union. Japanese corporations prefer to locate their investments in the Special Economic Zones, of which 14 can be found in Poland. It has to be also stressed that Poland has the largest SEZs concentration in CEE economies. It seems Japanese corporations exploited Poland’s governmental support to their full extent. This approach is completely understood since for decades the Japanese Ministry of Economy, Trade and Industry (METI) and Japanese External Trade Organization (JETRO) provided support to Japanese firms, especially those operating overseas. In 2010 some 254 Japanese firms were operating in Poland. Out of them, 73 were based in the manufacturing sector, mainly in automotive and bearings industries.

With the expanding JFDI the question was whether these institutions could be transplanted to different economic and cultural environments. Hence, the interesting phenomenon accompanying JFDI (and also non-Japanese companies) is the process of Japanisation, the notion that firms are reproducing Japanese forms of economic structures and practices.

However, the paradigm of the Japanisation frame poses certain difficulties. Firstly, it is alleged that this ‘miracle’ that is trying to dominate production practices, may in fact be an imitator itself (Warner, 1994). Secondly, as Stewart (2014: 143) argues the ‘obsession’ with the Japanese origins of lean production techniques, lead to an inability to regard them as transferable from one culture to another. The early debate was dominated by the managerialist perspective and advocated the notion of ‘one best way’ in production (Womack *et al.*, 1990; Jones, 1992), which by many was considered a limited view (e.g. Charron and Stewart (eds.), 2003; Durand, 2007).

4.4 Global transfer of Japanese managerial practices

Since Meiji Restoration (1869), Japan and her economy have been found very interesting by Western researchers. In the field of employment relations, James Abegglen (1958) was the first who analyzed the phenomenon of the Japanese workplace. This interest easily intensified after the Japanese started investing globally and ‘Japanese’ factories became even more accessible. Japanese Foreign Direct Investment (FDI) has been investigated since the early 1980s. The bulk of research has been conducted in western, developed economies (the UK, USA and Australia). British management researchers were leading in the studies on the transferability of Japanese practices³⁴. The height of interest on Japanisation occurred in the late 1980s and early 1990s. Wilkinson and Olivier investigated the impact of Japanese investment on Britain in their *The Japanization of British Industry* (1988, 1992). The subsequent work *Global Japanization?* (Elger and Smith, 1994) has expanded the study bringing research from North America, Japan, Europe and Latin America. Kaplinsky (1994) looked at the implementation of Japanese management techniques in the Less Developed Countries (LDCs). In November 1995 the whole issue of *Journal of Management Studies* was devoted to *The Transfer of Japanese Management to Alien Institutional Environments*. Three years later the subject was revisited with a special issue of *Employee Relations Journal* (1998).

The original model of Japanese capitalism was considered to be an exemplary one that other countries should emulate or learn from. For instance Kaplinsky (1988) argued Japanese superiority stemmed not from their use of advanced technology, but from the adoption of a new (‘Japanese alternative’ based on the just-in-time production system) labour process which is more enriching than Fordism. The Japanese model of production increases ‘shop floor creativity’ through quality circles, multi-task work, and is generally supposed to improve workforce conditions.

There is a wide spread notion that ‘radical’ management in terms of cost saving and quality policies, (especially in the automotive sector, the backbone of Japanese manufacturing) is responsible for the country’s economic success. The early proponents of Japanese management in the USA (Johnson and Ouchi, 1974) claimed that Americans should learn from the Japanese,

³⁴ One of the leading centres was Cardiff Business School’s Japanese Management Research Unit.

and adopt the collectivistic approach in employment relations. Also, from the beginning many authors questioned or even disapproved of the transferability of Japanese methods, rejecting the theory that Western business must adopt Japanese management to be successful (Sethi *et al.*, 1984). It was also proven that the Japanese ‘three treasures’, especially the life-time employment and seniority wage-based system are fully reserved for the homeland, and are very rarely transferable (Wilkinson *et al.*, 1995). Dore (1973) has conducted one of the first comparative studies of Japanese and British industrial organization and employment relations. His study suggested that British factories are able to adopt Japanese solutions in management, production techniques, and even in industrial relations. The sudden growth of JFDI in the late 1970s and early 1980s, and the increasing role of Japanese multinationals in the world have provoked discussion on ‘Japanisation’. It also led to the emergence of a new ‘philosophy’ of HRM (Hollinshead and Leat, 1995). Some opponents argue that there is no such a thing as ‘Japanese’ management, as in Japan itself there is a variety of management practices, for instance Nissan and Toyota, one of the largest car manufacturers, are operated in different ways (Cusumano, 1986; cited in: Oliver and Wilkinson, 1992). Whilst Stewart (1996: 11), defining ‘Japanisation’ puts emphasis on pure technical attributes (lean production), rather than on Japan’s social relations and culture:

This is not to say that social, cultural and organizational matters do not figure in the account, merely that they are seen to be secondary, to the overriding technical imperatives of lean production.

Whilst much of the JFDI went into the non-manufacturing (financial) sector it was FDI in manufacturing which became a key focus of attention. For the first time the term ‘Japanisation’ was used by Turnbull (1986), who described changes in work organization currently underway in the British company, Lucas Electrical, where management had adopted a ‘just-in-time’ production system. The ‘Japanese model’ at that time was primarily related to productivity and the efficiency of Japanese plants.

The influential work *The Machine that Changed the World: The Triumph of Lean Production* based on the Massachusetts Institute of Technology five-year study: International Motor Vehicle Programme (IMVP). Womack *et al.* (1990) extolled Japanese production and management (JIT, team working, waste management). Moreover, lean production transforms Taylorised labour relations, gives more responsibilities and tasks to workers. Authors have suggested that these methods should be emulated in Western economies. Later the IMPV’s

study was criticised by Coffey (2006), who dismantled the myth of superiority of Japanese car manufacturing in terms of productivity.

The studies conducted in Western economies show a different level of adopting Japanese-specific employment practices in foreign subsidiaries. The classical work of Oliver and Wilkinson (1988, 1992) has comprehensively looked into Japanese direct investors in Great Britain in 1987 and revisited their work in 1992. Their findings suggested that the Japanese brought many of the manufacturing and personnel practices that they use in Japan, although some problems have been encountered; for example in the early days of Japanese company's presence in the UK quality circles and JIT production have not always been successful. Many of the Japanese personnel practices (direct communication, highly selective recruitment, long-term employment) were introduced in the British subsidiaries. Authors have stated that the personnel practices were being put in place more rapidly than the manufacturing practices. Moreover, British companies, which tried to emulate the 'Japanese model', were not as successful as the Japanese subsidiaries, mainly because they did not synchronize their personnel practices with their manufacturing ones. Altogether, the positive features of Japanese management practices outweigh the downsides (these are present and inevitable); and the authors support the view which could be broadly paraphrased along the following lines: 'Japanese may be the worst form of management practices, except for all the others'. Progressive management can improve company performance and in consequence provide employment security.

A similar study, in terms of both the scope and findings, was conducted in the Japanese-owned 'transplant' factories in America (mainly in steel, automotive and electronics industries). Following field research and interviews with hundreds of company officials and factory workers, Kenney and Florida (1993) came to the conclusion that not only 'Japanese transplants are successfully transferring the basic elements of the Japanese production systems to the United States', but also that the 'Japanese system of production organisation is a set of interactive organisational practices that are transferable to foreign environments' (Ibid: 8) in general.

The following study which aimed to revisit Oliver and Wilkinson work, carried out by Taylor, *et al.*, (1994) examined two electronic Japanese companies in the UK in the years 1992-1993 (Orki Terebi in South Wales and Electricals Plc in the West Midlands). They revealed little evidence of many key components of the Japanese model of production. For instance there was

no JIT at Terebi. The authors were more sceptical about 'Japanisation'; they have found no relevant proof of changes in the organization of production.

The results of case studies conducted in the USA at Subaru-Isuzu (Graham, 1994), Canada, at CAMI - General Motors-Suzuki (Rinehart *et al.*, 1994) and Australia at Canobolas, Hoya, Lachlan, Matsushita, NEC, Nippondenso, Sanyo and Toyota (Dedoussis and Littler, 1994) brought different conclusions. The management has been successful in transferring the elements of the Japanese model to the host country. In the case of the USA and Canada some resemblance of Japanese working practices were found, especially in terms of *kaizen* philosophy and socialization at workplace, some of them were resisted by the workers (USA); e. g. workers arrived late for work in order to avoid morning exercise or they remained sitting while others participated. Some more serious acts of collective resistance (or even sabotage) were noted, for example when a worker managed to stop an assembly line. The USA research has shown that Japanese management practices can result in a range of individual and collective resistance amongst workers. Workers participated in both spontaneous and planned resistance. Deoussis and Littler (1994) argued that there are some relevant differences in recruitment, promotion and communication between Australian subsidiaries and Japanese companies established in other countries, like recruitment of experienced, mature-aged blue-collars, less important seniority system; nor was there any evidence of the existence of 'open door' policies allowing employees direct contact with senior management. In contrast to Toyota's plants in North America and Great Britain, which have been established in areas without a tradition of vehicle assembly, Toyota Australia operates in Melbourne where several auto makers are also established. Australian findings suggest the existence of Japanese practices, however they are more common amongst blue collar employees; few, if any exist among white-collar personnel show the peripheral model of Japanese management; relative factor endowments of economies will affect the processes of JFDI (e. g. differences in recruitment practices are resulting from the nature of local labour markets), especially in Australia where there is no core manufacturing sectors or centre for R&D.

Emergence of greenfield Japanese investment in the UK also influenced home industrial relations. Studies conducted in the late 1980s and early 1990s (White and Trevor, 1983; Trevor, 1988; Crowther and Garrahan, 1988; Millward, 1994) showed the 'Japanese model' was adopted in many factories. This has been mainly embodied in management taking control over trade unions (single trade union, including 'no strike' agreements), and with management's

greater flexibility to organising work. This tendency was also proven in the study of Wilkinson *et al.* (1995), suggestively titled *The Iron Fist in The Velvet Glove: Management and Organization in Japanese Manufacturing Transplants in Wales*. Authors (*ibid*: 829) conclude that Japanese-style industrial relations, arrangements, especially single union deals, ‘reduce the likelihood of collective worker dissent over tight disciplinary systems’.

Since the early 1990s more critical discourse became prevalent in the debate on ‘Japanisation’. It has been perceived that various risks might stem from Japanese management, particularly in work intensification. Delbridge and Turnbull (1992) list the features of Japanese Human Resources maximization: the workers are organized into teams. Work itself is arranged around groups, rather than individuals. The team is responsible for ‘management of compliance’, with the key role of the team leader. It is important for the JIT system that these groups work efficiently and without disruption. ‘Management through blame’ achieves the quality control of the teams. Workers participate in the process of surveillance. This system allows for the tracing of all ‘faults’ of individuals and exposing them in front of the group. Another feature of HRM is standardization, where there is no individual variation. Every worker must perform the job in the exactly the same way. The employees are exposed to high levels of stress due to rigorous norms (multi-task worker) and the shattering rhythm of work (daily production targets displayed on light boards which ‘countdown’ during the shift). Individual workers become isolated and experience a feeling of distrust and fear, even towards other workers. This kind of behaviour is a result of ‘management by stress’ (Delbridge and Trurnbull, 1992).

The empirical study of Garrahan and Stewart (1992) of the Nissan factory in North East England showed the effects of the lean production regime which does not empower workers. Japanese methods did not transcend Fordism either. The new regime of subordination through quality management effects to an even greater degree workers’ oppression, while management-worker conflict is replaced by peer competition. So popular in the 1980s, the myth of Japanese ‘production superiority’ (Womack *et al.*, 1990) was debunked, and the title ‘enigma’ deciphered. While Nissan claims that ‘it has broken the chains of old and discredited employment traditions and working methods and practices’ (Garrahan and Stewart, 1992: 59); it is argued that the so-called ‘Nissan way’ is in fact based on ‘control through quality, exploitation via flexibility, and surveillance via team working’ (*Ibid*: 139). In post-Fordist capitalism the employees are not ‘one big happy family’; with constant threat of unemployment

they may be silenced at times, yet the new management strategies do not eliminate social conflict or class antagonism and finally resistance.

The later studies suggested resistance towards Japanisation in the UK, especially in terms of worker response to systems of surveillance and discipline. These demonstrate that not only did the control of labour still pose a challenge to management (Palmer, 1996) but also workers were able to manipulate standard operating procedures. Despite the high levels of managerial control they have developed and were able to put in practice the range of both collective and individual 'fiddles' for evading surveillance and making time (Webb and Palmer, 1998).

Delbridge (1995) suggests that workers' resistance and 'misbehaviour' towards Japanese practices are modest and increasingly pushed to the margins, while strict disciplinary measures and control are forcing the frontiers of workers' opposition further back.

Another account by Lewtchuk and Robertson (1999: 69) gives evidence against the 'passiveness' argument. Lean production was officially rejected by Canadian Auto Workers (CAW) in a joint Suzuki and GM plant. CAW understood that lean production causes work intensification and workers are even more alienated than those in traditional Fordist workplaces.

Presented above is only a narrow selection of a much wider plethora of literature dealing with Japanisation. The focus on predominantly highly industrialized economies (Anglo-Saxon capitalism countries) undoubtedly exposed some limitations of the inquiry.

Studies conducted in Japanese manufacturing plants in Malaysia are showing a whole range of responses towards the transferability of management practices. Removed from the labour process tradition, an anthropological study by Ong (1987) documents the experience of female workers in three Japanese factories and their 'spirit of resistance' to 'the enforced discipline of the working class in the making' (Ibid: 245). Her focus is more on the gender issues, as she argues that in case study firms, female workers' gender and sexuality 'have been mapped out as an arena for contestation' (Ibid: 245). There is an account of a wide range of resistance to 'Japanese rule', both individual and collective, with some forms of resistance deeply enrooted in the Malay culture (there were accounts of workers refusing work based on ethnic beliefs of spiritual possessions and factories being cursed, that management had to address with 'unusual' adaptation policies); as well as walkouts, strikes and even violent incidents. Significantly, in

the case of the discussed study, Japanese electronics firms were indeed the ‘contested terrains’ and were regarded as micro laboratories of transition from peasant society to the new industrial capitalism.

Later studies of Malaysian subsidiaries (Abdullah and Keenoy, 1995) argue that the transfer occurs, however, more in terms of capital and production technology than a particular style of management. They suggest that the issue of transfer needs to be considered in a wider historical and cultural context and that the ‘global competitive environment in electronic products seems to play a far more significant role in employee relations policy choices than the ‘home practices’ of the Japanese corporations’ (Ibid: 762).

In CEE Japanese companies have been present for more than twenty years, however not many studies were devoted to the implementation of specific methods and workers’ responses towards Japanisation. Yamazaki (2012) provides case studies of Japanese factories from all around the world, among them three are from Eastern Europe: U-Shin Ltd, Furugawa Electric, Co Ltd. in Hungary and Toyota Bashoku Factory in Russia. However, his record is an idyllic picture of a harmonious labour-management relationship.

The workers’ Council in USEU has made a good deal labour-employment relationship possible through keeping an open dialogue between both parties. This harmonious relationship was facilitated by President Koji Miyashita and the production division chief Akinori Okubo taking appropriate measures, listening carefully to the labour side at the regular monthly joint labour and management conference. Complaint arbitration is supposed to be handled through the management system and the general section as well as aforementioned conference. However there do not seem to have been any complaints so far.

(Ibid: 57)

In Poland, the research conducted gives a relatively positive view of Japanese management. One of the accounts is that of indirect Japanisation. The work of Sobocińska *et al.* (2008) used the single case study of the Polish Security Printing Works in Warsaw (PWPW SA), where management has successfully implemented one Japanese management method ‘5S’ (shop floor housekeeping and thrift). There was evidence of initial resistance among the workers. Leaders had to spend a great deal of time and effort convincing workers to accept ‘5S’. Eventually, management achieved its goals; increase in employee creativity and involvement in fulfilling

tasks and stronger identification with the mission of the company (ibid: 339). However the sole case study of the champion, state-owned company, where there was an attempt to introduce only one method, does not fully reflect the process of Japanese management transfer in the Polish workplace.

JFDI in Poland is mainly being researched in the context of cross cultural management, the Japanese philosophy of management, leadership and cultural domination. In these particular fields, the works of Marek Krasieński (Wrocław University of Economics) deserve mentioning. He argues that JFDI in Poland belongs to well-established corporations with old traditions, which are using management concepts that are strongly embedded in the Japanese national culture. Krasinski (2012a) compared Poland's and Japan's cultures using Hofstede's (1980) cultural dimension theory. The analysis proved that Polish and Japanese cultures are substantially divergent in their long term orientation (LTO), the value of remaining indices: power distance (PDI), individualism (IDV), masculinity (MAS) and uncertainty avoidance (UAI) were relatively similar. However, Krasinski pointed out another salient difference between Poland's and Japan's organization culture; while in Poland (like in Europe) specialization at work constitutes enormous value, in Japan emphasis is put on work standardization and multiskilling. In his other study (2012b) of Toyota and Bridgestone (companies based in Lower Silesia), Krasieński argued that the Japanese failed to impose full cultural domination on the Poles. He suggested that Japanese corporations in Poland have chosen the model of cultural cooperation. Edyta Janus (2013) conducted extensive studies on Japanese management practices in companies with Japanese capital operating in Poland. Her research focuses on collectivism as a HRM approach, and its specific form - groupism (*shudan-shugi*) is understood as the domination of the group over the individual (ibid: 98). Janus suggests that the employees' adaptation to Japanese practices varies depending on the size of the company. She concludes that groupism may facilitate the transfer of Japanese management. The study of Ćwiklicki and Obora (2011) researched the Polish model of *Hoshin Kanri* method (strategic planning). Their finding established that Polish *Hoshin Kanri* model differs from the classical one and it needed to be adjusted to Poland's business environment. The Polish variety is characterized by a lesser degree of staff participation in strategic planning.

More critical coverage related to Japanese work practices was present in the Polish national newspapers. Aforementioned Leśniewska (2007) investigated the Orion Electric factory at Crystal Park, Toruń, where the majority of the shop-floor workers are women. The journalist

working undercover at the shop floor experienced a full implementation of *kaizen* methods and JIT techniques. Each working day begins with an assembly meeting, when workers are instructed on the daily rate of output. They are obliged to finish each operation at the assembly line during the limited time period counted in seconds. The slogans, which are meant to motivate employees to more effective work, are placed all over the plant (e. g. ‘Quality, Price, Quantity + Speed’). These methods along with low wages (national minimum) meet with workers’ discontent; however the resistance is not visible. Leśniewska’s reportage brings a grim perspective on women’s working conditions at the plant. It also gives an account of the political background of Japanese investment in the region. Still, the exploration of Japanese practices in Poland cannot be based on this non-academic study.

4.5 Conclusions

The previous chapter argued that the VoC framework, due to its static character, may not be a sufficient tool of analysis for the purpose of this research. The workplace should be seen as ‘contested terrain’ and a site of cultural change, with some of the transferred practices being accommodated while others have undergone institutional bending. Workers’ resistance towards managerial practices is underpinned by the labour process theory notion of subversion and conflict. As demonstrated in the review of labour process and worker resistance literature, workers’ resistance may take many forms and manifest itself in a variety of ways. Chapter Seven will provide a detailed account of the workers’ resistance in the researched companies.

Referring to Marxian terms, in capitalist labour process the conflict is inevitable, as:

‘the control exercised by the capitalist is not only a special function arising from the nature of the social labour process, and peculiar to that process, but it is at the same time a function of the exploitation of a social labour process, and is consequently conditioned by the unavoidable antagonism between the exploiter and the raw material of his exploitation’ (Marx, 1976: 449).

Understanding interests between profit-seeking capital and exploited workers as conflicting is not a new concept and has been a subject of numerous research within the Marxian and LPT

tradition. Burawoy (1979) suggested that workplace conflict was reshaped by management from hierarchical towards the lateral in the process of ‘consent manufacturing’, while Edwards (1979) coined the term ‘contested terrain’ to underline the existence of intrinsic conflict between management (capital) and workers (labour). Notably, as Martinez Lucio and Stewart (1997) point out, in a significant part of LPT research ‘labour’ was lost at an expense of an ‘individual’ worker. They argue, that a collective worker, as a ‘structural feature of the capitalist labour process always confronts management and is addressed today through a range of strategic alternatives exemplified by the individualizing practices of, inter alia, HRM.’ (Ibid: 49).

In order to look at the workers’ responses towards the Japanese management practices in the researched factories, concepts of conflict and resistance provided by the LPT can prove a useful tool of analysis. However Labour Process Theory alone may not be sufficient. As argued in the previous chapter, employment relations transfer is shaped by the national business system of the transferring economy, hence the VoC partly determines the nature of this process. While some studies indicate that foreign investors are more likely to follow host country HRM practices (Rosenzweig and Nohria, 1994), there is a body of literature providing evidence that in CEE subsidiaries, FDI ‘westernized’ management practices (Aguilera and Dabu, 2005) and played an important role in enterprise restructuring (Hardy, 2006; Shields, 2004; Domański, 2003; Pavlinek *et al.*, 2009). To attract demanded FDI inflows, CEE countries required ‘appropriate institutional and policy frameworks to position themselves within flows of global capital’ (Dunning, 1993; Rutland, 1995).

In the aftermath of Japanese investment expansion in the 1980s JFDI became a very popular subject for academic analysis. Some early studies suggested that neither was it possible to transfer Japanese practices to the western subsidiaries due to the indissoluble embeddedness of the Japanese firm within Japanese society (Dore, 1973), nor to even attempt researching the subject lacking the area knowledge, without extensive studies into the Japanese language and culture. The writers who adopted a system or dominance approach present an alternative view. These works point out the advantages of unique Japanese practices as opposed to the American model (Pascale and Athos, 1982). More recent studies (Elger and Smith, 1994) shifted the research focus onto the subsidiary plants and the transfer of Japanese practices abroad and abandoned the institutional perspective. The Japanese firm was treated as an abstract model

and was analysed outside the Japanese economy. More focus was put on workers' experience and, however overused, the transplant of Japanese practice.

The capitalist transition in CEE encouraged Japanese firms to invest in Poland; economic links were established between both economies in the mid-1990s. At the global level the debate on convergence versus diversity of management practices is continuous (Kitschelt *et al.*, 1999; Inversen *et al.*, 2000; Hall and Soskice, 2001). Hyman (2004: 428) argues:

...even if managements are increasingly in the driving seat, their strategic choices are likely to reflect distinctive traditions and nationally specific institutional landscape. This is not immutable: financial liberalisation linked to the spread of Anglo-American conception of 'shareholder value' (reinforced by the growing hegemony of US accounting protocols) may shift perspectives significantly; and perhaps the spread of US-style MBAs may also be encouraging more standardised management behaviour. Yet different strategies can be expected to persist if one rejects the idea that there is 'one best way' of organising work and workers, whether in the individual firm or at the level of the macroeconomy.

Specifically, this ambiguity applies to the adaptation of specific Japanese managerial practices in the West. The question of the successful transferability of Japanese methods to the post-socialist environment also remains open. As it was shown in the previous chapter, Polish managers were 'converted' to the Anglo-American style. They know Japanese methods; however this is more theoretical rather than practical knowledge. In Poland, the interest in Japanese management is predominantly uncritical; there is little evidence of research taking a non-managerial perspective. It is influenced by a popular, optimistic view of FDI in general. This stance could be compared to the euphoria over Japanese investment, present in the West in the late 1970s and early 1980s. Hence, research conducted in Poland on JFDI is evidently lacking a shop-floor perspective. The 'Japanisation of Polish industry' has not been given full attention yet.

The 'transfer' of Japanese practices and workers' responses towards this mode of management will be examined in Chapters Six and Seven.

CHAPTER FIVE

METHODOLOGY

‘Where is the wisdom we have lost in knowledge?
Where is the knowledge we have lost in information?’

T.S. Eliot (1934), *The Rock*

5.1 Introduction

This chapter will provide the rationale for empirical research methods deployed in the study of Crystal Park companies. The analysis builds on the twofold theoretical foundations - VoC framework (Hall and Soskice, 2001) for a better understanding of transfer of Japanese management practices to the Polish workplace; as well as Labour Process Theory in order to conceptualise workers’ resistance towards these practices.

The chapter is structured as follows. At a broader foundational perspective, the procedures chosen by researchers are related to philosophical choices (Creswell, 2003; 2009). For the purpose of this study a qualitative approach was adopted. The researcher’s motivation for the utilisation of qualitative research is explained and the choice of research methods outlined (5.2). In order to investigate typical Japanese practices’ presence in Polish subsidiaries – a case study method was adopted to gather data. Semi-structured in-depth interviews were conducted with both the managers and the workers. Simultaneously, the researcher refers to the data gathered through the online research (5.2.1). With regards to the fieldwork undertaken, access issues (5.2.2) and the process of data gathering (5.2.3) are discussed. Section 5.3 gives a brief characteristic of the challenges the researcher was faced with while conducting field research in a Polish transforming economy. Finally, in section 5.4 the researcher returns to the methodological and ethical implications of the internet as a source of data. Issues of data reliability, validity, as well as the potential limitations of this form of research are addressed.

5.2 Choice of the research method

In terms of the researcher's role in the CEE-based field, this is positioned between two ideal types proposed by Steger (2004: 26-33) – that of 'The Roman' and 'The Ethnographer'. As a native researcher I was advantaged in many respects; having native knowledge of Polish culture and language positively influenced my access to data. Simultaneously I was deeply aware of the limitations of this advantage.

Industrial relations (or employment relations) is a problematic discipline for the researchers in terms of both methods and its status among the sciences and a subject of ongoing debate (see Whitfield and Strauss, 1998; Kelly, 2004; Almond, 2004; Kelly, 1998). Employment relations (or industrial relations) is a 'borrower' discipline (Kelly, 1999: 1) and draws on several strands of social science for both paradigms and research methods. This inter-disciplinarity can be considered the field's great advantage, but it is also a source of problems. As a social science, the industrial relations field occupies itself with aspects of human activity that are related to 'working' and 'work'. Kelly points out that, the discipline is thus;

subject to all social science debates and questions about the extent to which analysts can be scientific *and* realistic about social matters.

(Ibid: 1)

The role of a scientist is to explain the nature of the researched phenomena and colloquially speaking, get to the 'bottom of reality', if at all possible. However, in the case of interdisciplinary research this is particularly challenging.

The researcher in workplace relations may be spoilt for choice in terms of available methods. However, Edwards (2007) suggested that researching the dynamics of the workplace relations requires a relatively 'micro-level' focus. According to Jaros (2005) a great practical advantage of the study of work lies in utilisation of qualitative methods over 'armchair theorising'. Field studies are experiencing a renaissance, not only in terms of literature on the research produced, but also a growing utilisation of qualitative methods in social studies (Andersen *et al.*, 1995). In terms of the best method to conduct research in the field 'IR scholars have still not settled

on a way of undertaking research that is both distinctive and widely-accepted. The search of the Holy Grail goes on.’ (Whitfield and Strauss, 2008: 15).

Most of the research into Japanisation has utilised qualitative methods, surveys and case studies in particular. When I first considered the project I anticipated that it would take the form of proving a hypothesis I already had in mind. While studying the available research, working on my literature review and also following the developments of the Crystal Park reported in the local press, I was under the impression that western methods were easily transferable and implementable in Polish companies. With all the Polish books and research on management and the praise of the western methods (Łańcucki 2006; Ćwiklicki and Obora, 2009), I was naively convinced that the fieldwork would confirm these assumptions. However, after the first of the interviews I was proved wrong so I was compelled to rethink the whole project. There was more to it than just simple ‘yes’ and ‘no’ answers. While I could see that western management practices – in case of my project Japanese practices – were being implemented in Polish companies through – among others – FDI; the scale of workers’ adaptation, the extent of implementation, and finally the question of possible resistance – emerged and remained unanswered. This challenged me to develop a much more nuanced story. Therefore qualitative methods were chosen and adapted as were deemed to be appropriate for the purpose of this study. My aim was therefore to develop theoretical propositions rather than to test them (Steger, 2004).

5.2.1 Qualitative research: case studies and Internet-based sources

As Steger (2004) argues, qualitative fieldwork provides a better understanding and description of the social and economic reality of the CEE, whereas surveys tend to deliver rather limited data. At the same time researching industrial relations poses a number of difficulties in general (Whitfield and Strauss, 1998), while transforming economies fieldwork adds to this challenge in particular (Clark and Michailova, 2004). Firstly, as Whitfield and Strauss (1998) argue the IR field is characterised by a huge heterogeneity, which they consider to be both its strongest and weakest feature. Moreover, they point to substantial differences in the way the research is undertaken across the world. Whitfield and Strauss (2008) portray IR as a normative and value-

orientated discipline. Other scholars concur with this view suggesting that Industrial Relations research, despite the best efforts of researchers, may be lacking a neutral perspective - IR scholars are supportive of unions, while those being management consultants may adopt a managerial perspective (Brown, 1998). Therefore the presence of two paradigms in IR – the original broader ‘employment’ paradigm and the modern narrower ‘labour–management’ paradigm – has led to a serious decline in the field (Kaufman, 2008).

Qualitative research can rely on a variety of sources and be conducted in multiple ways - through direct or participant observation, as well as interviews. Potential types of qualitative data can include collected documents, field notes, audio-visual sources, case studies and many others (see Gibbs, 2007). For the purpose of this study a qualitative, multiple case study method was used. The fieldwork was undertaken in Crystal Park and at a regional level. Qualitative data were gathered through a series of semi structured interviews. It was assumed that a qualitative case study investigation would be the best method to address the research questions. According to Yin (2009: 4):

(...) the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events – such as individual life cycles, small group behaviour, organisational and managerial processes, (...) and the maturation of industries.

In recent years there has been a growing popularity among researchers in making use of more than one method in a research project. This has numerous advantages, it helps validate findings, provide a deeper insight and consequently leads to richer results (Whitfield and Strauss, 2008).

Acknowledging that the ‘social world is going digital’ (Kozinets, 2010: 1), for the purpose of this study also, Internet-based workers’ experience accounts were treated as useful qualitative material in gaining the insight into their reality. ‘Open message boards’ and online forums were examined and complement the data gathered through traditional interweaving.

During the fieldwork it was discovered that different research settings (the place where the interview is conducted, as well as the interviewees’ work position, and finally their individual personalities) informed the answers that were given to the questions posed.

Firstly, interviews conducted in the workplace tended to give more cautious responses in terms of expressing normative evaluations as opposed to those that took place outside the workplace.

Secondly, workers were more critical of the reality than the managers and at the same time, their answers were more detailed, while some of the managers attempted to paint the picture in bright colours only. (See researcher's reflection 1). Thirdly, it is assumed that the anonymity of Internet sources used may allow a more accurate view of those aspects of workers' experience that they are not confident, nor afraid to, talk about during the face-to-face interaction. The issue of trust is of paramount importance here (Fontana and Frey, 1994; Yin, 2009, 1984; Rubin and Rubin 2012).

Reflection 1 – Fieldwork Interviews

A sense of humour helped me greatly in breaking the distance especially among lower rank employees. I was avoiding talking about the project itself while the interviewees were quite happy – some of them treating the opportunity of being interviewed as an achievement - the manager picked me (so must be proud of me) - they were interested in telling their own story. The case was slightly different with the managers who not only wanted to know about the project in detail, they also wanted to 'guess' the findings prior to analysis, and to understand the methodology I was going to adopt; they had their own ambitions and agendas. I realized that they changed the language they spoke to me, as I had a chance to hear them talking to their colleagues, which may lead to a conclusion that they may have tried to influence the picture of themselves and the organisations they were managing.

5.2.2 Access issues

Prior to the fieldwork the researcher studied a body of methodological works on conducting research in Eastern Europe, both academic (Michailova, 2004; Clark and Michailova (eds.), 2004; Drzewiecka, 2007) and more reflective, guide-like non-academic sources (Soroczyńska, K., 2007; CEELBAS, 2010). Most of these sources pointed to the access issues as the first

obstacle in the data-gathering process. In the case of this research, the researcher was an ‘insider’ in terms of culture and language, and at the same time - an ‘outsider’ when the accessed organisations (Crystal Park factories) are concerned. Therefore the access to fieldwork companies was a challenging task. On one hand, the easiest way of getting access to an organisation is through ‘insiders’ (respondents and other third party actors). However the awareness of the perils of such help is necessary. As Michailova and Clark (2004: 12) observe:

respondents can play a crucial role in helping researchers gain insider status, or at least in allowing access to their networks as a means of facilitating access. Similarly, most authors point out the role of respondents as internal informants, who are able to keep the outsider in the know, make introductions and arrange interviews. These respondents can play an important informal mediating role, even becoming part of the access strategy (...), though (...) as organisational members, they can have hidden political interests in taking care of researchers.

Prepared for difficulties, the researcher headed to Poland and, as expected, the initial plan on how to gain access to the Crystal Park site had to be modified several times and, just as Soulsby (2004) predicted, sometimes ‘negotiated’.

The first point of call was Pomerania Special Economic Zone (PSEZ) administration. The researcher phoned the PSEZ admin office (phone number available on the Agency’s internet website) and the appointment was scheduled immediately at the Toruń office. PSEZ administration occupied only a small office on the outskirts of Toruń. After a brief discussion on the research subject, the researcher was encouraged to contact Crystal Park Companies. The PSEZ administration officer said that PSEZ was very happy with the academic interest the Zone had already received (several undergraduate projects concerning the Japanese investment) and expressed the need for in-depth research on a post graduate level. Notably, being an ‘outsider’ and representing a UK university has helped the researcher in gaining access to the Zone, as the PSEZ administration officer stated that all the publicity the Zone received locally and abroad, could bring more investment. All the documents, the letter from the University and ID were photocopied. The researcher was provided with the contact list of the Japanese corporations’ managers which included general managers, human resources as well as administration managers (with email addresses and telephones numbers). Even though the PSEZ administration was helpful in providing all the information and gaining the contact

details of the Japanese companies was relatively easy, access to the factories themselves was a daunting and time-consuming task.

Japanese corporations are considered to be 'hermetic' in comparison with European or American ones. This opinion is also shared by local journalists who experienced tremendous difficulties whilst trying to access the site. Prior to the fieldwork during the pilot study, the researcher managed to speak to two journalists, representing major local newspapers (*Gazeta Pomorska*, *Gazeta Wyborcza*), who specialised in Japanese investment in Toruń. This opinion was also shared by a Toruń University researcher, who knew of cases of researchers trying to access the site being refused.

Workers were approached through the regional office of *Solidarność* in Toruń, which operated at two Crystal Park's factories. The trade union facilitated contact with other shop-floor workers in five case study companies. Although access to workers and unionists was relatively easy, contacting the managerial class and arranging interviews was extremely challenging.

Despite this minor discouragement, the researcher emailed HR departments of the Crystal Park Companies. Many of the emails were initially ignored. At the same time the researcher tried contacting the companies via telephone and again, in many cases was fobbed off with 'could you call later, please' or asked to leave his details and promises of a call-back, but never contacted again. The HR manager in one particular company dismissed the idea of conducting interviews. In a very lengthy email (full of methodological *jargon* and questioning the choice of qualitative research method) she refused to organize a meeting with managers and shop-floor workers. However, not discouraged by this reply, the researcher approached the general manager of the same company, who immediately agreed to organize the interviews. The managers approached were all Polish nationals as the presence of the Japanese expatriates at the site was negligible in 2011. The average number of Japanese expatriates was less than five per company. During the first phase managers' reluctance was caused mainly by suspicion and by an insufficient knowledge of the project. Practically, facilitating interviews with managers took a few months in mid-2011. Initially HR and administration managers were contacted electronically (via email). They were informed about the research objectives and research method (interviews) and provided with the ethical approval documentation. Awareness of the fact that the first of the companies agreed to participate in the project facilitated access to other firms and was encapsulated by the notion of 'the snowball effect'. Those 'gatekeepers'

facilitated contact with other managers and finally the management agreed to participate in the project.

5.2.3 Interviews

The individual in-depth interview allows the interviewer to delve deeply into social and personal matters (DiCicco-Bloom and Crabtree, 2006: 315). Anderson (2013: 206) suggests that a closer level of contact is necessary in order to obtain information of good quality that is 'quite detailed, rich and extensive'.

The semi-structured in-depth interviews were conducted with local government officials, managers and workers at the Crystal Park site in order to investigate the distinctive effects of Japanese FDI on managerial policies and practices, and work and employment conditions, in selected Japanese-owned factories. The approach to fieldwork was concentrated on in-depth and triangulated exploration of social and work phenomena in a relatively small number of case organisations. The pilot study was conducted in March and June 2011 and was concentrated in the regional cluster of Japanese investment in Crystal Park. The fieldwork interviews took place through a series of visits and re-visits to the site in five phases; in September, November and December 2011 and May 2012. Follow-up interviews took place in July 2014 (on a smaller scale due to the size downsizing, and were conducted by Skype). The researcher has interviewed 36 of Crystal Park's managers and workers and all of the interviews, apart from four which were conducted via Skype, were carried out face-to-face. The managers were interviewed in Crystal Park; while, in the case of the workers, the interviews took place in both Crystal Park as well as at various Toruń locations. The interviews with two of the trade union members (both at Kessho) took place in the regional *Solidarność* office located in Toruń Old Town; another trade union member (Matado) was met in a café in Toruń. The researcher also travelled to nearby Chełmża (19 km North from Toruń) to speak to two other unionists from Matado. These were met in a local 'pizza place'. The researcher was informed that the restaurant we were sitting in owed its revival to many people in the area finding work at Crystal Park. It was not very busy before, as people had no money to go out. The interviews with ten of the workers were conducted at Crystal Park locations. The researcher was also invited to

workers' private flats (seven interviewees); four other workers agreed to meet the researcher in Toruń's Town Centre and be interviewed over a cup of tea or coffee. It is worth noting that majority of the interviewees were not familiar with the qualitative research method and open-ended questions were treated as novelty. Before Crystal Park workers and managers had only experienced questionnaires, which were conducted by the National Labour Inspectorate (Polish: PUP - *Państwowa Inspekcja Pracy*) after the accounts of unfair treatment at the site. Generally, both managers and workers were positive about this form of interaction (see researcher's reflection 2).

Reflection 2. – The Managers

Being a Polish national from a British University was simultaneously an advantage and disadvantage in interviewing managers. On one hand it built up professional relationship, managers felt flattered that, the researcher came especially from the UK to speak to them. The University of Hertfordshire headed document containing ethical approval and University ID were thoroughly scrutinized. On the other hand, managers felt obliged to impress the researcher, pointing to their 'international experience', and the discussion diverted from the topic. On one occasion, a manager referred to his scholarship in Germany, this digression took almost ten minutes of the interview. Another time, a manager unnecessarily kept inserting English words throughout the whole interview, which made the conversation very confusing. Conversely, to the workers and unionist researcher's personal position did not seem to make any difference, and they did not seem interested in the researcher's background.

The interviews lasted between 20 minutes and one hour each. Some of the managers agreed to speak for more than 40 minutes. For the detailed list of the interviews conducted, refer to table 5.1.

The sets of interview questions were different for managers and for workers. The semi-structured design of the process allowed for flexibility with the order and form of the questions (see Appendix 5). Respondents were allowed to elaborate and digress.

Due to the researchers' native understanding of the Polish language, language barriers at fieldwork level were not present. Most of the interviews were recorded, transcribed, and

translated from Polish to English (see Appendix 6). After repeatedly listening to the recorded material and taking notes, the researcher was able to identify the main themes and only transcribed the parts considered relevant. The researcher was the only person to listen to the recorded material, due to the ethical requirements.

The translation process was challenging, not only in terms of the volume of the interviews, but also in terms of usage of informal and colloquial language. For this purpose, the researcher sometimes referred to a professional translator for help as there are some concepts that are untranslatable (see reflection 3). Much effort was put into preserving as much of the contextual meaning as possible. Non-verbal communication was taken into consideration. During the interviews interlocutors often expressed their attitude or feelings with a laugh, voice modulation, gestures (air quotes; nodding; frowning; winking and so on). Where necessary an explanation is given for the readers unfamiliar with Polish culture and language. Again – there is a risk of omission, as being a native researcher at data transcription level I might not have found every single aspect that needed additional explanation – some phenomena and attitudes that are obvious and self-explanatory to the native researcher may require additional explanation to an outsider. It is impossible to remove language barriers effectively (Macdonald and Williams, 1992; Hutchings, 2004) or eliminate the translator from influencing the translation (Venuti, 1995).

Table 5.1 Summary of interviews

Pilot study		
Institution	Number of interviews	Position held/ duration of the interview in minutes
Local government, Kujawy-Pomerania	2	-legal representative ('25) -legal representative ('20)
Toruń employment agency	1	-employment agency representative ('31)
Toruń district labour office	1	-managing director ('10)
Toruń based newspapers	2	-journalist ('45) -journalist ('57)
Toruń University	2	-researcher ('25) -researcher ('30)
Fieldwork reasearch		
Company Pseudonym	Number of interviews	Position held/ duration of the interview in minutes
Matado	8	- process manager ('25) - process manager ('27) - quality controller ('45) - quality controller ('23) - shop floor worker ('44) - shop floor worker ('29) - shop floor worker ('32) - technician ('39)
Kessho	8	- general manager ('65) - administration worker ('40) - process engineer ('27) - process engineer ('20) - shop floor worker ('28) - shop floor worker ('34) - shop floor worker ('19) -shop floor worker ('31)
Sanoto	8	- general manager ('30) - production manager ('25) - production manager ('22) - team leader ('31) - shop floor worker ('23) - shop floor worker ('26) - shop floor worker ('21) - warehouse worker ('30)
Honsiu Plc	5	- branch manager ('45) - administrative manager ('24) - warehouse worker ('25) - warehouse worker ('25) - warehouse worker ('33)
Ekitai	7	- administrative manager ('28) - human resources manager ('34) - production manager ('26) - shop floor worker ('35) - shop floor worker ('22) - shop floor worker ('24) - shop floor worker ('29)

Source: Author

Reflection 3. – The translation

Translating the interviews was a long and challenging process. I had not imagined how difficult it could be. On a couple of occasions the interlocutors used a concept of the 'Polish mentality' to give an answer to a question posed. In each of these cases they have referred to this expression in a different context. As a Polish researcher I knew exactly what they were trying to say, yet when transcribing the interviews I realized it could be unclear for a non-Polish reader. Translating vulgarisms also proved problematic in some cases, as these were used in a highly emotive manner. Certain idiomatic expressions or deeply embedded in Polish culture quotes like: *ściemniać (w pracy)* – English: something between *looking busy at work, slacking off, lollygagging and dossing around*. I posted this expression on the wall of the Polish Translators Group's facebook page along with a request for ideas. The above given expressions regarding 'avoiding work' are the effect of their brainstorming. On one occasion, during the interview one of the workers, to express his attitude to work discipline said: 'When at work, my name is Marian Koniuszko.' (Polish: '*W pracy nazywam się Marian Koniuszko*'). He was referring to the popular communist era TV series (1986), famously the last work of the director Stanisław Bareja, *Zmiennicy* (English: *The Subs*). The said *Koniuszko* character was a perfect archetype of opportunism and carelessness. He is a bit spoilt, a bit lazy, and only does the bare minimum he is required to; yet despite these flaws he always manages to land on his feet. The researcher, having seen the series, could not help himself but to add a quote from the film, too; which was welcomed by the respondent and contributed to the more relaxed atmosphere during the interview.

An awareness of the limitations of recording and note-taking from the interviews is important. Firstly, it affects both the interlocutor and his or her responses. The issue of the self-consciousness of the respondents may pose a problem, as people are sometimes reluctant to be recorded; hence they are being more cautious with more attention paid to their responses. Alternatively note-taking is an option, yet it is distracting to both the interviewee as well as the researcher, therefore the record of what was said may only be partial (DiCicco-Bloom and Crabtree, 2006), while telephone or, in the case of this project, Skype interviewing, can prove challenging in terms of establishing the same level of interaction as its face-to-face equivalent (Rubin and Rubin, 2012). The follow-up interviews conducted via Skype were not recorded. Additionally the problem of initial distance and trust was almost virtually avoided, as the interviewees and the researcher had already met before in the fieldwork and such a relationship had already been established.

With regards to the situations when using a voice recorder was not permitted, I tried to make notes and complete the script straight after interviews, when my memory of what was said was still fresh (see researcher's reflection 4).

Reflection 4. – The recordings

I always had two sets of interview schedules prepared, if I was allowed to record the questions were not always asked in a particular order and it was simply a list I was referring to while the flow of conversation dictated the next steps and the choice of questions. At first I had not anticipated the reluctance that some of the people might have towards the interview being recorded. After the first such encounter I was left with few notes, fragmented knowledge, and lots of unsystematised information. But I learned my lesson and next time, as soon as I was informed that I would not be allowed to record, I changed my tactic. For each meeting, just in case, I took a slightly modified interview schedule edited in such way that after each question I left a gap where I could make a few notes, more often just noting single expressions, themes, attitudes on the basis of which I could remember what was exactly said and when. I sometimes created simplistic 'mind maps' that would allow me to recreate the interview. During the interview, but also after most of the interview, time permitting, I have been making notes in a research diary that was kept for the fieldwork data gathering period. These were unstructured notes on nonverbal communication, my impressions; the physical appearance of the factories as I was not allowed to take photographs for both security and ethical reasons.

Finally, the issue of selection of the case study companies and sampling needs to be addressed. For most qualitative research, sampling selection is based on non-probability sampling (Anderson, 2013) and this approach was also adopted for the purpose of this research. Predominantly, access issues, as well as the size of a Japanese cluster dictated, the above choice. While at the site itself, accidental sampling (Swanson and Holton, 2005), dictated by access issues, was the only alternative; in the case of trade unions purposive sampling was in place. In the case of trade unions people were selected on the basis that they would have significant and broad knowledge. This was aided by the fact that access issues were minimal and union representatives showed a relative willingness to talk. As already mentioned, a snowball effect occurred with access to some of the research participants gained through recommendations or the facilitation of people already interviewed.

Lastly, in terms of ethical approval, the verbal consent of interviewees was gained prior to each interview. These were conducted in accordance with the Research Ethics Policy of the University of Hertfordshire. Both workers and managers were made aware that the interviews were confidential and would only be used by a researcher. In some cases email consent was also obtained. Before each interview the research project was briefly explained to the interviewees. They were also informed that should they feel uncomfortable with answering any of the questions, or should they want to stop and withdraw, they had right to do so at any time.

Reflection 5. – One picture, many lenses

When I come to think about the interviewing process *post-factum*, I use a metaphor of photograph taking. Capturing the same object with use of a different lens gives different perspectives of the same phenomena. Similarly, interlocutors produced different views and perceptions of the same problems. I have also experienced different narratives and biases, which can be viewed as peculiar 'filters' in the same way the photographer would use them. Imperfect, yet polarizing, sharpening the picture filter would be that of workers outside the factory settings, while enhancement filters would be used by the managers and workers, who were trying to colour the picture sometimes – in both negative and positive ways. Yet, there is always a possibility, that these 'enhanced' testimonies were the accurate pictures of reality as it was seen and perceived. With the best efforts to take a standpoint of objectivity, I agree with Steger (2004: 27) in assuming that the researcher is always 'a part of their studied reality'.

On multiple occasions the researcher was asked to present the confirmatory letter from his supervisors and identification documents. Even after gaining access and upon the presentation of the written consent from General Managers, in every factory, as well as some of the public offices (Governor's Office) the researcher's identity documents were required and photocopies were made by the organisations.

5.3 Researching transforming economies qualitatively

As already discussed, researching in the context of transforming economies may prove challenging, especially if qualitative research is being undertaken. It also requires a great deal of flexibility, open-mindedness, creativity and non-traditional approach to methodology (Lorentzen 2004; Lorentzen, 2002; Pollert, 1999; Andersen *et al.*, 1995; Kvale, 1996). The literature on methodological aspects of studying transforming economies context is not very rich. For some researchers, qualitative studies of CEE economies have greater validity (see: Michailova and Clark, 2004). Lorentzen (2004: 92) argues in favour of a processual view;

transformation is about *emerging* structures and processes. These cannot be grasped by counting. In the first place it is the content of *quality*, and not the quantity, which is relevant for research into CEE.

Therefore for the purpose of this project emphasis was placed on explaining the context and historic background of the studied reality. Without a deeper understanding of Polish VoC and the particularities of Polish capitalism as well as regional and historical particularities, this analysis would seem incomplete.

Lorentzen (2004: 78) posits that in the context of transforming economies, the research is often ‘produced as an input into political and managerial strategies’, since many Western scholars are financed as consultants or researchers by CEE enterprises and not enough attention is given to historical and contextual knowledge. Further, the vast majority of such research relies on quantitative methods and macro-level statistics. She argues that:

The lack of historic and contextual analysis combined with the solely quantitative methods implies a mismatch between the complexity of the topics studied and the narrowness of the methodology that is likely to impede the development of sufficiently relevant knowledge and adequate theories. (Lorentzen, 2004: 84)

Apart from methodological issues the main areas of difficulty experienced by researchers in CEE relate to access. Managers are considered more suspicious and less favourably inclined towards researchers, as they are under pressure from competition of the global market and

therefore the researcher's presence is perceived as time consuming and as disrupting the normal functioning of their company (see: Michailova and Clark, 2004).

Another problem of conducting fieldwork in transforming economies is the rapidly changing field, which researchers sometimes refer to as 'hunting moving targets'. Steger (2004: 25-26) observes:

Research sites are seldom stable over time, but in the radically transforming CEE context, researchers are often shocked by the degree of change when they return to the research site after some time away.

This was an experience of this research as well (see researcher's reflection 6).

Reflection 6. – Changing fieldwork

When I first took a decision to conduct the research in Crystal Park (2010) the local officials, journalists and the scholars from the local university were all foreseeing the success and growth of Toruń's "Little Japan" [based on information available in the local press]. Confident, that I had plenty of time to think about the research methods and conduct the literature review, feeling 'theoretically unprepared' to meet the interviewees, I decided not to visit the fieldwork for another year. The situation changed dramatically at the beginning of 2011 and I realized that I had to start the fieldwork more quickly than previously anticipated. After a boom period in 2007-2010 the sites started downsizing. Articles in the local press revealed a grimmer picture in terms of Crystal Park sustainability. It turned out that investment might be short-lived. At the same time, one of the most successful Toruń (Polish-owned) companies - Apator announced its move into the Crystal Park, marking the first step towards the 'polonization' of the previously entirely Japanese site.

A common feature of all transforming economies is also a lack of transparency. Therefore researchers sometimes experience feelings of hostility, strangeness or uncertainty (see Michailova and Clark, 2004: 9). In the case of this project, this last set of obstacles was not experienced by the researcher to the same degree that an 'outsider' investigating the same context would have experienced. However, among the many advantages, such as deep knowledge of language and culture, a native researcher in this challenging field may encounter

many risks. A delusion of familiarity, 'déjà vu mentality' and omitting one's own 'blind spots' may influence the researcher's criticality and curiosity (Steger, 2004).

5.4 Internet-based sources of data: reliability and ethical issues

In the context of resistance, recognising the limitations of the interview as research tool, and to complement the data gathered during the fieldwork, this research draws on internet-based sources. This comprised using internet discussion boards and open forums as valuable sources of secondary data. However, the practice of online research or the use of the internet as a source of data is in its infancy, but is a growing discipline gaining both recognition and validity over the last couple of years.

Due to the lack of ethical guidelines, Rodham and Gavins' (2006: 94) recommendations are adopted. They argue that:

The 'open message board' is therefore considered to be both a public domain, as well as an environment where those posting and/or replying to posts would expect to be observed by others.

Therefore in terms of confidentiality, the pseudonyms of internet users who posted their opinions on message boards will be changed to make identification impossible. While in terms of consent it is presumed that individuals posting onto open message boards, by the very act of posting – are expressing awareness that their messages could be read by others and therefore, the latter are 'deliberately intended for public consumption' (Ibid). Therefore, as no ethical boundaries are likely to be crossed when accessing such data, it is not necessary to seek consent of individuals using open message boards (Fleitas, 1998; Rodham and Gavins, 2006), as long as the researcher adheres to the usual ethical requirements.

In terms of research method, a qualitative ethnographic approach was adapted, yet, as argued by Kozinets (2010: 5):

Online social experiences are significantly different from face-to-face social experiences, and the experience of ethnographically studying them is meaningfully different.

A neologism coined by Kozinets (1997; 1998, 2002) – *netnography* – was proposed to emphasise these differences and defined as:

A new qualitative research methodology that adapts ethnographic research techniques to study cultures and communities that are emerging through computer-mediated communications' (Kozinets, 2002: 62)

Netnographic research is a relatively young discipline and has not yet been able to produce a significant amount of research (see Kozinets, 2010: 175). The netnographer relies on the 'observation of textual discourse' (Kozinets, 2002: 64), which may also be qualitatively complemented by the content analysis (Berelson, 1952; Langer and Beckman, 2005).

Internet forums analysis is an emerging field, popular mostly in psychology (see Skitka and Sargis, 2006; Holtz *et al.*, 2012).

For the purpose of this research it is assumed that 'human communication is context-dependent and always organized as a response to someone or something' (Azevedo *et al.*, 2011: 674). The open discussion boards, where workers are talking about the case study companies, are treated as 'peculiar' expressions of resistance, hence internet forums may be viewed as 'not moderated virtual focus group' (Moloney *et al.*, 2003; Holtz *et al.*, 2012). Traditionally then internet forums are perceived as virtual communities of members. In the case of the discussion boards chosen for the purpose of this research, this may not be the case. The threads are in most cases reactions to the news published in the local press and are a mode of expression of ideas, views and feelings. Workers and, sometimes, others concerned with the matter take the 'cyber floor' as they consider the subject significant enough to bother about. Literature addressing the above-mentioned issues is relatively modest, the methodology underdeveloped. For the purpose of this research project the contents of the case study forums will be analysed in depth in terms of the prevalent discourse and the emerging themes. The main focus will be on the context of resistance. Most of the accounts are authored by workers who either work or have at some point worked for a Japanese firm at the Crystal Park site. When cited, the nicknames are changed and sources are disclosed. Recognizing the limitations of the above-proposed data sources, it is presumed, that just as the face-to-face interviews can be biased, the online accounts may

have similar disadvantages (Beckmann and Langer, 2005). The research has shown, that anonymity and deindividuation influence internet users' tendency to express more extreme and offensive views and statements in the cyber world, than they would normally (Holtz *et al.*, 2012; Williams *et al.*, 2002; Lea and Spears, 1991).

Without a doubt the internet research drawbacks are accountability and inhibition related. Suler (2004) suggest that in the case of cyber space, the phenomenon of 'disinhibition effect' may occur and it may take two forms (benign and toxic disinhibition). On the one hand, due to the anonymity, internet users tend to be more honest or more generous and kind online; they may open to a greater degree and share more personal information (while their personalities are disclosed); while at the same time the online presence may also involve the use of inappropriate, rude language; harsh criticisms; anger, hatred, or in some cases even threats (ibid). This undoubtedly may affect the accountability of internet data sources in a negative way.

5.5 Conclusions

This chapter has discussed the methodological underpinnings of the empirical research conducted in five case study firms in Crystal Park. Data triangulation helped produce a more comprehensive set of findings (Kuper *et al.*, 2008).

Firstly, through 36 semi-structured interviews, the researcher sought to gather insights from workers and managers employed in Japanese plants. Secondly, in addition to the interviews, this chapter has also outlined the methods used in analysing the online discussion boards where workers were sharing their experience. Through the novel approach of including internet gathered data in qualitative analysis the researcher obtained a more detailed picture of workers' experience and their resistance. Online sources provided very interesting material and supported the data gathered during the interviews. This allowed the author to identify and examine the patterns of workers' resistance as well as their attitude towards the Japanese practices in the case study companies.

Reflecting on the fieldwork and the chosen methodology, one of the main problems in the initial phase of the research was the issue of access to the organisations. As suggested by Soulsby (2004) the researcher was indeed, often dependent on the goodwill of the gatekeepers, and their own views about the purpose and outcomes of the study (Whitley, 1984).

Undoubtedly, the chosen research method brings some limitations. In terms of qualitative research Guba and Lincoln (1994) argued that no single method (or even a collection of methods) guarantee the 'ultimate knowledge'. Additionally, netnography as a method is relatively young and requires further development. The main areas of debate concern ethical and legal issues, however the authenticity, trust and validity of online research methods are equally relevant (Kozinets, 2010; Fielding et al., 2008).

Therefore a flexible and open-minded approach to both: the research setting and the data sources and gathering methods, is necessary (see: Stebbins, 2001; Soulsby, 2004). The researcher has to accept that the research participants (here: the managers and workers within the same organisation) may hold different views and construction of reality (see: Bartunek, 1994; Steger 2004). Another important drawback is the problem of transforming fieldwork (Steger, 2004; Soulsby, 2004); the investigated industrial site is under constant change i.e. developed, downsized, and restructured. In the researched case of Crystal Park, the plans for investment were far more extensive initially, than at the time when the fieldwork was undertaken. In terms of the internet data, the inhibition and accountability related issues arise. The virtues of the qualitative researcher in the transforming economies fieldwork are said to be the openness, modesty, reflexivity and flexibility (Steger, 2004: 37) and this project undoubtedly was a lesson of the above for the researcher.

The two following chapters will present research findings.

CHAPTER SIX

THE TRANSFER OF JAPANESE EMPLOYMENT AND PRODUCTION METHODS

6. 1 Introduction

The previous chapter introduced the methodology adopted for the purpose of this multiple case study research project. The aim of this chapter is to examine the dynamics of transfer of specific Japanese employment and production practices to Japanese-owned companies in Poland. The biggest cluster of electronics in Poland was chosen for this purpose. The first section (6.2) presents the Crystal Park site. Drawing on the observations of the researcher and interview data, the next section (6.3) describes the physical appearance of the factories and outlines the characteristics of the businesses operating within the cluster as well as inter-firm relationships. It will focus on the differences and similarities in functioning, as well as the links between the specific firms.

Next, the typical employment and production practices will be examined based on the findings from the interviews conducted with the workers and managers in 2011 and 2012. These practices are grouped according to the following categories: recruitment (6.4), training (6.5), discipline, pay and incentive system as well as the control and monitoring of workers (6.6), and lastly the quality assurance (6.7).

Two introductory sections provide information about the Crystal Park site in general and briefly introduce all of the Japanese firms, while the sections documenting the interview data from managers draws on five case study companies. For the purpose of ethical requirements, pseudonyms will be used in the subsequent passages. These are as follows, in no particular order: Kaiga, Hokkaido, Okinawa, **Matado**, Efude, Fukui, **Honsiu**, Morioka, **Sanoto**, **Ekitai**, Kochi and **Kessho**. The case study companies are marked in bold. Four of the case study

companies are manufacturers; of which two are TV assemblers and two are components producers; the fifth one is a logistics company.

6.2 Crystal Park

When established, Crystal Park in Ostaszewo (nearby Toruń), was the biggest cluster of Japanese electronics companies in Poland. The core of the site constitutes one of the most successful Japanese manufacturers, which started production in December 2006 – a multinational corporation founded in 1912 with a long history, which famously introduced a variety of inventions: snap buckle, mechanical pencil, and the world's first calculator. More recently, the firm is known for its development in electronics and renewable energy industries.

6.3 Physical appearance of the factories and inter-firm relationship

Crystal Park occupies the rural site of Ostaszewo, seven kilometres from Toruń town centre. Despite its close proximity to Toruń, the site is isolated and not accessible by public transportation. Therefore the largest Japanese investors have organised and been subsidising the transportation for their workers. Many of them commute from remote districts of Kujawy-Pomerania Province (Chełmno, Grudziądz and Brodnica). However, over the years 2011-12 the transport provided has been gradually reduced; some of the routes have been cancelled, or altered becoming less accessible to many of the workers and more time-consuming to reach. Additionally the companies have withdrawn their financial support towards the transportation fees, consequently making the transport unaffordable to some low-wage workers, as the fees consumed a substantial portion of their salaries and many workers resigned as a result. As the new policy affected mostly those who were commuting from remote locations, individual workers' initiatives emerged, as employees started organizing rotational joint car-runs. However this did not address the problem of the majority.

The land utilized by the Japanese companies was owned by the collective farm (PGR- Polish: *Państwowe Gospodarstwo Rolne*). Factories are distanced from each other (around 200-300 meters). The complex occupies over 177.61 ha (hectares; nearly 439 acres) and is not fully utilized. For instance, Kessho's initial plans were to expand its production fivefold. Crystal Park's low density development clearly indicates an unfinished investment. The National Road 1 (an 'A' road connecting North and South of the country) goes through the middle of the industrial zone, which facilitates the logistics functioning of the site. The A1 junction motorway is about seven kilometres away. Bydgoszcz International Airport is located 50 kilometres from the site, which was also an important factor for the Japanese investors (see Chapter Two). In 2008 the Japanese expressed their disappointment over the motorway not being as close as they have initially thought³⁵. The biggest plant at the site is located centrally to other factories.

Kessho – the first case of the study firm's factory was built by the Japanese construction corporation – Wakayama (pseudonym), which has an established tradition of business cooperation with Kessho, contracted to build all of the Kessho factories - built the whole factory. The plant is assembling LCD modules for Kessho itself, as well as for two other brands - LG and Philips and sales are focused on the European market. The main competitors are Samsung, Sony, and LG. Kessho entered Poland's market relatively late and has a considerably weak position in Poland. However, following its cluster investment pattern, Kessho attracted other Japanese electronics, chemical and logistics companies.

Apart from Matado Electric, which could be regarded Kessho's competitor, all of the Crystal Park companies are closely linked to Kessho. Their production volumes strictly depend on Kessho's performance (although they are not exclusively cooperating with Kessho). Additionally, the site hosts one Polish company - Apator (since 2012), which is not connected to Japanese investors and operates separately. The employment at the site fluctuates and, since 2012, the site has been downsizing. The largest plants (Kessho, Matado, Ekitai, Sanoto) have been employing between 600 and 2,000 workers. During the start-up period (2006-2007), an ethnocentric staffing policy was introduced by Kessho and other companies with the majority of the management coming directly from Japan. All of the shop floor workers are Polish (most of them have temporary, 3-months contracts or shorter), although in the start-up phase of the

³⁵ Based on the interview conducted with local government official in June 2011.

operation, some small numbers of Thai and Malaysian workers were temporarily employed in Matado.

Headquartered in Osaka, Kessho is known for its innovation in electronics and renewable energy industries. The plant is assembled LCD modules for Kessho itself and brands of LG and Philips. Next to Kessho, six other companies have located their operations: Japanese Fukui Logistics, Morioka, Efude, Hokkaido and Ekitai, as well as the only Polish firm operating at the site Apator (real name), producer of metering devices. The former are producing components and provide the logistic services for Kessho and others. There are eleven firms operating at the site in total. Famous for Samurai swordsmithing since 1669, Ekitai is a metal pressed elements specialist and one of the firms traditionally linked with Kessho for many years (cooperation between the two firms goes back to the 1970s).

Ekitai is also a supplier of car metal components for Wrocław based Toyota Bashioku; in 2012 it employed over 1,000 workers. Over the years (2010-2012) the importance of Ekitai in Crystal Park has expanded and the factory enjoyed a soft landing during the recession thanks to diversified contractors and was not forced to rely on a sole source of business.

The model of the *keiretsu*, (Kensy, 2001), with its business networks and close cooperation of companies, is central to the Japanese system and viewed as a ‘source of Japan’s competitiveness’ (Okumura, 2000: 137). These deep, long-term relations between the firms are also observed in Crystal Park as reflected in the quote from one of the Polish logistics managers who explained that:

It has been a truly deep affiliation for many years. The company even has a special division which is only responsible for cooperation with Kessho. We have two global clients – Kessho and Honda. Obviously, when Kessho was investing and building a factory in Poland, they were looking for partner firms. As we are a good, trusted partner and we cooperate with Kessho investments all over the world, our presence at the site is a natural consequence of this cooperation.

The logistics companies based at the site: Fukui Logistics, Okinawa Express and Honsiu Plc operate within a very specific division of labour on this particular site. They have divided their competences and specialised in either outbound or inbound logistics in order to facilitate smooth running of the entire cluster. Polish PKP Cargo, a state-owned rail transport company,

has bought a plot of land at the site, however is reluctant to invest. As Crystal Park's logistics manager explained:

Every few months we have PKP officials visiting us. They are always asking the same set of questions, wanting to know what is our turnover volume. They simply cannot decide whether it is worthwhile to invest or not. They don't want to start the project and be left with no business. I personally think there is no room for another logistics firm here. We are struggling enough already. There is not enough work for the three of us here anyway.

Another large manufacturer present at Crystal Park and the first which was built is Matado – the TV sets and modules producer. Its factory is adjacent to Kessho's site and a neighbour to Okinawa Express and Honsiu Plc. Matado was very successful at the beginning (according to the firms' process manager), but limited production in early 2011 due to the fall in demand; however, did not close their operation on the site. In front of the Matado's main gate, apart from Polish and Japanese flags, a Thai flag is also flying, to show the link with the Thai subsidiary (the majority of manufacturing components were coming from Thailand). The General Manager explained that the firm was hoping to resume production and reemploy workers at the pre-crisis level as soon as the global economy and demand have improved. The manager's high hopes were mostly based on the prediction that European and World Cup Football championships would generate the raise in demand for flat screen TVs³⁶. An aggressive advertising campaign was also launched in 2012 just before and during Poland and Ukraine hosted the 2012 Football Championships, with Kessho being one of the main sponsors of the event. This, however, did not increase demand to the level expected and in 2011 production volumes were already diminishing on the whole site. This trend has been evident since 2010 after the global crisis hit the industry and is reflected in a contraction in employment on the site.

Sanoto and Kochi are big LCD component producers. Sanoto Poland, established in September 2006 in Crystal Park, is part of one of the biggest Japanese *keiretsu* – an IT related chemicals producer. As a subcontractor in delivering LCD components (polarizing films), Sanoto's decision to invest was fully dictated by the presence of Kessho at the site. The firm employed 600 full-time workers in 2011. In contrast to other firms: Kessho, Matado, and Ektiai, where

³⁶ See Ciechoński (2011).

the manufacturing process was the assembly line; production in Sanoto was organized in batches, where individual machine operators and several teams worked together on completion of the tasks. Although the firm did not receive direct government support, in contrast to other Crystal Park-based companies, it took advantage of the preferential tax regime. Sanoto excels in ultra-high standards of cleanliness (the researcher was asked to wear protective shoe covers even in a conference area of the plant), more like a hospital than a factory. Whereas Kessho appeared huge in comparison to Sanoto, it was Sanoto which attracted most of the positive media attention. Some of the interviewed workers (not only Sanoto workers, but also other case study companies' employees) were convinced that Sanoto was the best company at the plant to work for. However, those who made such claims were unable to support them with evidence other than the, colloquially speaking, 'word of mouth'. The average worker in Sanoto is well aware of corporate culture; the emblems, the history, the connection with Japan. Japanese slogans and symbols are placed all over the site. The presence of Japanese connections is much greater in Sanoto than in Kessho.

Kochi is the smallest company at the site and occupies a one storey small warehouse. In 2011 it was employing only 36 workers.

All firms maintain very high levels of security. To access the factory visitors have to get a permit and every entrant's identity is checked by a gate guard. A second security check is undertaken at reception. In the case of manufacturing companies the reception areas were welcoming, bright and ultra clean, almost luxury hotel-like, which contrasts sharply with the dark in appearance, and reserved assemblers - Kessho and Matado.

From observation of the physical appearance it was clear that the specifics of the firm in terms of their production imposed a disparate work culture and environment. Cleanliness standards are amongst the most important in manufacturing electronics, and the employees were obliged to wear protective clothing and overalls. However, this feature is not just confined to Japanese practices, but a common standard in manufacturing generally. Logistics workers wear uniforms, too; however drawing a distinction between the operation and style of management in Japanese and European logistics companies is almost impossible. As Shinohara (2006: 8) argues:

European logistics management is more advanced than the Japanese one. In order to rationalise supply chains, the Japanese are adopting more of the European methods,

and not vice versa. Therefore, the European logistics management still remains as the model for a better logistics in the future.

The aforementioned trend can be observed at the site. While Crystal Park manufacturing firms are ‘Japanized’ in both appearance and management practices, the logistics ones appear to be lacking this influence. However, although one manager appeared to be deeply aware of Japanese culture and practices, having spent several years in Japan working and learning the language, as well as being married to a Japanese wife, during the interview the notion of *kaizen* had to be explained to him. Another Polish logistics manager admitted:

Actually, we are trying to do everything but the ‘Japanese way’. [emphasis and laughter] This is very peculiar system. Personally, I think that sometimes it brings more chaos than order.

Entering any of the manufacturing factories operating at the site creates an impression of stepping into a different world. Many of the interviewees shared this view and were full of admiration for this cleanliness and order, and at the same time, strongly aware of the colossal cultural gap. The distinction between a Polish and Japanese workplace is very obvious in terms of physical appearance. This is illustrated by one of the Crystal Park’s shop-floor workers:

Ever since I have entered the factory, I knew it was going to be something different. I used to work for the Polish companies only, so I found this very attractive for multiple reasons. I was very proud to work for a foreign company. I was always sure I wouldn’t come across any mess here. You can see it at first glance.

It is worth mentioning that the adjective ‘foreign’ in Polish has a strong emotional connotation and is often used as a synonym to ‘western and of a better quality’. The semantics is strongly linked to transformation and the post-transformational uncritical attitude of admiration for ‘capitalist’ economies. Anything produced or coming from across the Iron Curtain was (and, especially amongst the older generations, still is) considered ‘better’ than domestic. This is reflected in the pride expressed by the interviewee, who was convinced that the foreign company prospered better and was better organized in comparison to the Polish ones she had previously experienced.

Each production hall has trilingual posters in Polish, English and Japanese with the shop floor housekeeping method (5S) – sorting, stabilising, sweeping, standardising, and self-discipline –

everywhere. Additionally, the workers are constantly able to familiarize themselves with corporate culture and history through omnipresent emblems, logos and expositions. Each reception area has a visual display of the company's achievements and innovations. The researcher was shown a lump of pure red copper exhibited in Sanoto, whose first business activity was copper mining. Also – a Japanese *kanji* painted by the company's CEO during a visit at the factory, had been framed and hung at reception in order to commemorate the significant moment and remind the workers about the chairman's 'contentment'. Photographs documenting the visit are also exhibited. Another of the managers (Ekitai) kept mentioning the fact that the formation of the company dated back to the seventeenth century – repeating this four times throughout the duration of an interview. He was also very proud [I noted in my research diary: 'manager fascinated with the samurai swords'] of the original *katana* set displayed in the main hall. Similarly, Kessho's manager expressed admiration for the firm's innovations and its contribution to environmental sustainability.

Japanese symbols are present in every factory. Polish and Japanese and (in case of Matado also Thai) flags are flying in front of each plant's entrance. Honsiu's office area has clocks showing time in Warsaw, Tokyo and New York. Sanoto appears to be the firm with closest links to its mother company in Japan, even in terms of appearance - minimalistic decor, bonsai trees at reception. In Sanoto complex – each of the meeting rooms is named after a geographical location in either Japan or Poland: Tokyo, Osaka, Nagoya, Bydgoszcz and Toruń.

Safety calendars and reminders are present everywhere with all firms paying enormous attention to the safety issues. The companies are proud to advertise 'without incident' periods and encourage workers to share this enthusiasm. The 'achievement boards' are updated daily and usually displayed in visible places – either in the production hall or on the way to the production hall. For example in Sanoto, according to the general manager interviewed, during the briefings managers and team leaders always remind their teams about the 'praiseworthy count' – number of days without an accident – and express the hope for another accident-free day.

The following paragraphs further analyse the multi-firm case study in terms of Japanisation, in particular focusing on the specificities of transferring Japanese workplace institutions. The context of Japanese influence in management will be considered in terms of recruitment and training practices; the issues of monitoring and discipline, quality assurance, as well as management's attitude towards the trade unions presence in the workplace. Table 6.1 compares

the presence of Japanese practices with regards to the discussed areas: recruitment, training, pay system, company welfarism and quality assurance across the five case study companies.

Table 6.1 Research sites' overview (in terms of selected peripheral Japanese practices).

COMPANY	Kessho	Matado	Ekitai	Sanoto	Honsiu Plc
PRACTICE					
Recruitment	-Direct -agency (more than 50 percent of workforce)	-Direct -agency workers during the start-up period	-Direct -agency (more than 50 per cent of workforce)	-Direct only	Direct only
Training	OJT	OJT	OJT, short induction (one week).	-Induction and OJT Engineers and managers were sent to formal three months induction in Japan, during start up period	-OJT -adaptation period
Pay system	-Small bonuses based on performance	-Small bonuses based on performance	-Small bonuses based on performance	-Small bonuses based on performance	- Small bonuses based on performance
Company welfarism	- Subsidized transportation -Social Fund -Holiday allowance	- Subsidized transportation -Social Fund dissolved	- Free transportation -Social Fund -Holiday allowance	- Subsidized transportation -Social Fund -Holiday allowance	-No transportation -Social Fund -Holiday allowance
Quality assurance/ Lean production	-JIT -5S -Narrow application of <i>kaizen</i>	-JIT -perfunctory application of 5S <i>kaizen</i>	-JIT -strong emphasis on 5S -modified <i>kaizen</i>	-JIT -5S - <i>Kanban</i> method - Application of <i>kaizen</i>	-No formal, 'Japanese' quality policies

Source: Author.

6.4 Recruitment

6.4.1 Profile and skills

Most of the Crystal Park companies share a similar employment profile. They employ workers from an area of fifty mile radius and the majority of the employees are recruited from the high unemployment rate districts (over 20 per cent). Between 60 and 70 per cent of the shop-floor workers are women, many of whom have a degree (HR departments are not able to provide the exact number, but are aware of such regularity). The average employee's age is 35. The managerial class and highly skilled engineers are recruited from all over the country, as the Toruń region is deficient of highly-specialised engineers. The local university, the Nicolaus Copernicus University (UMK), does not educate these groups of workers, as Toruń lacks a Polytechnic and other higher technical schools. However, the existence of the Crystal Park has significantly changed the situation of the graduates from the Faculty of Physics, Astronomy and Informatics, as well as the Faculty of Mathematics and Computer Science at the local University. Many of them have successfully applied for engineering jobs in Crystal Park, whereas before, they were forced to look for employment in more industrialized towns in the neighbouring Bydgoszcz or Poznań. Many graduates now are settling down in Toruń. Japanese companies are also interested in recruiting graduates from Toruń vocational technical schools. Some of the big manufacturers organized 'Open Days' at Toruń Mechanical, Electric and Electronic Schools, encouraging pupils to compete for employment at Crystal Park after graduation. Apart from shop-floor workers, administration workers, and engineers, Crystal Park hires interpreters and translators. However there are only a few interpreting posts available and not in a full-time capacity. Eventually interpreters employed at the site had to be re-skilled and were delegated to other departments. A number of students enrolled on a newly-established Japanese Studies course at the University of Toruń (UMK). It was assumed that the course would give an advantage in the region's job market shaped by Crystal Park and ensure high employability. However, in the case of highly-skilled specialists employment opportunities were not as significant as it was predicted. Most of the know-how arrived from Japan with the Japanese managers, who were training production managers, engineers and technicians. When asked whether his former experience and education pattern helped in understanding the work

duties, one of the ‘fresh’ university graduates, an MA in Technical and Applied Physics working in Ekitai said:

We were shown everything during the training with the Japanese manager. We assembled the line and serviced the machines together. I do know the main principles of the mechanics and know how the engine works, but everything I needed to know I have learnt from the manuals provided and the Japanese engineer. It was hard at times, cause he didn’t speak very good English. Luckily with the machines you can just demonstrate a lot of things. Sometimes we talked like kids. [laugh].

For the manufacturing workers in Kessho the recruitment process itself consisted of an aptitude test (potential candidates were timed to put little plastic elements into the bigger block). Ability to meet the required speed was said to be the main criterion of a successful appointment. One of the Polish office workers at Kessho remembered that she also, apart from a regular interview, underwent the above-mentioned test. She laughed, when talking about it, as she found it infantile and a ‘waste of time’. She did not see any point in this practice, as her position did not require any such skills, she concluded.

The Visual Quality Control Technician (Polish) at Sanoto said he and a few of his friends were recruited directly from school. He completed all his A-levels (Polish: *matura*) in May and was already working when the summer holiday started. He said, he was planning to go to University at some point, but as work was available his further education was being postponed. He started considering part-time weekend university courses. He and his peers who took employment in Japanese companies were strongly aware how hard it was to find jobs when young and inexperienced. The young technician (20 years old), said, that it was hard to believe that Japanese companies would want someone so inexperienced, but he also admitted that there was no way any school could prepare for the specificities of such jobs. He has learnt everything during his training.

Generally speaking, the workforce for the Japanese plants was either recruited directly (job advertisements – internet and local, as well as national press) or contracted through temporary work agencies. In some cases potential candidates were also taken on after recruitment sessions in local vocational schools. However, according to the District Labour Office (Polish: PUP *Powiatowy Urząd Pracy*) clients have not been overwhelmed with job offers from Japanese

investors. During the preliminary fieldwork the interview with PUP's managing director; revealed:

The hopes were high, but we didn't get a lot of business from the Japanese firms. While we expected that engineers and highly specialised technicians would be in demand it turned out that Japanese investors were mostly looking for young, inexperienced, flexible and prepared to work for national minimum wage.

6.4.2 'Flexibilising' the labour force through employment agencies

A major feature of the recruitment and employment process was the use of temporary contracts through employment agencies which was the dominant trend for the majority of the employees - including all the shop-floor workers. The presence of staffing agencies is a relatively new phenomenon in the CEE countries (first appeared in 2004). Yet, as Coe *et al.* (2008: 1412) posit, Polish market is likely to be dominated by temporary staffing business. From the perspective of both the staffing agency and their customers, who are interested in cheap labour, flexible and deregulated labour markets and enhanced economies of scale (Coe *et al.*, 2008; Peck *et al.*, 2005) Toruń is a perfect place of business. Three main agencies are cooperating with the Crystal Park companies on a regular basis – Manpower, Start People and Randstad. It is worth noting that the global scale of investment at Crystal Park and the employment fluctuations, created by the presence of the Japanese electronics in Toruń, had an enormous boosting effect on the agencies' operation scale, never present before. They have been operating in the Toruń region since 2005, but on a limited scale. A recruitment consultant in one of the biggest staffing agencies said:

We are very pleased with the investment. It has resulted in an unprecedented growth and we are expanding like never before. It is challenging at times, as finding three or four dozens of people with a couple of days' notice is very hard, but we are doing our best to meet all those requirements. Sometimes it is hard to fit the exact profile, but we have a really large base of potential candidates, even from quite remote locations, like Grudziądz or Brodnica. They know there is work in Crystal Park and they register with us hoping to find employment.

There were periods of time when the recruitment firms were required to supply over several hundred workers on a daily basis. Japanese companies were expecting to get a new workforce within a period of three days. The biggest recipients of such an employment solution were Kessho and Ekitai, whose personnel consisted of temporary work power in 50 per cent or more at times. On average a worker was contracted for the duration of two weeks, and then reengaged on another contract at a later date, depending on demand. In this respect it could even be classified as 'seasonal'. For example, one of the students (however, her experience was not entirely negative) who, contracted by the same agency, found work on the assembly line twice during the same summer with two different companies (when the contract with Kessho was not extended, she got the same job at Ekitai) explained:

To me it doesn't matter. It's only a summer job. I go back to Uni in October and just want some money to get by until I get my scholarship and student loan again. It's not much but enough to pay for the basic stuff. It's a shame I can't be with the same company, cause I liked the girls there; but there are many like me. And I feel sorry for them. They can't be sure what happens tomorrow, some of them have kids and families and so on. It must be hard. I wouldn't want it as a normal job. It's only good for a short period of time. So for me it was ok.

The logistics companies, however, did not systematically rely on the services of the employment agencies. Honsiu's Logistics Manager expressed strong reservations about the effectiveness of agency workers, suggesting that it was not appropriate to logistics in that workers who were not sufficiently qualified or trained could not be trusted with handling equipment and commodities:

I won't let anyone from the agency come and operate a forklift or pump truck. We've got some expensive stuff in the warehouse. The risk is too high. It's not worth it.

Conversely to Kessho, two other manufacturers, Sanoto and Matado, had a policy of non-use of temporary workforce. Matado used it only in the first few months of the operation in 2006 and 2007; Sanoto never used employment or recruitment agencies for regular workforce. They only hired the translators and interpreters at the very beginning on a temporary basis. Employment in Sanoto is characterized by long-term cooperation with the employees. A Polish human resources manager explained that:

The efficiency and attitude of the temporary workers is much lower than that of employees directly hired by Sanoto. While, in our case, one well-trained employee is sufficient; at the same time Kessho needs to hire three agency workers. This kind of ‘outsourcing’ is too risky for us. We have different corporate culture to Kessho.

In case of the firms reliant on flexible employment, after a certain time, the workers had a chance of being hired by the firms directly. The institution of ‘probation period’ as well as Polish deregulated employment law ensured flexibility of employment at the site. In some cases ‘probation’ lasted eighteen months. Agency workers were employed on two-week or one month contracts. It has to be stressed that these kinds of policies are widely practised in Poland, not only among Japanese corporations. As already mentioned, Poland has the highest share of temporary contracts among EU Member States (see Chapter Three). Kessho cooperates with only one employment agency, Manpower. Kessho’s management defends this recruitment policy explaining that it is enforced by inevitable market fluctuations. However, Sanoto’s, being completely dependent on Kessho, hence indirectly affected by those fluctuations, still maintains a long-term employment policy. This view was also supported by Polish HR Manager at Ekitai:

The specificity of this industry is not without importance here. Huge seasonality of production makes the permanent employment impossible. There is only a small group of core workers, with stable employment status. Of the 1,000 people working for us at the present moment, we are directly employing 300. We are the second largest employer at Crystal Park. We may require only 300 people at one time, while a moment later we may find out that we need another 500 or 1000. We are using two employment agencies.

At the same time, when asked about the qualities the firm was looking for in an employee, the manager expressed the firm’s willingness to employ the most committed agency workers and those interested in a long-term relationship with the firm, personal growth and development. Paradoxically, while taking advantage of the flexible local job market, the Polish manager supported the Japanese and company’s philosophy of long employment.

This apparent disparity between the recruitment practice at the site and the well-known Japanese attitude towards long-term employment is an evident reflection of a changing global economy where the notion of life-time employment is increasingly a theoretical concept. The use of core and peripheral workers is extensive and an important part of recruitment practices

all over the world. Japanese firms in Poland are not an exception and the Polish labour market facilitates these practices of flexible employment.

Employment flexibility in Crystal Park was pushed to its limits as temporary workers were contracted on one-month contracts, which could have been extended every month. To avoid permanent employment (according to Polish employment law, an employer is required to provide permanent employment after eighteen months of temporary employment), Japanese companies either laid workers off after the eighteen-month period had expired, or re-employed them on a new contract. The whole eighteen-month cycle started again. One of the workers in Kessho explained:

Here it hasn't happened yet. But you never know with them. In Matado, you hear things. My friend's wife worked there for some time on a temporary contract, but it was not extended. She is a good worker. And her manager said he was unable to reemploy her on a contract, but told her to come back through Manpower. This is a joke.

6.5 Training

In respect of training the Crystal Park case study companies applied different policies that were closely linked with the nature of the recruitment model they pursued. Generally speaking, the more flexible workforce the company used, the more limited the training. For shop-floor workers in most of the manufacturing companies induction was short and usually restricted to one day course usually provided at the Crystal Park site. Mainly during the start-up phases, managers and engineers occasionally participated in training at Japanese HQ or other subsidiaries. Sanoto was the only firm to send the majority of the engineering staff for a three-month period of training abroad during which time employees experienced working along with their colleagues in a Japanese sister plant. One of the Polish engineers reminisced:

The work was the same. It wasn't stressful or difficult at all. We were doing exactly the same we would be doing in Poland. We were getting to know the machines and the production process. There were only two differences I can recall: the routine of the morning assembly and the daily gymnastics and our manager telling us a short

parable after this ‘muster’. I remember one of them was about smoking, I think. I was not paying too much attention, I guess.

Sanoto sent its engineers and managers for training in Japan every time a new method or production line was being introduced. At the very beginning about 20 per cent of the workers underwent training in Japan. The management fully endorsed workers’ participation.

Working at Sanoto is not a simple, mindless process of throwing things around the factory. Employees have a chance of influencing their workplace. This approach gained workers’ enormous popularity.

(Polish Human Resources Manager at Sanoto)

The Polish production manager at the same firm added:

Our factory does not resemble the set of old movies with Charlie Chaplin, where workers are only turning their screwdrivers like robots. It is far more complicated than that. You wouldn’t be able to walk on the shop floor now and stand by the assembly line and start working immediately. It is not a doddle [Polish word used here was ‘*piaskownica*’ – English for ‘*sandbox*’]; training is a must.

Generally, however, management favoured On-the-Job Training (OJT) to formalize professional training sessions, highly regarded in Europe:

Here (...) the OJT – so ‘on the job training’ – is the principle. Therefore everything the employees ought to know, they should get to know through their supervisors. The supervisors should ‘enlighten’, if you like, their subordinate workers with knowledge in order to pursue their occupational growth. This should allow them to reach the heights of perfection, leading to the mastery of their job skills. This is the Japanese approach and it took us ages to convince the Japanese, that this is not the method accepted in Poland, in our culture and that we would like more training.

(Kessho’s General Manager - Polish)

Highly-skilled engineers had to organise their training trips to Japan and China directly through the Japanese HQ. One of the Polish process engineers at Kessho explained:

We were about to open a new production line. We wanted to go to Kessho's Chinese plant, where the same line had already existed. Only thanks to our determination, we were able to convince the management of the importance of technological training. Eventually, they agreed and we went for a two week training session in Kessho's factory in Nanjing, China.

The importance of training and learning the company's philosophy from the very beginning is highly regarded in Sanoto. One of the Polish managers describing workers attitude to induction training underlined:

They see our philosophy. They become a part of it. The workers see that everyone is following the same rule, whether it's the supervisor, the director or the CEO. No matter the position, when we are here – everyone behaves the same. There is no distinction. When in the production hall we all behave as production operators do. There are no better or worse.

Among the shop floor workers education or history is of lower significance, as the managers emphasize paramountcy of the OJT. Polish manager at Honsiu stressed:

I don't really care about the background of the employee. Someone can be a classicist philologist or a hermeneutical philosopher; if I see they want to make a difference I will employ them. All the necessary training will be provided. They will pick everything they need to know on the job. I know instantly who's good and who's not. All you need in this job is commitment and passion.

In all the case study companies many of the shop floor workers were local University graduates. This reflects a tendency growing over the last few years in Poland, whereby a growing number of graduates are forced to seek employment below their qualifications. The Polish job market lacks sufficient graduate posts; or, as Kabaj (2010) suggests, the Polish education system is ruled by individual interests of tertiary education providers and the personal aspirations of its 'customers', and is therefore incompatible with the market demands. Thus, to make the system more efficient and sustainable, it should be based on the needs of the economy and industry instead (Ibid). With the production of more graduates than economy is able to absorb, the situation aggravates; particularly conspicuous in Toruń, where the University injects the overcrowded job market with hundreds of new graduates every year. As Polish manager at Sanoto said:

We have a couple of people with PhDs in our warehouse. As far as I remember one in history, another in philosophy. Plenty of workers have master's degrees.

Another important feature mentioned by the interviewees is the relationships between training and worker efficiency. Managers are aware of the time workers need to adjust to specific requirements and quality standards and, in order to meet the demanding Japanese criteria, workers need training as well as encouragement. 'Probation' and 'adaptation' periods are in place and can last anything from a few weeks up to two months, as explained by the Polish manager at Honsiu:

We have an adaptation period, while the workers are being trained to do their job as we want them to. For example a forklift operator, even if he knows how to operate the vehicle still he needs about two months to adjust to our efficiency standards, our health and safety procedures and quality requirements. When it comes to an office worker – the process is not as time consuming. Initially it takes about a month or so. To get accustomed to more advanced procedures and skills may take up to two months on the top of that. We don't expect the impossible. This system has worked for years and is there for a reason.

Although all the firms recognise the necessity of workforce training, some of them appear to be more 'Japanized' than others in this respect. Kessho and Matado are favouring typically Japanese OJT, while Sanoto has got a formalized program of induction and training. Kessho's and Matado's recruitment policies are related to their approach towards training, as it is undoubtedly difficult, uneconomic and ineffective to maintain a training regime with high workforce turnover due to the use temporary contracts. Ekitai has a moderately short induction and adaptation period (limited to basic health and safety and a brief history of the company and corporate philosophy). Employees are often re-employed directly by the company after having worked there already through an employment agency. Honsiu Plc. is also adhering to the OJT method and offering an adaptation period for the new workers that last up to two months.

6.6 Discipline, monitoring and pay and incentive system

Working for a multinational corporation in Poland's post-communist economy is still regarded a privilege, and can often increase the social status. This perception is amplified in depressed regions of *Poland B*. As one of the Polish shop-floor workers at Matado stated:

There is no comparison to the Polish company I worked for before, everything is different. I understand that this requires different rules and regulations. I was struck by the level of professionalism from the beginning. How this company is organized was quite impressive. However there were also some muddles in the start-up period.

Sanoto management believes that Japanese rules, if introduced from the very beginning rather than gradually implemented, cannot meet any resistance. They are convinced of these rules' effectiveness and overall benefit, and therefore fail to imagine anyone opposing 'good practice'. The Polish Human Resources manager at Sanoto explained:

...if something is being introduced from the very beginning the worker accepts this as something natural. If we employ someone now, they will see that everyone works a certain way, such an employee won't argue with it. But now, if I suddenly decided to teach them some new practice, if I for example said: Let's implement *kaizen*; everyone would turn up their noses at it, they would say it was another silly idea of mine, and *Leave us alone*. Typical for the Polish nation. (...) if there is an idea, a concept from the very beginning how it's all meant to be done then no one can question it as there is no point to do so. **There are some rules to be obeyed. Full stop.** [exclamation added] Like the 'shoe rule' - which everyone **must accept**. (...) as these rules have been introduced since the very beginning it was accepted as a matter of course. Therefore no one demurs at changing their shoes or something else. They just come and do it.

Most of the managers and workers in Crystal Park had never worked for Japanese companies before. 'Japanese methods' are well-known and popular in theory, however not many of the employees have experienced real Japanese practice. The presence of the Japanese managers at the site is limited, usually with only a few managers working in a Polish plant at the time. Most of Japanese expats were Kessho's managers. While in other Crystal Park firms the Japanese were mostly represented at senior level, at Kessho Japanese team leaders were also present at

all stages of production. Polish workers at Kessho worked alongside their Japanese managers at times, while in other firms the Japanese were mostly present during the important meetings and seldom had a chance of direct contact with their colleagues at junior level or the shop-floor workers. Managers communicated with Polish co-workers in English or through interpreters (the latter at start-up phase only).

In the eyes of Kessho's Polish manager, the peculiarity of Japanese monitoring and discipline seemed to meet workers resistance. He admitted that the main problem they had faced was the lack of discipline. The manager did not, however, associate it with Japanese methods, as he explained:

I do not really think that it's about the Japanese, Chinese or Swiss regime. There was a regime and this was the problem. Suddenly it turned out that there is a need of working within the 'from - to' frame and that the workers couldn't themselves decide where they are at the certain times. For example: I suddenly wish to have a cigarette so I go and have a smoke, I wish to have a little break, walk around in the factory - I do so. Why it was a problem, is the question. Up until that time these people worked for less demanding employers, mainly illegally, so when they gave those jobs up - they weren't losing a lot. Or they worked in agriculture - when someone wants a break on the field - they just take it. And suddenly it turned out that one has to arrive at a specific time, at a specific time one has to appear at their work post, there is a specific dress code, an obligation to wear working clothing. Even now it still happens that I spot the worker without the protective clothing on the shop floor. When I ask why they are not wearing their overalls, I hear: "I washed it; I have forgotten; forgot to bring it; etc." There are many different stories. We had to introduce the rules for smokers, too. There's been a huge protest over it.

The same manager failed to observe a direct relation between workers' disobedience and legacy of communist mentality, using the abstract of 'Polish mentality' to explain it:

This is 'Polish' mentality rather than communist one. Of course, somewhere deep – the old rule must have had some influence. Not to mention this 1970s expression: 'Whether you stand or whether you lay, you are entitled to a thousand quid pay!' (Polish: *Czy się stoi, czy się leży: tysiąc złotych się należy*), but I wouldn't say it has such a significant importance in this case. I am convinced that people just weren't used to so much discipline in the workplace and weren't familiar with the character of this particular industry.

Workers were aware of the different standards present at each plant. They had to obey strict rules; from clothing and physical appearance restrictions and regulations, like make-up ban in some firms, to specific work rhythm and corporate culture. For instance workers in Matado wore different coloured caps, depending on the role. The shop floor workers had grey caps, engineers - orange, and the management blue. One of the Polish workers did not appreciate this 'stratification' and expressed her disapproval during the interview:

I think this is some very silly idea. I understand that it improves the order, and maybe makes finding people easier, for example when you need to speak to the manager you just look for a 'bluehead'; but on the other hand it unnecessarily divides people. Well, but that's the Japanese company, they have they own way of doing things. So we wear these stupid caps like it mattered at all.

There are no exceptions and every worker is very closely monitored, which constituted a novelty for the employees used to the Polish workplace practices. Sanato's Polish General Manager emphasised the necessity of discipline and early introduction of control mechanisms and argued that only transparent, even if harsh, rules of workplace discipline introduced immediately and accurately would not meet the resistance, despite initial reluctance. The Polish Production Manager added:

Straightaway, during the induction, the worker sees our attention to detail in every aspect. Even such a little thing like the shoes matters. New employees can't just enter the factory, but have to get changed. They can see everything is controlled and non-random. We also try to raise awareness of the reasoning behind such a high level of control.

Kessho installed a CCTV system to monitor the assembly line workers, however, the presence of video monitoring in other case study companies was not revealed to the researcher for the security and policy reasons.

At Kessho shop-floor workers were assessed twice a year. Manual performance tests were conducted, whereby workers were asked to assemble a particular component. Their performance was timed and then evaluated against the quality and efficiency requirements. Kessho's Management and Administration employees were assessed on the annual basis with their performance measured by other criteria (based on financial and production targets

achieved). An assessment report in writing was available for workers to access and a positive performance review attracted a bonus (see table 6.1).

Table 6.2 Performance related pay scheme at Kessho (as per 2011).

Category	Bonus/Incentive
O	-----
B	-----
A	Additional 100 PLN per month
A+	Additional 150 PLN per month
S	Additional 150 PLN per month and direct employment with Kessho

Source: Author based on interview with a union representative.

Additionally, every month random efficiency checks were conducted among the shop floor workers in Kessho and Ekiyai. A Polish shop floor worker at Ekitai shared her view about such practices:

We knew we were going to be checked. That was a normal procedure. Every month or so, our foreman used the stopwatch in front of us, while we were assembling components. On many occasions she was doing exactly the same, but not openly and apparently [laugh] without our knowledge. We still saw her using her stopwatch, and it really looked funny – her struggling to pretend she was doing something else and not paying attention to us. Our results were never revealed.

Sanoto's employees were assessed on an annual basis, but there was no financial reward. Employees had to pre-assess themselves and their assessment was compared, discussed and a final report written by the managers. Based on the results of which workers are divided into three categories: 'Good Enough', 'Committed' and 'Distinctive'. During the prosperous period every April, *Shunto*-like practice took place, as Sanoto increased wages annually until 2011, (it was only a nominal amount, and, as one of the Polish engineers said – 'more of an 'inflation adjustment' than a pay rise'). This however, contrastingly to the original Japanese practice, was not a negotiated change but automatic.

Unskilled workers earned the national minimum wage (1,386 PLN gross in 2011). Seniority does not make much difference. A store keeper with six years' experience earned 1,990 PLN gross (2011). A senior technician with five years' experience at Matado earned 1,780 PLN gross (2011), while the monthly remuneration of a process engineer at Kessho (with the same experience period) equalled 2,800 PLN gross (2011)³⁷. Agency workers were paid 100 PLN bonuses for punctuality, non-absenteeism and perfect attendance. But this additional sum was paid directly by the employment agencies. In addition some elements of company welfarism were introduced. All case study companies (apart from Honsiu Plc.) organized the transport for workers (between 2007 and 2011) and a fixed amount was deducted from the monthly wages. This sum varied from 25 PLN to 140 PLN, depending on the distance and the level of company subsidies (in the case of Ekitai transport was free of charge). Most interviewed workers regarded this arrangement as very convenient. One of Polish technicians at Matado stressed:

I live sixty four kilometres from Crystal Park. I used to spend a fortune on petrol (I own an old Volvo estate, which is not very economic) commuting every day, and I was hardly breaking even. What's left of my wages was just not worth it; sometimes, literally, pennies. I felt like I was just working for the sake of it. Now, with this organized transportation I manage to save a bit more. Still, it takes around one hour and half to get to the factory by bus.

From the management's point of view the provision of transportation was a necessity:

Local authorities did not care much about the transportation. They did not provide a single bus stop by the site which employs more than four thousand workers. [Vice raised and turns her head expressing disbelief, expects the researcher to comment] Can you imagine? Are we in the middle of nowhere? No! Just, but only just, by the main road. So, we were forced to organize it ourselves. Generally, we have to cover more than half of the cost; the rest is paid by the workers. On the other hand we do not experience problems with punctuality, as the whole workforce comes at once.

³⁷ PLN 1,386 in 2011 was worth approximately 308 Euros and £270; PLN 1,990 respectively 443 Euros and £387; PLN 2,800 – €623 and £545 (calculations based on the exchange rates available on the European Central Bank Website).

(Polish Sanoto Manager)

On occasions when production at Crystal Park peaked (2010), and employers were desperate to organize over-time workers, mini-cabs were ordered. One of the technicians at Ekitai recalled:

I remember once, on Saturday morning I received a call from my foreman. She asked me to do some overtime. I said that I had no mean of transport to get to Crystal Park. She said: *Don't worry, we are sending a taxi for you.* That was quite awesome! To be honest, I don't get a chance to ride a taxi, quite often I just can't afford it.

Japanese companies also provided other forms of benefits. That included: Toruń swimming pool membership, affordable lunches at the factories' canteens (cost from 4 PLN to 9 PLN) and holiday allowance (in Sanoto and Kessho). These schemes were well-received, as they are not very common in the Polish workplace, especially in the private sector.

6.7 Quality assurance

Crystal Park's managers boasted about the implementation of quality policies. The Polish HR and Administration Manager at Ekitai proudly said:

We are currently implementing very advanced TS 16900 quality standard. It is a car manufacturing standardisation, necessary to manufacture components and gain new contractors. When it comes to the car industry it is a standard more advanced than ISO. It will hugely influence our production process.

The most basic quality assurance method is 5S Workplace Housekeeping, which was a standard in all of the firms researched and was adopted wholly by every single case study firm. Workers in each firm appear to understand the necessity of 5S and appreciated its practicality. The only

exception was Honsiu Plc; the logistics company which did not implement 5S rule the Polish manager explained:

Actually we don't have many of Japanese 'features' here. I used to work for the European corporation, Unilever. I came across all of typical Japanese production methods: lean manufacturing, JIT, *kaizen* there. So in fact Anglo-Dutch Unilever is much more 'Japanese' than our company. I have never filled a *kaizen* here [laughter].

The extent to which *kaizen* was introduced, its adaptation and the gap between rhetoric and reality are important themes in examining the transfer of Japanese workplace institutions. *Kaizen* is one of the most important features of quality assurance and Japanese economic success itself. It is the philosophy of continuous improvement, in which all staff constantly considers methods of improving quality and efficiency (Hollinshead, 2010). The five main elements of *kaizen* are; team work, personal discipline, improved morale, quality circles, and suggestions for improvement. The improvements sought through *kaizen* include maximum utilization through the elimination of unnecessary movement and idle time (Oliver and Wilkinson, 1992). *Kaizen* is very formalized and embedded in Japanese culture. Clearly, Japanese companies need to adapt it to European conditions. Generally, in Japan, workers do not expect any personal benefits from the accepted and introduced 'improvements'. Only few Crystal Park based companies decided to introduce *kaizen*.

Ekitai's management was very optimistic about implementation of *kaizen*. The philosophy of continuous improvement was broadly recognised among employees at all levels with the majority of innovative ideas coming from shop-floor workers. The Polish maintenance manager suggested that:

Kaizen is a matter of course for employees.

The *kaizen* system is also being implemented in Kessho. Employees are fully aware of the procedure; *kaizen* forms. They even participated in Kessho's worldwide *kaizen* competition:

There is a contest for the best innovation or improvement. Workers can be organised in teams of 3-5 people. All the projects are assessed by the Japanese, the best are sent

for the international Kessho *Kaizen* contest. When someone has got granted a patent, then he or she is getting bonus every month. The Polish team were already awarded, and sent abroad.

(Kessho shop floor worker)

Some workers perceived the *kaizen* initiative as empowering:

I'm a *kaizen*-woman! I had a chance to prove myself. I came up with few very good ideas. I made some alterations to the machines we are using (to cut filters), other in ergonomics, moving some of the machines around, it made our workplace more functional and safe. I like mechanics. I was not really appreciated in the Polish company I used to work for. Here, people don't mind women working with screwdrivers. For me it is more important to be valued by managers, I didn't care much about how much money I would get for *kaizen*.

(Polish shop floor worker at Sanoto)

Although fairly small, money awards were given for introduced *kaizen* innovations in most of the manufacturing companies. This illustrates the way in which firms had to adapt to Polish expectations as workers in Japan do not expect any personal benefits from the accepted and introduced 'improvements'. A Polish HR manager at Ekitai explained:

There was an attempt to implement *kaizen*, in the same form as is functioning in Japan. It absolutely did not work out, as it did not match with Polish reality. We had to take up some modifications, to 'polonize' it. In Japan it is quite natural from the philosophical point of view. It is based in culture. In Poland it is different. We treat it as another system, which has to work, but nobody knows why it is in place.

He continues explaining the differences in *kaizen* perception:

There are differences. Firstly, the Japanese have *kaizen* targets. They expect to receive certain amount of forms for every specified time period. For example, in Japan, every month one employee of each department has to come up with a *kaizen*

suggestion, end of the line. In Poland, half of the people will find the idea mad and ask “Why bother with *kaizen*? If I have a good idea, I simply implement it. No need to write a book about it, why formalize? If I want to improve my work, I just do so. Besides, I won’t just fill the forms for the sake of it”. In Japan it’s almost ‘art for art’s sake’. If by the end of the month the *kaizen* target isn’t met, employees have to volunteer and ‘produce’ the expected number of *kaizen* forms. And even if it’s moving the plant from one side to the other, the form is filled in. We smell ‘communist regime’ here straight away. Too much pointless bureaucracy. In Japan the whole process is deeply formalized, also in terms of quantity.

Another Polish worker, a quality controller in Matado, was very sceptical about the *kaizen* initiative:

People are very reluctant to do this. And I am not surprised. Why would you do it anyway? You are not getting paid for that. I am not taking any initiative for free. I am very ambitious, but working for free... In my opinion shows lack of respect for your own person. If employers want to motivate us they should pay us accordingly. Our management does not award us, and there are no *kaizen* initiatives. The whole idea of *kaizen* is baloney.

Therefore a major ‘modification’ to the Japanese workplace institution of *kaizen* is the provision of financial incentives. However, time-consuming procedures and the relatively small financial rewards alienated many employees. Logistic companies at the site have not introduced *kaizen* yet, although at the time the interview was conducted, they had plans to do so in the future. A Polish branch manager of Honsiu Plc explained:

Polish workers are not prepared for such an initiative yet. We have to precede it with a series of training programmes. The Polish mentality is quite different. At the moment we are in touch with other European subsidiaries, which are sharing their experiences of *kaizen* with us. We are hoping to implement *kaizen* in our firm in 2013.

The Polish General Manager of Kessho expressed his cautiousness on *kaizen* implementation:

Few propositions were received, of course. However *kaizen* is such a popular form of gaining or releasing, if you like, the rationalising (as it was once called) of energy, that it is used by many firms. The only problem is of nomenclatural nature – whether we call it *kaizen* or rationalisation. Rank-and-file initiatives sometimes appear as the workers trying to improve their workplace. We had our own *kaizen* programme at the beginning but it hasn't caught on. We had to make some changes. Currently we are about to reintroduce it. We will have to wait for the results and see.

Not only the attitude to *kaizen* in Poland-based companies had to be adjusted, but also the procedure has been slightly simplified. The submission process was shortened and practically all workers were permitted to explain their ideas to their team leaders directly, rather than in writing on the form. The *kaizen* submission form in Ekitai (see Appendix 1) was abridged and looks nothing like its equivalent in the Japan-based plant. A big part of the form is dedicated to the award the worker receives for a successful and cost efficient idea.

Typical 'quality circles' (which are more common in Japanese automobile industries) as such are not present at the site. Quality is maintained through the 5S teams and 'Safety patrols'. However, a Polish production manager (Sanoto) explained that:

'Quality circles' are just one of the terms used in production management. They are present in Toyota under this name. In our company, when in effect of the production team meetings the project comes out, or necessity of improvement in any area, it is put on the task schedule. Sometimes it takes a month, sometimes it's a half of year job. An interdepartmental team is created for such a task, someone from production, someone from QC, and i.e. someone from Production Planning and Business Coordination to work on the project. The analyses are being carried out and obviously when the project is accomplished, and had succeeded, we analyse the outcomes and the benefits drawn, etc., so it's just called differently but it operates in a very similar way.

However, the comments of some workers revealed a gap between the rhetoric and reality of *kaizen* implementation. For example, a Polish shop-floor mechanic (Matado) expressed his doubts regarding quality assurance:

The whole quality policy [air quotes by worker] is only in place when we are expecting an inspection from Japan, or from of our contractors. Then everything is organized. For most of the time our quality policy, to put it simple, only works on paper.

This was confirmed by Polish quality controller in Matado:

There was so much emphasis on the quality in the beginning phase, when the Japanese were here. Now, since they are gone, we are more concerned with the quantity, rather than quality. Quality-aware detection works only theoretically. Many of our products are poor quality, and nothing is done about it. We detect a problem, we report it, but management decides to send it anyway, because we have to meet the quota and the figures have to match.

During the interview with a Polish process manager in Matado, he quoted an example of his university friend, who also worked as a process manager in a different Crystal Park firm (Kessho). The company had a financial scheme which allowed a purchase of a TV set with a significant discount (around 20 per cent). The Matado manager said:

And he bought this TV set, even though I warned him. His wife was very unhappy about it [laugh]. I know how they are being produced and I would never buy a TV set from our factory. I got myself a nice flat screen from our competitor. I paid a little bit more, but I am sure the quality is better. You don't want to waste so much money on poor quality products. Still, he says, it makes no difference, as apparently he saw components for different brands produced in the same factory in China, where he went for training.

The examples given above show that quality policies varied between the case study firms and that further, there was no particular method to enforce quality assurance. Workers were mostly sceptical about implementation of these practices. Table 6.3 presents the main Japanese management and production practices present in the case study companies.

Table 6.3 Transfer of Japanese practices to the Polish workplace (based on case study Crystal Park firms)

Management Practice/ Elements of organisation culture	Extent to which embedded in case study firms		
	Fully embedded and adapted without alterations	Accepted in a changed form	Not accepted at all
<i>Kaizen</i>	Firms: None of the case study firms have fully adapted <i>kaizen</i> in the form that is present in its Japanese counterpart.	Common practice, however with alterations; workers discouraged initially by the lack of appraisal and recognition, expected financial incentives, too formalized for Polish liking, <i>kaizen</i> forms had to be simplified. Firms: the manufacturing companies: Sanoto, Ekitai, Kessho, Matado	Firms: logistics company - Honsiu
The 5 S System	Completely. Only logistics company did not apply formalized 5S system. Firms: Sanoto, Ekitai, Kessho, Matado	Not formally referred to as 5S. One element of 5S – <i>Seiso</i> (Sweep/Sanitize/Scrub) mentioned as important in the warehouse. General health and safety rules present. Firms: Honsiu	
<i>Kanban</i>		Present only at one manufacturing company. Firms: Sanoto	
Quality Circles			not present due to industry specifics
Reflection meetings (<i>hanseikai</i>)		Present as practice, workers unaware of its deeply embedded in Japanese culture character, not regular, sometimes held due to obligation rather than for learning purposes, only on managerial level, shop floor level absent Firms: Sanoto, Ekitai, Kessho, Matado and Honsiu	
<i>Genchi genbutsu</i> (go and see, get your hands dirty)		The managers would sometimes help workers if the problem occurred in the production line Firms: the manufacturing companies only: Sanoto, Ekitai, Kessho, Matado	
Job rotation			Not present
Continued on the next page			

Table 6.3 continued			
Team work	Fully embedded Firms: the manufacturing companies: Sanoto, Ekitai, Kessho, Matado		Not present in logistics company Firms: Honsiu
On the job training		Most of the training conducted this way, workers often asked for formalised training, highly regarded in Poland. Firms: Sanoto, Ekitai, Kessho, Matado, Honsiu	
Enterprise unionism			No enterprise unionism, low level of unionisation – national confederation present
Loyalty to organisation, level of integration		Workers not as devoted to their workplace as their Japanese colleagues. Due to difficult economic situation in Poland and high unemployment workplace is still, perceived mainly in terms of wage- labour nexus Firms: Sanoto, Ekitai, Kessho, Matado, Honsiu	Agency workers: Difficult to achieve due to character of employment Firms: Ekitai, Kessho
Motivation		Small financial incentives for non-absenteeism. Firms: Kessho, Matado	
Work station-how it looks	Cleanliness principle understood and highly regarded Firms: the manufacturing companies: Sanoto, Ekitai, Kessho, Matado	Workplace improvements sometimes implemented ad hoc by workers directly, grass root initiative, without going through bureaucratic machine Firms: Sanoto, Ekitai	
Hierarchy		Workplace highly stratified, Polish workplace hierachisation level is higher than Japanese, seniority regarded, however experience is often of lesser recognition than education and social position Firms: Sanoto, Ekitai, Kessho, Matado, Honsiu	
Peer Supervision and self-control			Not present, peer supervision idea not welcomed by workers.

Continued on the next page

Table 6.3 continued			
Communication		Face-to face, however based on hierarchical relationship imposed by Polish management. Firms: Sanoto, Ekitai, Kessho, Matado, Honsiu	
Punctuality	Enforced by workers relying on company transport. Firms: Manufacturing companies: Sanoto, Ekitai, Kessho, Matado		
Discipline	No discipline problems, workers fully adhere to the rules of workplace discipline. Firms: Sanoto, Ekitai, Honsiu	Initial problems with toilet and cigarette breaks. Workers rigorously time managed and checked. Firms: Kessho, Matado	
Pay system		Flat pay plus incentive system Firms: Sanoto, Ekitai, Kessho, Matado, Honsiu	

Source: Author.

6.8 Conclusions

The transfer of Japanese workplace practises to Polish firms in the case study companies can be placed in three broad categories; those practices that were unproblematically transferred; those practices that had to be adapted to a greater or lesser degree and those practices that displayed a sharp divergence from those associated with the Japanese model.

At a symbolic level all case study companies clearly manifested their ‘Japanese heritage’ (Japanese flags in front of each plant’s entrance, clocks showing time in Tokyo; bonsai trees at reception, the corporation specific artefacts exhibited – for example samurai swords in Ekitai, pure red copper in Sanoto). However, the extent to which Japanese practices were implemented was much less substantial and varied significantly between the case study firms.

First, the only practices that were transferred unproblematically were soft housekeeping practices. The manufacturing companies at Crystal Park quite effortlessly implemented the rule of 5S- workplace organizational tool. Ekitai, Kessho and Sanoto put great emphasis on implementation of 5S, conducting regular training, and workers' assessments in this respect. 5S was also generally well perceived by workers, who associated it with basic health and safety regulation. At Matado 5S was present, but was not accompanied by systematic training. Honsiu Plc, the only logistics case study company did not introduce typical Japanese 5S practice. Another practice which was unproblematically applied in all of the case study firms was On-the-Job-Training (OJT). Additionally in the case of the manufacturers - Ekitai and Sanoto OJT was enhanced by more formalised training and induction (for the duration of one week). Arguably OJT is not uniquely Japanese practice but can be found in other western countries (Mitani, 1999).

Second, *kaizen* was adapted and rebranded to varying degrees by all firms. Initially, Polish managers were under pressure from their Japanese line managers to implement 'continuous improvement'. It was quickly apparent that Polish workers found the idea of *kaizen* hard to comprehend. In Ekitai, management stressed that the Japanese form of *kaizen* would not have been accepted in the Polish workplace and therefore a process of *kaizen* 'rebranding' took place. *Kaizen* was renamed 'Workers' Ideas' in line with workers' council and accompanied by additional training and small financial bonuses. The number of *kaizen* applications in all of the case study firms has been decreasing significantly from 2010. Further, there were disparities evident between the rhetoric of its adoption and how systematically it was applied in practice. At Honsiu Plc the *kaizen* initiative was not considered a priority and was suspended and management explained that it was awaiting an implementation strategy and that further planning was necessary. The implementation of other quality policies was common, but at the same time showed a degree of superficiality. Only in Sanoto the 'safety patrols' (far removed from traditional Japanese quality control circles) had the role of inspecting and improving occupational safety in the factory. Sanoto was also the only Crystal Park company fully employing *kanban* logistic method. Management in Crystal Park was using the rhetoric of quality, however workers stressed that maintaining quality was often compromised by the daily rate of output. The importance of quality assurance diminished significantly after the start-up period, with the decreasing presence of the Japanese management. Considerably greater accent on the quality present in Sanoto and Ekitai can be explained by the high demand of quality in the chemical and metallurgical sectors. Moreover both companies were forced to expand their

business activities outside the cluster and to win new customers, including Japanese companies located in other special economic zones in Poland. By contrast, in the two largest case studies companies- TV set manufacturers, Kessho and Matado - the quality was less important. The competitive environment of the LCD manufacturers (Poland, not without reason, is nicknamed a 'LCD country') enforced a policy of flexibility and cutting costs, including compromising the quality.

Third, the starkest example of a workplace practice that diverged from the Japanese classical model was the extensive and systematic use of flexible labour sources from employment agencies. However, it is arguable whether 'life-time stable employment can still be regarded as a feature of the Japanese model' (Hollinshead, 2010). Several authors (Coe *et al.*, 2009, Suzuki, 2010; Hamaguchi and Ogino, 2011) point to the deregulation of the Japanese employment system and the increasing number of 'dispatch workers' (Japanese: *haken*) Therefore, the firms at Crystal Park's easily adjusted to Poland's 'flexible' labour environment, and took advantage of its benefits for the employment of low-skilled manual labour by relying mainly on an agency workforce, which in the periods of increased production accounted for more than 50 per cent of the workforce.

However, the use of agency workers and flexible contracts was not consistent throughout all firms. While Kessho and Ekitai outsourced shop-floor staff to a greater degree, Matado used an employment agency only during the start-up period. Sanoto and Honsiu Plc on the other hand entirely followed the 'classic' Japanese path. Although these latter companies were similarly exposed to fluctuations in the electronics market, to the same extent as Kessho, they tended to maintain traditional Japanese practice of long-term employment and broadly implement the policies of HQ.

The characteristics of employment relations in Crystal Park suggest that the Japanese model of management is a 'peripheral' one (Dedoussis and Littler, 1994). Japanese companies have only tried to 'transplant' a few practices, such as 5S, *kaizen*, and team work. The interviews suggest that there was no intention to introduce the full spectrum of Japanese managerial and production practices. This conclusion accords with the findings of Elger and Smith, (1994) that Japanese firms are presumed to install different factory regimes in their subsidiaries depending on various factors, the host society practice being one of them. Although a degree of conformity is likely, it is important to discern and distinguish the differences between the subsidiaries across the countries.

Generally, employment at Crystal Park was characterized by low job security and a high turnover. Some of the agency workers were contracted on a two-week or one month basis. Furthermore, employment at Crystal Park was exposed to regular redundancies from 2011 onwards. For instance employment at Kessho decreased from over 2,000 in 2010 to just 1,000 in 2011, in the case of Sanoto, fluctuations were even more severe, from 600 in 2010 to 150 in 2012. Redundancies affected both agency and permanent workers. The precarious character of employment and extreme numerical flexibility exerted an influence on working conditions. These were the vehicles for the workers' subordination. Unsurprisingly, the discipline in Crystal Park was maintained not only by insecurity and flexibility, but also by management's monitoring and surveillance. In all case study companies workers were subject to assessment and performance tests. This practice was the most rigorous in Kessho. Crystal Park's workers did not remain entirely passive. The next chapter moves beyond the standard approach to Japanisation and will explore the conflict and resistance by workers at the Japanese 'transplants' in Toruń's 'Little Japan'.

CHAPTER SEVEN

SITES OF CONTESTATION. THE EMPLOYEE EXPERIENCE

7.1 Introduction

Chapter Six discussed the extent to which ‘typical’ Japanese workplace practices were transferred to their subsidiaries in Poland. It was argued that the model of Japanese management at the site was peripheral and the transfer was only successful in terms of soft quality policies, while less eminent with regard to quality circles, and superficial in terms of *kaizen*.

The focus of this chapter is on the individual and collective responses of workers. Chapter Four discussed the way in which early studies of the Japanisation of the labour process (such as the lean production method) had positive attributes for employees. This idea was based on the purported negation of Fordism and end of monotonous repetitive tasks and the increased autonomy and respect experienced by workers. It was posited that ‘Japanese-style work organisation’ could be ‘empowering’, ‘enriching’ and an alternative to the alienation and degradation associated with conventional Taylorism (Womack *et al.*, 1990; cited in Danford, 1999: 2). However, this view was challenged by Stewart *et al.* (2009), who argued that, ‘lean production is a managerial agenda for restructuring in the face of declining profitability’ (ibid: 9), and further it ‘can be seen as creating a range of organisational and ideological resources for subordinating opposition to the rule of capital’ (ibid: 9).

In their extensive study of the Japanese manufacturing sector in Britain, Elger and Smith (2005) point to the significance of active processes of management debate, conflict and uncertainty within these enterprises, rather than any smooth and straightforward process of either transplanting or hybridisation. ‘The literature on the relationships between the Japanese and local (British or American) managers has been that resistance to the implementation of Japanese methods has come more from the local managers than from local workers’ (Ibid: 305).

Studies on the transfer of Japanese management practices to and in Poland have not investigated Japanese subsidiaries as potential arenas of conflict and contestation. Rather, research has been focused on the cultural dimension of Japanisation of Polish workplace as well as the advantages of lean management (Kraśiński, 2012a; 2012b; 2014), and total quality management (TQM) policies (Bugdol, 2005; Szczepańska, 1998). Little research has been conducted from a non-managerial perspective. The exception is the valuable insight into working conditions in Polish multinationals by Mrozowicki and Maciejwska (2013), who have researched the harsh conditions characterized by extreme work flexibility and precarity in a non-Japanese electronics company located in a Special Economic Zone in Southern Poland. Their study suggests that workers' resistance is present in flexible working regimes and can emerge even in 'non- or weakly unionised and labour-intensive factories.' (ibid: 207). However, the problem of conflict and resistance in Japanese-owned Polish workplaces has not been sufficiently researched. To address this lacuna this chapter will pay attention to workers' experiences and perceptions of working for Japanese-owned companies as well as their collective and individual resistance.

The chapter is structured as follows. First it will describe the working conditions at the site (7.2). This section of the research will draw on the secondary data found in the local press, while the subsequent passages will draw on the qualitative data gathered during the fieldwork. Issues of work intensification and workplace bullying will be discussed (respectively 7.2.1 and 7.2.2). Section 7.3 will outline trade union activity at the site, while in section 7.4 the spotlight will be put on workers' unorganised resistance in both its collective and individual forms. Finally, to enhance the picture of workers' experience in the five case study companies, the chapter will be supplemented with the data gathered online from the threads of Crystal Park workers' internet open discussion boards.

7.2 Working conditions at the site

The scale of the Japanese investment in the locality raised hopes and expectations, mainly as a prospect for reducing high unemployment rates in the region. However, from the very beginning of the operation, Japanese companies also attracted some bad publicity. Just a few

months after the site was opened, an abundance of gloomy accounts on working conditions flooded the media. In 2008 the local press suggested that this has also led to the resignation of two Japanese directors. Press releases described working conditions as harsh, for example they reported that (in January and February 2008) ambulances were called ten times to resuscitate women who had fainted because of high temperatures. It relayed on the complaints of employees concerned with the frequency of breaks, and toilet facilities and medical care that was insufficient for the needs of 2,000 workers. Some of them described an oppressive regime in Crystal Park's factories.

For every 8 hours of work we are only entitled to a single 25 minute break. Most of the workers remain standing by the production line, dressed in overalls, face masks and special boots. They find those boots extremely uncomfortable and causing corns. There were cases of fainting.

(Marwitz, 2007)

Other demonstrated antagonistic industrial relations; pointing out that cultural differences were the source of the problem:

Insane castigation (for workplace discipline), labour camp (for the factory), Polish *kapos* (for the foremen), exploitation (for the wages on the verge of national minimum) – these expressions very quickly took over. The first two years in Japanese factories were marked by the clash of Japanese work culture and Polish reality. Both parties are responsible for the escalating conflict

(Oberlan, 2011)

In-depth journalistic investigation was conducted by the aforementioned *Gazeta Wyborcza* reporter Aleksandra Leśniewska, who managed to be hired and work for several weeks undercover in one of the Japanese factories. Her report (2007) brought insights into the extremely stressful conditions on the shop floor:

The production line is divided into small parts. The worker, who receives the set stops the line for the duration of his task. When he/she is done, the individual turns the line on again. In the middle of the hall a screen is installed. Three target numbers are displayed: planned daily rate of output, number of the sets which should have been assembled already, and the virtual output. It's 11 o'clock. Nobody is rushing,

however, by the end of the production day, 1,000 televisions are to be assembled. “It is possible,” young Danuška tries to convince me, who’s been working here for two months. “Firstly they gave us the target of 400 sets and every day they were increasing it. Before Xmas the Jap came and said: ‘you are too relaxed before Christmas, I am not happy. You are assembling 900 televisions. It’s not enough. You have to do 1000!’ Can you imagine what was happening here? We were working like crazy. When we were near the 1,000 some Japanese managers came out their offices, put their gloves on, pulled their clean sleeves up and started working along with us.

(Leśniewska, 2007)

Following these publications and scrutiny of the workers’ grievance procedure, the Polish National Labour Inspectorate (PIP - *Państwowa Inspekcja Pracy*) surveyed working conditions at the two biggest plants (in the years 2008-2011). PIP officers confirmed practices of workplace bullying (Polish: *mobbing*). Workers were assigned to too many duties, ordered to undertake meaningless tasks, their decisions being disputed and impugned. Cases of shouting and insulting employees were also noted (See appendix 2). PIP has discovered some irregularities in the electronic work time register whereby quarters of an hour were not counted as a working time. A key question is, whether cases of bullying and other oppressive experiences can be solely attributed to Japanese management; or do they just constitute the landscape of the degraded labour relations, which is prevalent in the private sector where work is intensified under conditions of competition.

The picture painted with sensationalism and the PIP’s quantitative and legal approach provides a good starting point for the following sections, which draw on workers accounts gathered during the interviews at Crystal Park case study firms.

7.2.1 Work intensification

As outlined in the previous chapter, Crystal Park’s employment was characterized by extreme flexibility in the case of two case study companies (Ekitai and Kessho), which relied extensively on employment agencies. Even the remaining case study firms Sanoto and Matado, which were in favour of a direct employment, were exposed to lay-off policies since 2011.

Honsiu Plc was the only case study firm unaffected by the crisis, where employment can be described as stable. Its operation was independent of the Crystal Park firms' performance as Honsiu Plc managed to establish business relationships with companies outside the SEZ.

The precarious character of work enforced the pressure on workers to work harder, faster and more efficiently. Additionally, at the regional level, the unemployment rate remained relatively high, which decreased workers' bargaining power and limited job prospects. The fear of being unemployed was reflected in workers' interviews. Even though the work at the Crystal Park sites was hard, workers quite often referred to the Japanese investment as 'salutary':

I can't imagine the region without these factories. The town where I live, Chelmża (19 kilometres from Toruń) literally revived because of the Japanese investors. In my block of flats, the majority of dwellers are employed in Crystal Park. Before, they [Japanese] came there was no work at all. The sugar-refinery, the biggest employer in town, employs workers for only three months during the sugar beet harvest, that's it. Crystal Park factories are our saviours.

(Sanoto shop-floor worker)

The assembly line female worker at Matado also pointed out the tragic employment situation in the region and expressed that she could see no choice apart from having to work at Crystal Park, which was also quite a remote location for her to commute. She said:

The economy is struggling and we are struggling. You know how it is. Money is money. I have to work here, I have no alternative. I have kids. I work here because I have to make a living, not because I like it here. Of course, the work is very hard and stressful. But where else will I go? There is nothing in my town.

This notion is very common among the interviewed workers, who refer to unemployment and 'having no choice' as the main sources of motivation to endure working conditions they are not always happy with. One of the shop floor workers in Matado when asked about the general mood at the site with regards to employment and the future prospects of the Crystal Park site said that initially people were convinced that they would work at the Japanese companies until their retirement, but since 2011 this mood was overtaken by growing uncertainty and fear of redundancies.

In manufacturing companies, where production was organized in continuous flow (Matado, Kessho, and Ekitai) daily output targets were displayed in the main production hall. The rates of output were very strict. Each worker had to produce a certain amount of LCD modules, depending on the target. These targets, however, were constantly changing and sometimes, as one of the Kessho workers reminisced, there were quieter times. The work itself was physically demanding, especially for women. In Kessho and Matado women carried forty two inches LCD screens. One worker from Kessho explained:

You have to be very fit; otherwise you won't make a shift. Carrying stuff around (screens) for several hours is unbearable. It's not surprising that before I was employed during the health check a doctor thoroughly examined my spine. [By the provisions of *Polish Labour Code* (Add. 229 of Labour Code Act 1974; in: Dz. U. [Journal of Laws] 2011, No. 36, Item 181); before the worker is employed, he or she is obliged to undergo an initial medical examination.]

An Ekitai shop floor worker said:

Our daily rates of output are very demanding, especially for new workers. We have to make 30 bezels per hour. Luckily in our department (paint shop) girls are very helpful. If someone can't meet their target, the girl who is slightly quicker and got a spare one, just passes a finished component to the slower worker to make up the difference for them. Of course we have to do it in a clandestine way, without the leader knowing about this 'assistance'.

Another young woman, a student employed by agency in Ekitai for a couple of months, shared her experience, explaining sarcastically that;

This work is like constant arm-wrestling, or sort of sport for people who enjoy 'fitness'. I don't need a gym any more. Not that I was able to afford it anyway. [Laugh] My body has changed. I observed that with every day my triceps were becoming bigger and bigger. My brother was getting jealous. [Laugh] I managed to stay there for just seven months.

In Ekitai, the pressure on speed and daily rate of output evoked frustration among workers, the workers felt under pressure. The same woman, even though she only worked for a short period of time and knew that she was going back to university after the summer, said that she felt deeply affected by the stressful mood. She told the researcher:

We were not allowed to talk; the forewoman had a little notebook in which every time she caught us talking she made a note. Whether she really was making these notes I don't know; so we were only chatting when we knew she couldn't see us. Everyone one was stressed out, sometimes the team leaders were shouting at us to hurry up. I am young and strong, I picked up the speed quite quickly, but I felt really sorry for some of the girls, especially the older ones. I couldn't imagine my mum working there or my nan.

One of the Matado workers told a story of his wife, who was also employed by the same company. She was a production line sub-leader. One time, when the factory was very busy and production demand really high, she was so stressed that her line did not meet the required output that she felt forced to cheat. He said:

My wife was pregnant then, but she had not told them about it yet but was about to. There were four lines. She was responsible for one of them. The production target was divided by the lines and each line had to produce a certain amount of tellies. At the end of the shift during the final count, she realized that there was one TV set less in her batch than she was required to deliver. She assumed that someone from another line must have taken it, as the main target was met and on the screen everything was correct. The telly was there somewhere, but she did not have enough. She panicked because this meant trouble for her. So she figured out that the only way was to nick one telly from another line. [the Polish word used here was *'podebrała'* (English: to nick) – which cannot be translated exactly as 'nicking' or 'stealing', it is rather taking something without a consent but with good intentions or without causing harm; while 'to figure out' was used to convey the meaning of Polish *'zakombinowała'*. This is an untranslatable concept, a semantic enigma, which in a nutshell means 'sort out' or 'or figure out' in an illegal way yet has a positive connotation. It is said to be a legacy of communism and meant 'outwitting' the authorities under the communist regime for all those years.]

He explained that after what his wife did was discovered she was accused of stealing and forced to resign. She left voluntarily, but felt her dismissal was unfair and started legal proceedings against the company, as what she did should not have been considered a theft. After a few weeks she was reemployed at the same position as the management realised that they were at fault in this case and would not be able to win. The worker admitted that his wife was not entirely blameless in the whole situation, and she deeply regretted what she has done. But

having worked for the company himself, he understood exactly what she must have gone through upon making such a decision and that the stress and fear were the main reasons of her behaviour.

An overtime policy was in place during Crystal Park prosperity era in 2009-2010. One of the warehouse workers at Sanoto explained:

Obviously it is better for the employer to pay overtime, than to employ some extra staff.

In the case of agency workers it was expected that they would agree to work overtime. Agency workers in both Ekitai and Kessho who refused to take extra hours were not given contract extensions. One of the Ekitai workers said:

On one Friday we were gathered by the management and told that there were some extra hours to do on Saturday. Volunteers' names were registered. In two weeks' time we found, that those who did not volunteer, were not working with us anymore. Since then people generally 'agreed' to take over-time. At least we were well paid for that, so I did not mind.

Despite workers being happy with an opportunity to earn extra money, some workers were reluctant to work extra hours. Those who relied on organized transportation were left out on the site with no means of transport to return home, until the next shift finished. One of the quality controllers in Matado recalled:

I was forced to stay longer, as we had to deal with some quality complaint. In such situations you could not have just left at 4 PM. You had to stay no matter what. Managers were not interested how I was getting home. By 5 PM, all buses were gone. I finished at 6, so with no public transportation, I had to hitch-hike back to Toruń, where I live. This happened to me several times.

The employees were also not fully convinced of the need for the performance monitoring systems, which they considered 'stressful' and 'unnecessary'.

I really don't understand why we have to be tested every half a year; this is very challenging, and stressful. There is a lot of work, and it's hard enough as it is. We

are doing everything they want us to and how they want us to and additionally we have to be tested. It does not make sense.

(Kessho shop-floor worker)

The warehouse supervisor at Sanoto, who dealt with stock dispatches considered his work very stressful, while at the same time he was convinced it did not have to be:

On my first shift I was given a tip by a friendly colleague [air quotes]. He said: *Can you deal with stress? Be prepared. In THIS company the job is going to be stressful. It's how this place is. Deal with it.* I don't think the duties are stressful at all. The people make it stressful. My manager for example, every time I sent the dispatch invoices out, came to my office after having checked them at his desk and if he found even a minor spelling mistake he made a huge fuss and shouted at me.

Management by stress is imminently present in intensified lean production workplaces (see Parker and Slaughter, 1988; Delbridge and Turnbull, 1992) Moreover, control is 'extended over and above task time and performance' (Garrahan and Stewart, 1992: 73).

Not only was this reflected in workers' experiences with regards to job intensification or speed, but even *kaizen* initiative, where it was present, was affected. The quality controller at Matado recalled the time, when, in the start-up phase of Crystal Park operation, management was devotedly trying to introduce a continuous improvement policy. However, this resulted in workers engaging in, what the aforementioned worker described as '*kaizen-wars*' [with an air quote]. He said:

There was an enormous pressure for *kaizens*, I can't really explain it; it was like a 'rat race'. I know of cases when people were stealing each other's ideas. '*Kaizen-wars*'. For example you could suggest something to someone, and next time you hear your own idea is being implemented just how you suggested it, but by the person you shared it with and they wouldn't want to admit it. One senior manager stole his subordinate's idea and submitted it as his own *kaizen* and got some award for it. People were very angry, and we stopped coming up with *kaizens*; there was no point.

One of the team leaders at Ekitai said that initially, management's approach towards *kaizen* was quite demanding, yet after some time it eased:

The Japanese management wanted us to come up with a certain number of *kaizens* every month. It does not work in Poland like that. We can't really plan how many *kaizens* will appear. It took several months for the Japanese to understand that. Now, they are not expecting any 'monthly rate of *kaizens*'.

This workers' attitude is explained by Bobosz-Bourne (2007), who lists the typical Polish values related to creativity, present in workplace organizations. The managers hold in high esteem such features as freedom versus obedience, creativity versus organization and planning, and finally *polot* ('imaginativeness'-the closest English equivalent) versus dullness. These values express independence and the virtue of avoiding subjugation, which are inbuilt in Polish culture. These qualities could be beneficial but also destructive in conjunction with Western or Japanese management. Pure imposition of Western techniques and a 'cultural gap' (Holinshead and Michailova, 2001) could bring the risk of ineffectiveness.

However, most of the Crystal Park workers had not been properly introduced to the system of 'continuous improvement'. The precarious character of employment at the site could explain this tendency. The agency's employees do not identify themselves as 'members of the organization' (especially those employed on very short contracts), and do not feel they have a duty to contribute to the company's prosperity.

7.2.2 Bullying and 'mobbing'

Practices of mobbing are common practice in Polish workplaces; according to Cireniak-Emerych (2011), who analysed available Polish research on the subject, this ratio may be as high as 17 per cent (of all working people in Poland experiencing some form of mobbing at work).

In case study companies some forms of workplace bullying were also present. In addition to those, reported by local newspapers and investigated by PIP interviews with workers repeatedly confirmed the occurrence of such practices blaming the pressures of production pressure and an intensive work regime. However in the workers' opinion this was not attributed to working

for a Japanese company, rather their immediate supervisors were mostly held accountable for the mistreatment at work.

Conflict between workers themselves is an emerging theme. This division was caused by divisions between permanent employees and agency workers on one hand, and different levels of educational attainment on the other.

Those employed directly by the company felt 'more at home' than agency workers. As one of the shop floor workers employed by the agency at Ekitai said:

We are treated differently by our co-workers, only because our contacts are different, and we are employed on a short-term basis. We always know that we might not be here tomorrow. It is very difficult to make friends.

Similarly, a Kessho agency worker stressed:

It feels there is a wall between us. Suddenly when an agency worker is employed directly it changes everything, and he or she is 'on the other side'. Sometimes I feel I am a second class citizen.

This artificial division between workers influenced the shopfloor relations, but also successfully prevented unity. According to the trade union leader at Kensho, many agency workers were unaware that they could be members of the union. She said:

People tend to think that only full time contracted employees can join the union, but it's not like that. We fight for workers' rights in general, and whether one is temporary or full time or unemployed, it doesn't matter. We are always in the same boat. But it is difficult to engage agency workers; they do not feel part of it as much as we do I think. Someone told me once that we could not do anything for them, so there was no point. I did not reply then, but now I would tell him that the upstairs is brainwashing us and that's what they want – for us to think we're a lost cause.

In addition, there were divisions between workers who had a degree and those that did not as the following example illustrates.

Workers of Kenssho and Matado confirmed the existence of a toilet register, which prevailed in the first three years of the site operation. One of the Matado shop floor workers expressed anger at being line managed by someone with an inferior education:

That was really ridiculous. I had to ask for permission of foreman, who has only secondary education, to go the toilet. As he was some sort of god, who decides about our fate. This was the form of bullying and humiliation. This has got nothing to do with discipline. I think these 'procedures' was middle managers' and the foremen's 'invention', just to humiliate the workforce. I don't think this is really part of Japanese culture.

In Ekitai there was an official ban on conversation in the production hall. If a worker dared to speak to his or her colleague, he or she was immediately reprimanded by the foreman, and reported in the special notebook. One of the Sanoto workers told the researcher that loud laughing was not allowed in the production hall.

Shouting and humiliation were common practices in Matado according to the sub-leader:

Once, only because this one batch was delayed, in front of co-workers, my line manager yelled at me: *You are an idiot! My cat is smarter than you!* No one really reacted, no one dared.

When asked if there was any reaction from the Japanese management, she replied:

The Japanese are gone. I think they know about this sort of behaviour. They are just pretending it does not exist.

On another occasion in the same company one of the team leaders was threatened by the production manager. He remembered:

I was sworn at. I was shouted at. He silenced me saying: 'Shut your f***** mouth or I will mess your face up.'

Almost every shop-floor worker interviewed in the manufacturing and assembling case study firms was able to give an example of similar maltreatment. In logistics it was not the case.

The following sections turn to examining workers' resistance to these workplace conditions and practices.

7.3 Workers' resistance

Stories of interviewed workers confirm the presence of misbehaviour (Thompson and Ackroyd, 1995) or, in a broader understanding following, Karlsson (2012: 185) resistance understood as;

anything you consciously are, do and think at work that you are not supposed to be, do and think and which is directed upwards through the organisational hierarchy

As discussed in Chapter Four, workplace resistance or misbehaviour can take many forms. Firstly, the organised resistance trade unions' at the site will be discussed; then definitions of resistance will be extended to consider unorganised forms of opposition that are more inconspicuous, subjective, subtle (Fleming and Sewell, 2002; Edwards *et al.*, 1995) are presented.

The context to trade union organisation is that industrial action in Poland, and in the private sector in particular, is low. In 2012, only 18.7 thousand (out of 12.2 million labourers) undertook strike action in Poland (GUS, 2013). Although there was no attempt to organise strike action in Crystal Park, nevertheless, workers expressed their discontent through other forms of direct protest. One trade union recounted the following:

We were working in really difficult conditions. Wearing overalls and face masks we were literally boiling. People were fainting and feeling unwell. Nothing was done although we have made the management aware of the problem. They could see the problem themselves. They knew how many times they had to call an ambulance over last few months. Still no action was taken. One day we had had enough. When the temperature reached 32 degrees, all the shop floor workers just spontaneously walked off. We have never been so unanimous. Not a single person stayed behind. And you know how it is. There is always someone scared, thinking of kids, bills and losing their job. We just forgot the fear. Dropped whatever we were doing and put all our eggs in one basket. Next day fans were installed.

This spontaneous action made the workers aware of the necessity of the trade unions and consequently a, *Solidarność* branch was established. The next section looks at trade union activity at the site.

7. 4 Trade Unions in Crystal Park

Solidarność was the only trade union operating at the site. The union has relatively high profile in the Toruń region and is quite well organised and active (see Appendix 3), especially in the manufacturing sector and for that reason it may have become a union of first choice for Crystal Park employees rather than OPZZ. Due to its heritage *Solidarność* is generally better known and prominent as a union and managed to form branches in two of case studies companies (which also were the only two in the Crystal Park).

Table 7.1 Trade unions in Crystal Park (in the period of highest density)

Company	Trade Union	Union density (2011)	Members in 2011
Kessho	<i>Solidarność</i>	10 per cent	180
Matado	<i>Solidarność</i>	30 per cent	170

Source: Author based on data drawn from interviews with trade unionists.

According to some negative media PR about trade unions and broken (mostly due to unions taking sides in political debate) public trust have led to ‘degradation’ of trade unionism (Ost, 2005). The case of Crystal Park casts new light on union’s public profile, at least when it comes to regional level where political affiliation is less evident and has less influence on workers’ choice to join. Recognition and familiarity factors are far more important, especially amongst younger generations. Explaining his choice, one of the workers said:

I don’t care about politics. I just wanted to do something for my workplace. For my colleagues. For myself. The firm’s financial situation is quite bad and we just want to protect ourselves. (...) The managers don’t respect workers’ rights. There were many cases of unlawful practices. (...) My friend suggested *Solidarność* and as I have heard of that union before and knew it had already existed on other sites here; I

presumed it was the strongest union in the area and the best choice for us. It's quite well known I think.

Solidarność managed to establish a branch at Kessho in the late 2007. Approximately 10 per cent of the Kessho employees belonged to the *Solidarność*. Between 2009 and 2011 there was a rising tendency, but only few members were recruited from engineers or administration. Kessho *Solidarność* union leader admitted:

Workers are not so mistrustful about the union, as they were before. We want to contact other European Kessho's branches. No success so far. We have only managed to contact the European Trade Union Confederation. Still, we are in contact with unions located at other electronic plants (Like LG in Kobierzyce, where unionisation rate is much higher). So we know what's going on at other factories in terms of condition and pay. But only *Solidarność* is fighting for a pay rise. We have to approach new members, still it's very hard.

The majority of the workforce did not join the union and some of the non-members treated union activity with suspicion:

The union has no significance. Enrolled workers are only seeking job security. Most of them are just sluggards. (Kessho process engineer)

Another Kessho shop-floor employee admitted:

It is very difficult to get a new job with the 'union past'. Employers always check on your papers. What's the point of risking?

The company's management and Japanese board of directors accepted the presence of the union. Kessho general manager explained that the Japanese;

(...) are aware of it and have accepted union's presence. Besides, our European HQ is in Germany, where unions are very strong. Germans have these union councils etc. So the Japanese were familiar with it. It was nothing new to them. We had meetings with the unions. There were even meetings at the regional level. Our directors were having meetings with them, too. The Regional Council has also organised an introductory dinner for our directors. The Japanese didn't treat union activity as anything strange. However the dialogue with unions is left for the Polish part to deal with.

One trade unionist described the relationship with the management as ‘faultless’. Although there were some serious issues regarding the lack of translating service, when Japanese were present during the start-up period. A trade union leader said that the trade union was:

(...) facing some problems while negotiating with Japanese management. Seldom can we afford to contract a professional interpreter. The management has its own translators. We do not believe in their impartiality. There are also some ‘language’ difficulties on the shop floor, where we cannot freely approach Japanese technicians and engineers. The English evening classes would be very helpful; unfortunately the management does not want to provide them.

The biggest challenge for Kessho *Solidarność* was negotiating a pay increase, which had to be discussed with the board of Japanese managers. Not having the resources for hiring a professional interpreter was another issue; *Solidarność* asked one of the local academics to be an interpreter during the negotiation. A trade unionist recalled:

We weren’t able to get a professional interpreter. It’s too much money. We do speak some English, but this is serious matter and we needed someone trusted and ‘cheap’. Luckily one of the teachers at UMK [Local University] agreed to help us for free.

Solidarność in Kessho managed to convince the management to give a small pay increase in 2011, however, the fact that this success was not reflected in increased membership frustrated the trade union leader;

People should really understand that the union is a good thing, and actually we are making things better. Everyone can benefit from a pay increase. It’s a shame that we have not managed to attract more employees.

In late 2011 the second branch of *Solidarność* in Crystal Park was opened in Matado. It took workers nearly five years to ‘make up’ their minds. The establishment of a trade union coincided with the deteriorating economic performance of the company and consequent redundancies. Although to many workers *Solidarność* seemed the only hope, this was not reflected in attracting new members. The decision to join was not easily taken as the quote below illustrated:

We had to take the risk. Our jobs were at stake. No one wants to make such a decision. Only very few of us had enough courage to do that. Establishing a union meant we

were prepared for the possibility of losing our jobs. I guess we were so desperate, that we didn't care so much in the end.

Trade Union Rep in Matado

He also attributed problems of 'decisiveness' to gender structure of the shop floor workers in Matado.

The majority of our workers are women. I think that women are more cautious, and more pragmatic. They do not want to get involved. They won't do anything that could jeopardise their stability, and jobs.

The main organizer and subsequent union's secretary at Matado found it very challenging to establish the union. The main obstacle was the management's attitude:

Prior to the establishing of the union I had several meetings with the General Manager. Even though he agreed that the idea of establishing a trade union was justified, he was very reluctant and suspicious towards trade unions generally. On a few occasions he even proposed opening 'the independent' trade union organization. He said: *Why do you have to pay your contribution to some bunch of bureaucrats in Warsaw. You will be much better off and more efficient being independent here.* Naturally I didn't agree with him. I received a lot of help from our regional branch, and finally I have managed to open *Solidarność* in our company.

Matado *Solidarność* secretary

Very quickly membership in Matado grew and peaked at 170 members (which constituted one third of the workforce). However, after a few weeks membership had decreased substantially due to the union's ineffective response towards redundancies; many members were discouraged and left the organisation. Further, some members were unable to cope with paying membership fees. As Matado *Solidarność* secretary explains:

You know, 14 PLN a month may not be a lot; however when you earn little above national minimum wage, 14 PLN make a difference. You have to support your families; you have all sorts of expenditure. I fully understand that they could not contribute to the union.

After the union was finally established another set of problems emerged. The trade union's activity was seriously obstructed by the management who put obstacles in the way of the '*Solidarność*' secretary performing his basic duties:

I had to explain myself in front of the General Manager as to what my union job was all about. I have decided not to take the full-time post as trade union secretary, even though I could have done, just to avoid provoking the management, and being called 'sluggard' or 'bureaucrat'. Instead I'm currently combining my job at the shop floor with my union duties, which is very hard.

Both *Solidarność* branches (Matado and Kessho) were cooperating together quite closely. Trade unionist interviewees also expressed their optimism regarding the possibility of one joint Crystal Park union:

We are hoping that the news will spread, and other workers from other Crystal Park companies will hear good things about the trade union's activity and join us. Especially because we work in the same industry -electronics.

Matado *Solidarność* secretary

There was no distinct attempt to establish a trade union in other factories. Generally, managers were convinced that union's activity at the site could be a response to the hard working conditions. In other words, the lack of union in the workplace is regarded as proof of decent employment relations and management's efficiency in dealing with employees' issues. Ekitai Human Resource Manager explained:

There was no such initiative. We have no trade union and I am hoping we will not have one for a very long time, as our cooperation with the Workers' Council is flawless. We have not had any serious issues related to working conditions or pay system.

The workers themselves are not convinced about trade unions. As one of the warehouse workers said:

I don't think there is someone who dares to establish a trade union here. We have got a Social Council where most of the important decisions are made. At this stage that's enough.

Therefore only two branches of *Solidarność* were opened in the Crystal Park in Kessho and Matado. The Kessho branch was established relatively early just after the start-up period, whereas Matado took another five years to be unionized. The trade unions, however, did not manage to protect workers from massive lay-offs in 2012-2013. In 2011, to avoid redundancies packages, Matado management laid off just below thirty workers, on a weekly basis. According to Polish law, a company (employing more than 300 workers) is obliged to pay a financial package when terminating contracts with more than thirty workers (see: Termination of an Employment Contract with Notice Act, 2003).

7.5 Signs of unorganised resistance in Crystal Park

The next sections draw on interviews conducted outside the workplaces. Workers were more open when interviewed outside the factory, as they did not feel threatened by any form of workplace surveillance; while those designated by the management to participate in the research and interviewed during their working hours in the factory settings, were less critical. Further, the data presented below mostly come from the workers that the researcher was put in contact with through the snowball technique. Through these recommendations, the researcher was vouched for by the workers interviewed before, and in some cases, due to these endorsements, was granted with workers' unconditional trust. Two of the workers interviewed during the follow-up series, were not working at the site anymore and, to recall their words 'they were not afraid to talk any more'.

Trade unions managed to attract less than half of workforce in Matado and Kessho. Although many workers, remained sceptical about trade union organization, it does not mean that they remained passive with regard to workplace discipline, job intensification and working conditions. In this respect the boundaries of the 'contested terrain' (Edwards, 1979) of workplace relations are expanded. What follows, are accounts of individual or collective action independent of trade union influence as workers contest both workplace organisation and personal mistreatment on the shop floor (Roscigno and Hodson, 2004) through sabotage, humour and the use of internet sites.

7.5.1 Sabotage

Following the definition of Giacalone and Rosenfeld (1987: 367); for the purpose of this study workplace ‘sabotage’ is understood as:

any behaviour by a payroll employee which is intended to inflict a production or profit loss for the targeted organisation.

In the modern workplace industrial sabotage does not necessarily mean machinery smashing as suggested in Mellor’s classic *Direct Action* (1920) (see Brown, 1977). However, this ‘archaic’ form of action involving damage to machinery took place in one of the case study firms. One of the Polish engineers at Kessho, who was sometimes required to work a night shift recalled:

In the middle of my night shift I was called to the production hall. The night shift leader reported that the transmission belt had broken. Production stopped and workers stood by the line or sat on the floor. They knew they had a couple of hours before we will even get it back to work. When I checked the damage I knew immediately that it was not accidental. Someone deliberately did it! I have seen many similar kinds of damage and can tell a genuine one from the one that was ‘helped’. Basically if you cut, file or burr the edge; at some point, if untreated it will lead to the damage. Also, we had to examine the belt before the shift started, check the belt tension was correct, whether it’s not too worn – edges wavy; whether the rivets are not loose and so on. One of the engineers would have spotted it and fixed it in no time before the real damage would be caused. And even if there is a fault it takes its time before the damage happens. The belt that would burst from natural causes wouldn’t have a clean 5 cm cut ... Physics! What did it mean for us? Obviously we had to fix it; the line was stalled for another couple of hours, or even whole morning shift. It was always very stressful. You can’t rush these things or you don’t do a proper job. Sometimes I had to dismantle some of the machines in order to replace the belt. Production was getting angry as they were delayed. What is funny, when they come up with it [the workers] they did not stop at one time ... There was one night when they really ‘took the mickey’ [Polish ‘*lecieli w kulki*’ – in this context it means something between ‘joking’, ‘going too far’ and ‘messing with somebody’].

The belt was cut in several places. I managed to fix one bit and another one was going. It really annoyed me then. I had to spend extra hours in the shop floor.

The same engineer, asked about his attitude to workplace discipline and the obligation to report to the management how the damage was caused, quickly replied:

When at work, my name is Marian Koniuszko! [laugh; (Polish: ‘*W pracy nazywam się Marian Koniuszko*’)]. He was referring to the popular communist era TV series (1986), famously the last work of the director Stanisław Bareja, *Zmiennicy* (English: The Subs). The said *Koniuszko* character was a perfect archetype of opportunism and carelessness. He is a bit spoilt, a bit lazy, and only does the bare minimum he is required to; yet despite these flaws he always manages to land on his feet.]

He went on to add;

At some point someone must have reported their suspicions to the management because one day some chaps came and installed the CCTV. The transmission belts ‘accidents’ stopped. But in the beginning when the production was very busy, it was quite common.

Another Kessho engineer remembered that the line was also stopped once, because:

One of the operators tried to be smart [air quotes] and changed the power supply settings in the computer. The computer was used to scan the produced modules in the system and label printing. There is a little switch on the back of the computer and he changed the settings from 220 V to 110 V, what caused the closed circuit, basically – burnt the computer, and the line stopped. Bad luck; it was all recorded on the CCTV, so they found out who was responsible and he was sacked. [The above excerpt is conveyed in translation with as best as possible accuracy in terms of facts; however it needs to be explained that when describing the situation, the interviewed engineer used Polish expression ‘*koleś się zrobił*’, which cannot be exactly translated into English language. It means that someone was ‘caught at doing something bad or illegal’, yet the person was not blamed for what he/she has done, but for the fact that was not careful enough to get caught. The researcher’s understanding of what was said is that the account expresses some degree of understanding and solidarity with the worker in question, even though the interviewee’s attitude towards such behaviour is negative in general].

The same engineer also mentioned that during one of the routine inspections of the production line, he encountered an almost impossible occurrence. His duty was to check the valves and service accordingly should they need to be adjusted. On this shift he has done all of them, as all seemed too tight. Back home, he received a text message from his colleague, who accused him of being lazy and having left all the valves for the next shift. When he explained that he had done them all, the other engineer checked the CCTV and it turned out that one of the production mechanics went after him and changed the valves back to the initial settings.

Another account of evident sabotage was given by Matado technician. He explained that:

There were these safety buttons that stopped the assembly line, EMO [Emergency Machine Off]. When for example someone is caught by the machine, or there is an accident, pressing it stops the machine. But people were randomly using it to stop the machine for non-emergency reasons. Especially during the night shifts. When it was too busy, or for a joke, or because they wanted a break. I don't know. They have been doing it in a very smart way and no one was ever caught. Each emergency button has a little light indicator as well, so the help would know where to go. But people were unscrewing these light bulbs, so even if they pressed the button and stopped the line we wouldn't know which one of them was pressed. Otherwise light would have indicated it. And there are dozens of EMOs per each line, so you can imagine it was wild-goose chasing. Production had to stop, but there was no one to blame. *Fajrant* [laugh; Polish: '*fajrant*' means 'free time', 'knocking-off time'].

Apart from evident sabotage – intended to slow the pace of work or gain workers some free time in Matado and Kessho, workers admitted knowing about practices of deliberate carelessness when handling the finished products or unloading the delivery. One of the shop floor workers at Kessho remembered a couple of occasions when a delegation of workers and managers from Efude (a Crystal Park Company contracted by Kessho to produce plastic and metal components for LCD television sets) came to examine the delivery after Kessho complained about the quality of the received items. He admitted that he felt sorry looking at the surprised workers' faces:

They were opening boxes with holes and dents in them. Taking the parts out and seeing they were broken or scratched or literally in pieces and I knew it's our warehouse to blame for this, not them.

Warehouse workers were tossing boxes with finished parts, exposing them to certain damage. The boxes were also kicked, pallets transported without due care. The same worker admitted that he himself during the delivery unloading observed people ‘dropping’ the boxes by ‘mistake’. Another form of ‘taking revenge’ was the practice of screen scratching. One of the workers in Matado confessed:

This was normal. Not a big deal. The deserved bonus was not paid and some got angry and disappointed. And to get revenge they would scratch the screens or frames sometimes before packing tellies in the box, so the company would get a return. They are not going to pocket our money. If we are not getting it, they are not getting it either. If we are not earning; why should they? Tit-for-tat.

Many interviewed workers expressed disapproval of such practices; yet at the same time there was an understanding for the ‘rebels’. When asked why such practices took place explanations varied. Some blamed bad working conditions and mistreatment, some boredom (if someone could think of doing things like that it meant that they were not working hard enough); some others the repetitive character of work and simple boring tasks: ‘doing this for eight hours would turn everyone insane’; lastly, enigmatic ‘Polish mentality’ and ‘it’s not mine, I don’t care’ attitude, attributed to communism were also listed as reasons of the above-mentioned behaviour.

7.5.2 Sarcasm and workplace humour

Humour was another form of resistance. One of the engineers at Kessho also remembered a time, when at the beginning, Japanese managers came, and talked a lot about the necessity of waste avoidance and quality, and they became a laughing stock of the entire factory, because:

There were quite a few Japanese managers at the beginning. I think they must have come to the new factory to show their directors back in Japan how devoted they were and so on. And sometimes to prove their imaginativeness and how well things were going here, they ordered a lot of unnecessary stock. And by a lot I mean like worth of PLN100K or 200K. A Japanese manager would place the order, the stock would arrive, and as it would not be needed, it would have been transported to the

warehouse, and never even see the production line. So every time we heard that the warehouse was supposed to be empty and etc. someone would have mentioned 'Just like our exemplary warehouse'. Honestly, some of them had no idea what they were doing; and there was more of waste than anything at the beginning.

Another Japanese policy that was the subject of derision was continuous improvement. As revealed in the previous chapter, the *kaizen* initiative was only superficially introduced in four of the case study companies, while in one it was not implemented at all.

Employees at Honsiu plc were asked to fill *kaizen* proposal forms, and put it in the special box. The response was not impressive. This initiative was largely ignored or even mocked. Many forms came back blank or with doodles. One of the workers submitted a form that stated: *kaizen-shite-zen* (Polish: *kaizen-srajzen*). The manager who emptied the box was not very impressed, but unsurprised:

This couldn't have worked here. Simple as that. Perhaps we will give it another go, but not very soon.

Meanwhile many workers have introduced some improvements autonomously, without a formalized process or reward, mostly to their own benefit. Workers explained that they did not see the point of seeking management's approval of every idea that they found helpful in making their job tasks easier, quicker or less stressful. Waiting for an implementation of the approved *kaizen* idea meant that, until the change is introduced, they would have to follow the initial procedure which they felt required improvement. Sanoto shop-floor worker explained:

Now if I want to improve something in the production line, I don't need the *kaizen* form. I just do it. It's just much quicker than a *kaizen* procedure. I was waiting for consideration of one of my suggestions for nearly one year. Eventually, when they came back to me I forgot I had submitted a *kaizen* application.

7.5.3 Absenteeism

Absenteeism was a common in some of the case study factories, however, this was not consistent across all Crystal Park companies. For instance in Matado workers reported not wanting to risk losing bonuses for non-absenteeism. As one explained:

People are afraid to do that. Here, every penny counts. You won't risk it. I did not take a sick leave since I have started here. If you take a sick leave, you would not get a permanent position. They will keep extending your three-months or six-months contracts. At least, they have given me a proper contract now.

Also Sanoto and Kessho process engineers confirmed this. They said that, because perfect attendance was rewarded with a bonus, everyone was trying their best to receive this extra bit of money. One of them recalled however, that:

Production never had a full team present, someone was always missing. But I don't really know why. I suspect that agency workers were not always very reliable. In our department we didn't want to put too much strain on our colleagues. It's us, not the company, who suffer most when people are missing because we have more work to do between less people.

7.5.4 Alternative strategies of collective resistance

Apart from sabotage or coping strategies involving use of humour, sarcasm or rejection of culture change efforts (*kaizen*-ridiculing) workers also engaged in forms of collective resistance or misbehaviour. A process engineer at Kessho explained how he and his colleagues managed to negotiate both a pay rise and promotions.

In my department the biggest resistance was present in the beginning. And only then we felt we could push the boundaries and get what we wanted. The factory was new, most of the people in my department had a degree in engineering, yet our job titles stated: 'production technician'. We knew we were more than technicians, but were

happy to have the job and contracts. At some point we found out that in production people (with the same or lower education) were ‘production engineers’ and they were better paid than us. We were really pissed off [Polish swearword used here]; we got together and wrote a letter to our supervisor stating, that if we weren’t promoted and given a sufficient pay rise, we would all resign. All for one and one for all [laugh]. We knew we couldn’t just give it to him like that. Probably wouldn’t be listened. We decided collectively that we were going to wait for the best moment to give him this letter. After an extremely busy night shift, when the conveyor belt was cut several times, and the production was insanely trying to catch up after hours of stoppage, my colleague and I calmly left the letter on the boss’s desk before going home in the morning. One or two weeks later each one of us was promoted to junior engineer and given a 40 per cent pay rise. But this was the beginning; we wouldn’t be able to pull it later. No one would be stopped then. The mood was like ‘If you want to leave, feel free and go ahead and *bon voyage!*’ When the company was growing it was possible to win a fight, but after the crisis, not even worth bothering. We all knew that.

An Ekitai shop-floor worker said that with the knowledge of inevitable redundancies, the workers in an adjacent factory came up with a solution to be able to avoid working for two months and still get paid. Especially if they knew they were on the ‘redundancy list’, workers would seek to obtain a doctor’s note. However, only mental illness guaranteed that the doctor’s panel would not be able to verify one’s ability to work. The Ekitai worker, a psychology student, remembered advising her friends who worked for the other company, on how to be diagnosed with depression:

This is how I instructed my colleagues how to get a longer sick leave.

Everybody knew that the best way was the doctor’s note confirming depression. Firstly, it’s very difficult to verify, whether one actually is depressed or not. There is no doctors’ panel which can prove that. Secondly, it’s relatively longer than a normal note, unless you really are very ill. So even if you are fired, you will get one or two months of sick leave and your ZUS paid [Polish ‘ZUS’ – in this context means SSP – Statutory Sick Pay]. You just have to visit a psychiatrist and answer a standard set of questions. That was a common knowledge how to answer these questions. ‘Are you feeling depressed? – Yes.’; ‘Do you have suicidal thoughts? – Yes.’; ‘Do you have problems at work? – No.’; add a few prepared sentences and you are officially diagnosed with a depression. As she knew I was studying psychology they came up to me for advice on how to simulate depression, so I have given them some extracts

from Saligman's Psychopathology, chapter on endogenous depression to make it sound real.

When more and more workers called in sick, or rather 'got depressed', managers panicked. They did not know how to stop this 'endemic depression'. Eventually, they stopped informing people whether their contracts would be extended or not. Everyone was finding out on their last day whether they are staying or going.

Another Ekitai shop floor worker said that, just like her, most of her female co-workers were employed by the agency. The contracts' duration varied from very short to one or two years long. If a worker got pregnant while employed on a short term contract, she never revealed this information until she was in the second trimester of the pregnancy, and the date of contract extension was due after the first three months of pregnancy passed. This was very stressful, as the most popular form of '*śmieciówka*' [English: junk contract] in Poland is a one month contract. Therefore in such situations there were three occasions for the contract not to be extended and the workers were informed whether they are given the next temporary contract only one or two days prior to their last working day. If the management found out the worker was pregnant her contract was not extended, regardless of her job performance. However, if the contract termination date came after third month of pregnancy, it was automatically extended until the due day. Therefore, to secure their employment for a slightly longer period during the crucial first trimester of pregnancy, many Crystal Park assemblers were working as hard as normal, in a very job-intensive environment, with limited toilet breaks. They could not share their good news with work colleagues or work at a slower pace and rest accordingly, out of fear and not to provoke any suspicion.

7.6 Online discussion boards as platforms of workers' passive contestation

Internet posting has become a subject of growing interest amongst scholars; with the rise of social media and the era of unlimited communication workers gained a new powerful tool in their struggle and blogging is seen as a new form of employee resistance (Richards, 2008), which, although still underestimated and insufficiently researched, should not be treated as separate to traditional forms of employee resistance.

Internet-based resistance makes an important contribution to the story of Crystal Park workers. In comparison with the data gathered during the in-depth interviews, many critical views, especially in terms of working conditions, are predominant on the numerous employees' discussion boards. The reason for this may be fear-related, as during the interviews, especially those conducted in the workplace, workers may have been reluctant to talk about negative sides of employment. The internet gives anonymity and discretion in this respect. The discussions were spontaneous and spread through many sites. Most fruitful proved to be discussion boards connected to the main regional newspapers: *forum.gazeta.pl/*, *forum.pomorska.pl/*, *nowosci.com.pl/komentarze/* as well as regional and national internet forums: *www.skyscrapercity.com/*, *forum.e-kwidzyn.pl/* and the workplace rating website *gowork.pl*. It has to be stressed that some of these discussion boards are already off-line (2015). For the purpose of this research, the sources of this blog sites and real users' nicknames are concealed.

Activity on blog sites normally picked up after publications reporting the poor conditions at some Crystal Park factories. However, they also are informal advice and discussion boards, where workers exchange information, gossip or rate workplaces in terms of wages, company welfarism and general workplace conditions. Often those interested in working for Japanese companies would test the waters through posting a set of questions on a discussion board to get an insider view, before they applied for a job. One of the forums was following and documenting the establishment of the site, users were regularly taking and posting pictures of building works updates, as well as discussing the political and economic impacts on the region. The forum's lifespan starts from the moment when gossip about Japanese investment in Toruń had spread across the city, up to the delivery of sad news and reporting of the subsequent withdrawals of Japanese investors from the site. The initial excitement was replaced by frustration, criticism and a feeling of betrayal. There may be a hidden sarcasm in a quote from Orwell's *Animal Farm* here, as many threads reveal disapproval of Polish state policy towards foreign investment in general. The posts argue that the regulations are too flexible, taxes too low and the investors only become interested to take advantage of the state's help and cheap workers but once the state's help is no longer available, there is plenty of cheap workforce elsewhere.

(...) There are always the equal and more equal. (...) Nobody cares about us in Warsaw. (...) No more tax breaks, and the firm will move their business elsewhere (...)

[WB1]

Another blog makes a similar point;

In 2013 the property tax breaks and investment subsidies /around PLN 30MIL/ and all other subsidies will end and the firms are running away. Polish local government is falling for foreign investment, for us it's always pig in a poke [Polish: *wyjść jak Zabłocki na mydle*; untranslatable idiom, in a nutshell meaning the 'lost investment' or 'profitless investment'], without government's help Poland is simply unprofitable for them anymore, and under the guise of crisis they can feed our naive politicians any lies they want to.

[WB2]

Working conditions at the site were also being reported constantly. In some cases discussion was a cry for 'justice' from desperate and frustrated workers, other times those reports appeared as an answer to enquiries of prospective Crystal Park employees. Those who could find employment elsewhere are advised to do so.

Adduced below are just two of the examples illustrating workers' frustration:

Enough is enough. No more slavery. No more indignity and humiliation. We are forced by these thieves to work twelve hour shifts and Saturdays. 980PLN per month! Where is the Labour Inspectorate?!

[WB3]

We are humans. We are not robots. Sometimes I am working for two. The assembly line is 'overclocked'. 1,400 sets per shift. Unbearable heat, no air-con. What kind of place is this?

[WB4]

The bleak and gloomy picture emerges. It is not as much of a deterrent to jobseekers as rather an account of workers' helplessness. Often vulgar, full of irony and cynicism the blog sites become a mean of silent protest to many workers.

Several discursive patterns emerge from the contributions to the blog. Crystal Park firms are often compared to concentration camps, *kolkhozes* or third world sweat shops. Equally often workers are seeing themselves as 'slaves' or 'robots'. Agency work is ridiculed and workers employed in such manner compared to 'cheap prostitutes' whose pimps (the agency) are taking the lion's share of their hard-earned pay. In one of the accounts the factory was called as hot and cramped as a 'tin of sardines'.

Hi, I work for Matado and it's true they are paying peanuts and treat people like s***, especially those higher up, uni grads, don't know how to behave. I don't recommend working there. I've worked there for a long time so I know how rubbish it is. They give you a 'warning' for silly things, often with no grounds but if you won't sign it, you will be hauled on the carpet. I won't even mention the sanitation standards (...) I would like to come back to the bullying issue. It is true that it happens constantly. There is no day without something going on. Workers are treated like concentration camps' inmates. It is horrific that in the 21st century employees are still being treated this way. We are not some third world country. Help!

[WB5]

Another account was even more explicit in reference to concentration camp, the internet user compared Kessho to Auschwitz-Birkenau:

Kessho is a big pile of sh***. The sign from Auschwitz [*Arbeit Macht Frei* sign was stolen from Auschwitz in December 2009 to be sold to a private collector, and was retrieved thanks to the cooperation of Polish police and Interpol and restored in the Auschwitz-Birkenau Museum], was stolen to be hung over Kessho's main gate. It's getting worse every month; agency workers are being intimidated, that if they don't stay for twelve hours' shift, they won't be employed directly through the company. Warehouse workers are getting warnings for everything, even for too much stock and not enough space. If you complain - warning (...) Production flow is most important for them. To them we are nothing more the the black slaves were to cotton plantations, who should work twelve hour shifts and Saturdays. The forewoman punishes everyone who won't stay for twelve hours shifts. Two people's job is often

done by one, like carrying 40 to 52-inches televisions (...) And the one-month contracts. They are having a laugh.

[WB6]

Beneath the thread the author wrote: ‘Auschwitz-Birkenau –Arbeit Macht Frei’ and pasted the original logo of the Japanese company (see Appendix 4).

WB7 wrote:

(...) I am just about to start another late 12 hours shift until 2 am ... overtime is compulsory because apparently the firm is in crisis ... I can't see this crisis anywhere. I have been there for 10 months now and I have 3 written warnings already ... because I don't agree for some of their whims. I am not a robot. I have recently received a warning because I took my phone out of my pocket to check the time. This place can be described in two words: Auschwitz Birkenau!

Another account discourages from working at Matado in a sarcastic tone, comparing low wages to slavery:

Go to Matado then, you are going to find out how superb it is there. You slave away for 970-1000 zloty [approx. €239 or £177] and no more. Count in bullying, horrid bitches there. I have worked there for a short period of time and had enough. I don't recommend it to anyone.

[WB8]

Kessho is not work, it is SLAVERY. Money is rubbish and lots of injustice there.

[WB9]

DO NOT COME AND WORK HERE!!!!!!!!!!!!!!!!!!!!!! Do not copy our mistakes.
Regards from the slave.

[WB10]

Working conditions in Crystal Park are compared to:

Butchery – People, do not go and work there – the monotony of doing the same thing for 8 hours – standing all the time – wage about 7.25 before tax – this money is a joke, but what’s the most important – with your nose put to the f***** grindstone all the time. There is one good thing though, weekend overtime pay.

[WB11]

In another post, a person interested in working for Kessho, is asking whether the gossips about the firm’s bad reputation and appalling work and pay conditions are true.

Is it true that Kessho is such a bad place to work at? Apparently they are cheating on wages and a lot of people have resigned. I’ve heard that people were getting as little as 500 PLN in some cases. I have also heard that they do not care about those resignations as they want to bring their own people on board.

[WB12]

The answer given is not very optimistic:

Regarding Kessho, this is a just one big labour camp! This is a slavery, there is no time to yawn, you work constantly for eight hours, with just one break (25 minutes, this a laugh), you are being admonished, you are late just a few seconds, there is a heat, people are fainting. There is no way to get a glass of water, without Japanese managers and the rest of Polish foreman screaming at you.

[WB13]

Temporary contracts and work offered by the agency are also being discussed. According to most of the board’s users the ‘junk contracts’ are ‘a joke’. One of the users compared agency work and pay arrangements to cheap prostitution. And called the practice of flexible employment ‘disgusting’.

Half of the workers are pimped away by the agency Disgusting! [Untranslatable pun comparing agency workers to cheap prostitutes, as word ‘*agencja*’ in Polish may refer to both – employment agency and an ‘escort’ agency]

[WB14]

This martyrological narrative is present in almost every chat. Holocaust, slavery and exploitation rhetoric, however, is not directed at Japanese practices and culture. Rather, the employees are angry with their immediate superiors, team leaders and Polish management. These negative opinions are however juxtaposed with the ‘new-order’ guardians, attacking every such complaint with a neoliberal mindset. The latter argue that ‘the times of money for nothing’ have gone with the fall of communism. ‘Those who don’t want to work, won’t work.’ says ‘WB15’. Another account states:

Who doesn’t want to work, won’t earn a lot. People should start working properly instead of being off sick or on holiday. As if they took a night shift or overtime they would get overworked.

[WB16]

A difficult situation on the job market is blamed for the bullying and poor conditions;

The unemployment is high, so the employer is exploiting employees as much as possible. Who doesn’t like it is free to go. Go ahead and resign! 10 others are queuing for your job already. So the workers are grinding their teeth, biting their tongues and looking down when being bullied and get on working without a word, so they wouldn’t lose their jobs. How would they buy food for their kids when sacked, and unable to find another with this unemployment!? LIFE SUCKS NOWADAYS!

[WB17]

Some of the workers talk about their recalcitrance openly and with a certain degree of pride. They see themselves as tough and individualistic and immune to workplace disciplinary policies.

While workers at Ekitai were forced to work throughout the Easter Holiday, and their holiday forms were refused, many of them used ‘a day-off on demand’ right, with the provisions of The Polish Labour Code (1974). Possible consequences were considered of less importance confronted with the satisfaction from resistance and being able to outsmart management. Not without sarcastic remarks, ‘WB18’ wrote:

(...) [our manager] decided to integrate us in keeping with Japanese rule that work integrates best and refused us all holiday requests for Easter. During my Easter

confession I sadly had to tell my confessor that I was sinful and not ready to accept all these good things our Manager and Board of Directors graced us with, and instead of integrating at work I have handed in a day off on demand form, along with almost all my work colleagues. I bet the production was not very efficient throughout the festive period. What I am trying to say is that our manager must have forgotten the tit for tat rule. You don't play fair; you shouldn't have changed the rules in the middle of the game. You will probably have hearing for that, but I bet that you won't be able to do anything to US. You can't sack us, not having enough people anyway. You should just try to work in a better atmosphere at work and a better opinion for Ekitai.

Workers often mention job hunting and resigning. It is important to note that due to high unemployment and the structure of the job market in the region, the practice of quitting might be the last resort in terms of workers' resistance. Talking about it however might just be the vent eluded by Richards (2008). As the below example illustrates:

The most humiliating of all things there is to have to ask the team leader's permission to go to toilet. This is beyond human dignity. On the top of that you are going to get this look, like a toilet break was something abnormal. The team leader's opinion is taken into account when the pay rises are decided. The rises were supposed to be equal for everyone, if they will even be granted. Where are the promised bonuses? I'm sure I won't get one because I don't lick the team leader's boots as some people do. Regarding the holidays, there is a problem with that, too. You will get your time off in July and if you need to take holiday after – no one cares. I am also looking for another job :/ but it's not easy to find anything and it's probably the only reason why I still work here :/ as soon as I find something I will say bye byes to Ekitai. Do not make the same mistake :/ (...)

[WB19]

Equally often workers 'name and shame' the 'capos' as they sometimes refer to their foremen and team leaders. One of the commentators (Kessho worker) promises to write regular weekly threads (Titled: The History of Slavery at Kessho) and encourages the exchange of information and whistle blowing. She wants all the bad practice in her firm to be exposed and is critical that the press is not interested in Crystal Park any more. Finally, the blogger wonders what kind of character it takes to be a bully team leader at Kessho. Comparing the foremen to 'herding dogs' and providing various accounts of workers mistreatment, the post

concludes with a cynical critique of overtime policies suggesting that it is an exciting option for 'slaves' and the difference in pay is so insignificant that it simply is not worth it.

An eight-hour working day in this sweatshop is exhausting enough, not to mention the twelve-hour one. And to a slave, extra PLN 200 on the top of the peanuts is just not that significant, it is not making any difference to have it or not. With this extra 200 a month my family will not buy a new car, pay a mortgage or go for an exotic holiday. We will not even be able to buy one of the tellies I make.

[WB20]

Not only blog sites show employees' resistance. Other internet resources also come to rescue. One of the Crystal Parks firms' Facebook profile does not enjoy popularity, with less than a hundred 'likes'. One of the workers posted following comment on the main wall:

Whoever 'likes' [here the name of the firm] must be f***** insane. [WB21]

Also a popular meme³⁸ was created, which the forum users were reposting. In this case it was a picture of a man who 'knows it all'. The main message is that, the person in the picture knows very well what they are talking about based on a certain experience. In case of the Crystal Park firm in question it explained:

I worked at [company name] so I know what a concentration camp is, b*****! ³⁹

By sharing similar experiences, internet users can relate to the medium (here picture) and, as in the case of Crystal Par workers, find it humorous, however an adequate description of their own situation.

Based on above accounts, which are only a representative sample of the contributions available, it is possible to distinguish the main purposes that posting about work in the cyber space may serve.

³⁸ 'Memes' in the context of internet are activities, concepts, catchphrases or pieces of media which spread, often as mimicry, from person to person via the Internet. The term was first coined in 1976 by Richard Dawkins, as an example of replicator, information copied in evolutionary process. Examples are habits, skills, stories, or games passed on by imitation (see Kariko, 2013). Internet meme is based on a presumption that shared understandings will spread within the internet and will be replicated.

³⁹ Meme available at http://memy.pl/mem_167432_pracowalem_w_sharpie (last accessed in February, 2014)

Firstly, they are used to raise awareness outside the workplace – in this respect – they are almost chroniclers and have a role similar to journalistic investigations. Secondly, those working at the site are receiving the words of encouragement from other commentators – not working at the site, but interested in the subject or involved. Symbolic workers' unity outside the workplace is getting its foundations through this solidarity. Additionally the attitude towards redundancies is shown. Also in the 'naming and shaming' parts of the discussions managers are rated, often first names are used, malpractice accounts are brought up. Workers express hope that the directors would read the content of the blog and react to it by dismissing the bullies.

7.7 Conclusions

This chapter focused on the workers' experience of Japanese investors in Crystal Park. The first sections discuss the working conditions. The subsequent parts analyse the various forms of resistance found in Crystal park companies.

Interviews and working blog accounts confirmed that Crystal Park employees were exposed to a shattering rhythm of work. This was the case especially in the two biggest manufacturers, Matado and Kessho. This harsh regime and monitoring was not generally associated with the 'Japanese style', as the presence of the Japanese management on the shop floor was minimal, and mainly during the start-up phase. Additionally employees experienced cases of bullying and intimidation. Both poor working conditions and bullying were reported and investigated by the National Labour Inspectorate (PIP). Furthermore, as it was outlined in Chapter Six, employment in Crystal Park was characterized by instability and extreme flexibility. Workers' reaction was twofold; firstly, they organized themselves in trade unions (which was the case of two companies); secondly, they responded collectively, but through less formal, alternative forms of resistance.

Trade unions were operating at the site but only in two companies - Matado and Kessho. Matado constitutes an interesting case in terms of union development. Matado's management tried to impose on workers a passive way of organizing by proposing an 'independent union', rather than affiliation with national confederations (this could be regarded as some variation of

Japanese ‘enterprise unionism’). Workers were even discouraged from joining established national unions, as management argued that the workers would not have any real power and the high membership fees would be wasted on supporting lazy *Solidarność* bureaucrats, who from their ‘cosy seats’ in Warsaw, did not appreciate real problems and did not care about anyone but themselves. The management’s ‘offer’ was rejected by Matado employees, who established a *Solidarność* branch. Moreover, this trade union organization very quickly attracted one-third of the Matado’s employees. Even though both organizations in Kessho and Matado failed to protect their employees against lay-offs, it showed that Polish trade unions have not disappeared from the private sector and they are still able to attract new members. This is in line with a body of work that points to signs of trade union revitalization in Poland (see Mrozowicki and Maciejewska, 2013; Mrozowicki, 2011; Hardy and Kozek, 2011; Mrozowicki *et al.*, 2008; Meardi, 2007).

This small union density rate did not, however, diminish workers’ collectivism. Workers in Crystal Park organized their disapproval of ‘management style’ and job insecurity through alternative forms of resistance. Some workers did not hesitate to use the acts of sabotage as a form of resistance, while others turned to absenteeism or sarcasm and humour. Furthermore, dozens of workers focused their discontent online and numerous workers’ discussion boards raised awareness about conditions in the factories outside the workplace. This chapter points to the importance and the potential of the new communication technologies (blogging) for workers’ resistance.

This chapter argued that the resistance should not be associated solely with union activity. Crystal Park is an example of a low unionized environment, where employees found alternative forms of organizing. There is strong evidence in support of the collective character of workers’ resistance in the case study factories. Generally, in what they considered ‘crucial matters’ employees resisted as a group – when the physical conditions in the factory were unbearable or when the wages had not come through on time they had all stopped working without a second thought. Another time, a group of women, whose team leader would not accept any holiday requests before Easter, did not turn up at work after previously agreeing that they would all call and request a ‘day off on demand’ (as per provisions of The Polish Labour Code). There are, however, other more subtle manifestations of collective resistance present, even in individual acts of resistance. Sabotage (cases of destroying TV sets, or deliberate damage to a transmission belt) was never reported and as no workers responsible for the damage were ever

found and punished, management installed a CCTV. The form and extent of resistance in the case study firms demonstrated that even if unions are weak or absent, resistance will emerge.

Stephenson and Stewart (2001) suggest 'going beyond the factory gate' through a broader approach to workers' resistance and collectivism itself. Linking the internal world of new production regimes and the wider social domain of which they are a part. They distinguish three forms of collectivism: trade union collectivism, workplace collectivism and the collectivism of everyday life (ibid). Subsequently, in the case of Crystal Park companies, workers' collectivism is not confined to trade unionism, it has also taken another form – the solidarity and sense of common identity observed on the workers' discussion boards is very inspiring. Online blogging was not only a 'metaphorical punch bag', which allowed workers to 'let the steam off' (Richards 2008: 102), but also provided a platform through which workers could connect with each other. Importantly, the blogs reached employees across the whole cluster of firms. Thanks to these online initiatives, workers (but also members of the public, to include prospective employees or applicants) were well informed about the shop-floor conditions, pay system and management in each one of the Crystal Park companies. Moreover, workers' activity online suggests the existence of collective identity. The discourse of division 'us' (workers) and 'them' (managers and directors) was common in workers' online discussions.

The working conditions at Crystal Park do not diverge drastically from those that are predominant in the private sector in Poland. Irregularities and breaches of employment law were investigated by the National Labour Inspectorate. The harsh economic situation (the threat of being unemployed) was advantageous for the employers and allowed an authoritarian style of management. However, as this chapter has demonstrated, workers collectively resisted the rule of capital in a variety of forms, from the traditional (unionism) to the more subtle and unconventional (sabotage, absenteeism, internet-based resistance).

The next chapter will outline the overall conclusions of the thesis.

CHAPTER EIGHT

CONCLUSIONS

8.1 Introduction

This chapter reflects on the research questions of the thesis and presents the final conclusions. It builds around the following themes; firstly, the notion of Japanisation in relation to lean production and the problem of transferring what are regarded as typical Japanese practices to foreign subsidiaries is reviewed with special attention paid to the examples of the case study companies of Crystal Park site. Secondly, the focus moves to the workplace itself, as the nature of workers' responses to Japanese management practices is discussed. This passage concentrates on the collective and individual aspects of the resistance and considers the relationship between these two approaches. This thesis argues that the labour process and workplace resistance have not been completely individualised and that the collective worker, even when union activity is restricted or limited, is still present and so is workplace resistance. In the context of the ongoing debate on the post-transformation variety of capitalism in Poland, thirdly, this chapter reflects on the relevance of Varieties of Capitalism (VoC) literature. In particular it examines Polish capitalism and modes of industrial relations which influence the workplace and workers. The last sections of this chapter outline the limitations of this study and contribution to knowledge.

8.2 Japanisation

8.2.1 Japanisation and lean production

The remarkable success of Japanese corporations in the 1970s and 1980s appealed to the Western world. The way that Japanese companies were organized was considered to be superior to European or American firms. It was asserted that Japanese methods of production

and management were a new alternative to obsolete forms of Fordism (the so called ‘crisis of Fordism’). Additionally, growing competition after the crisis of the early 1970s pushed Western companies towards the Japanese management paradigm. Flexible production systems attributed to Toyota became the benchmark, not only for the automotive industry, but it was considered that adequately emulated labour productivity and the quality of products could be increased across a range of sectors. Consequently scholars started gauging the extent of Japanisation in the Western economies (Oliver and Wilkinson, 1988). Moreover, as Stewart (1998) observes, it was assumed that convergence would take place and the Western industrial world would be ‘Japanized’. This notion corresponded with the propagated globalisation thesis of the time, as knowledge about management techniques was purported to spread across national boundaries. The principles of Japanisation were endorsed by the governments pursuing a reduced role for the state agenda, for example elements of Japanese industrial relations (no strike deals or enterprise unionism) were much admired by Thatcher’s government in the United Kingdom (Turnbull, 1986).

However defining the concept of Japanisation remained problematic or even ‘chaotic’ (Dickens and Savage, 1988). The scale of Japanese investment - *direct* Japanisation following the typology of Ackroyd *et al.* (1988) in Western Europe, and especially in the UK was overemphasized (Procter and Ackroyd, 1998; Stewart, 1998). This was also the case in Poland, where Japanese Foreign Direct Investment in fact constitutes only a small fraction of the total inward investment. Japanese investment has tended to be concentrated in particular industries (mainly automotive and consumer electronics) and to locate in certain areas, particularly depressed regions, with a high unemployment rate. Further, in the case of Poland the government provided support for businesses in Special Economic Zones. This has given Japanese investment ‘visibility far out of proportion to its actual scale’ (Procter and Ackroyd, 1998: 241). Significantly, only Japanese investment is labelled in terms of its cultural background and the term ‘Japanisation’ is used (or even over-read) in this context, while other FDI – greater or similar in terms of volume – for example Dutch, British or French – are not seen as leading to respectively *Dutchisation*, *Britishisation* or *Franconisation*.

There is a problem with identifying production practices as ‘truly Japanese’. The origins of the flagship Toyota Production System can be traced back to the 1950s and 1960s in the American factories of General Motors and Ford (Coffey, 2006). Williams *et al.* (1992) argued that organization of production at the Ford factory in Highland Park was actually ‘proto-Japanese’. ‘Just-In-Time’ serves as an exemplar of another misinterpretation, as it was wrongly accredited

to the uniqueness of Japanese culture; while it was in fact developed during post-Meiji capitalistic transformation and under substantial American influence (Ikuko, 1999). Nevertheless the 'Japanisation' paradigm had faded in profile by the early 1990s. The Japanese economy entered an era of stagnation and so-called 'Japanese success' was far less convincing, with conflicting images of hyper-efficient production on one side and a bubble economy on the other. Even proponents of the concept recognized that the full scale transfer of Japanese management was unrealistic, because typical Japanese practices are embedded in the unique socio-economic system which cannot be reproduced in Europe or America. The nomenclatural aspect became an impediment for introducing flexible methods of production, as 'Japanese' was no longer explicitly associated with success. Therefore in some respects Japanisation paved the way for the lean production; in other words, Japanisation significantly marked the early phase of the lean production (Stewart *et al.*, 2009). The philosophy of lean production fully emerged with the popular book *The Machine That Changed the World* (Womack *et al.*, 1990). The key argument that the authors presented was that lean production could have been implemented anywhere, despite its allegedly Japanese roots, it did not require the Japanese cultural environment to be embedded. At the beginning of the 1990s, just as the free market economy was considered the only alternative for democratic societies (Fukuyama, 1989), lean production was seen as the best way of organizing efficient and cost-effective production. The reality of lean was, however, different from that described in *The Machine That Changed the World*. The role model of the lean production or the 'leanest producer' – Toyota 'was a far cry from introducing it by the early 1990s' (Ruigrok and van Tulder, 1996: 6) and the apparent superiority of 'lean' in terms of production was questioned (Coffey and Thorneley, 2006). Neither did lean production bring worker empowerment and job satisfaction. Rather, Japanisation and lean production were responses to specific crises in the capitalist world; in particular the falling competitiveness of Western firms, and the industrial downturn in Japan and Japanese plants all over the world (Coffey and Thorneley, 2006). Both pioneered neoliberal policies at the shop-floor level.

8.2.2 Japanisation in Crystal Park

The Polish workplace is no exception to this rule, as the post-transformation neoliberal agenda has brought a new capitalist regime and a new model of workplace relations. In Poland, a dogmatic understanding of ‘laissez-faire’ economic liberalism has become a dominant tenet. After decades of a ‘command economy’ Poland has shown a neophyte commitment to the free market economy as the only alternative model of socio-political organisation. The triumph of neoliberalism in Poland is attributed to the fact that it was seen as ‘an exact opposite of the “communist” poverty and oppression’ (Sowa, 2012: 178). Similarly, individualistic pressures and the cult of the ‘self-made man’ started influencing the workplace, the power of capital at the expense of labour and job insecurity being the main characteristic feature of workplace relations in Poland.

In general the findings of this thesis support Paul Stewart’s conclusion that;

(...) lean production is a managerial agenda for restructuring in the face of declining profitability. As such it can be seen as creating a range of organisational and ideological resources for subordinating opposition to the rule of capital.

(Stewart *et al.*, 2009: 9)

This thesis argues that in the Polish context, particularly in the case of the Japanese firms researched, the rule of capital, embodied in the competitive electronics industry, was to invest in deprived areas, with a high unemployment rate and to rely on cheap, unskilled labour. The potential for taking advantage of attractive state policies regarding FDI (tax breaks and government subsidies) was also of significant importance. In essence, Japanese capital was solely interested in extracting surplus value, in contrary to the assertion of the transfer of technology and creation of long-term and stable employment.

In the case of Crystal Park, from the workers’ perspective, the style of management was attributed exclusively to the Polish managers and rarely associated with the ‘Japanese regime’ or ‘lean management’. Apart from the start-up period, the presence of Japanese managers was minimal and the initiative was left to the Polish managers. It is also important to note the existence of ‘variegated Japanisation’ in the case study firms embracing different levels and forms of Japanese management and production techniques. The logistics company - Honsiu

Plc failed to introduce typical Japanese managerial methods at all and the introduction of *kaizen* in Honsiu proved to be infamously unsuccessful. Managers openly stressed that the firm needed to follow the European rather than Japanese model. Over the years Honsiu managed to attract more business from the non-Japanese companies located in the region and in the country. In fact Honsiu was one of the first companies located in the Crystal Park which started cooperating with Polish and European companies. Management was given *carte blanche*; Japanese headquarters did not directly impose the Japanese style. Manufacturers (Sanoto and Ekitai), however, did try to organize production in the 'Japanese way'. These two companies implemented for example typical Japanese housekeeping practices and some of the quality policies. Both of them organized formalized training, including three months induction in Japan for senior engineers. The largest manufacturers in Crystal Park - Kessho and Matado - can be placed in the middle of the 'Japanisation scale', perfunctorily applying only some of the associated managerial methods. With some difficulties Kessho and Matado introduced several quality policies. At the same time, it was Kessho, the biggest employer within the cluster, that had represented the extreme case of numerical flexibility and precarious employment. Workers were hired on two week or monthly contracts. This policy hindered the transfer of the Japanese (in a traditional sense) methods, as short-term and agency employment had led to workers' low attachment. Moreover, enforced by companies' employment policies, high turnover and 'lean' (very brief, on-the-job) training did not create a 'Japanised' employee. The awaited, textbook-style 'Japanisation' (with its emphasis on quality) of the Polish workplace was also compromised by an emphasis on the scale and quantity of production: this was most evident in the assembly factories – Matado and Kessho.

Generally, there was no intention to fully transplant Japanese practices into the Polish workplaces. Chapter Six argued that a peripheral model of Japanese management was adopted across Crystal Park's companies with Polish managers successfully imposing 'soft' quality assurance policies, but at the same time 'hard' quality policies were introduced only superficially. *Kaizen* initiatives, if not rejected by Polish managers, had to be adapted to the Polish environment as workers needed to be incentivized with small financial bonuses and rewards. After some time, *kaizen* 'died from natural causes', and managers lost interest in introducing this Japanese flagship method.

The Japanisation phenomenon in Poland has been mostly analysed from a managerial perspective, predominantly focusing on model-based applications of ultra-efficient Japanese

methods (Kraśiński, 2014). The contribution of this study is firstly to challenge the notion of a simple transfer of management practises and secondly, to reassert the way that the workplaces are indeed the terrains contested in a variety of individual and collective ways.

In the case of the researched factories, labour subordination was not entirely enforced by the principles of just-in-time or lean manufacturing and pressure on quality (Garrahan and Stewart, 1992; Delbridge, 1995), but rather by extreme flexibility and job insecurity. The intensification of work played a more significant role than quality and waste management in Japanese factories in Poland. Surveillance policies were also present: however not through team work or ‘check your neighbour’ policies, but directly through the management control (including the CCTV), and significant impact on output – which can suggest that the Japanese investors’ concern was with the productivity expressed in the scale of production, rather than ‘transplanting’ the Japanese methods or ‘work culture’. Interviewees confirmed that on many occasions quality was compromised in order to meet the daily rate of output. In short - the Polish macroeconomic context (high unemployment rate) facilitated the control of labour and its subordination. To express it in the Marxist terms - Poland’s ‘reserve army of labour’ helped capital to maintain workforce control without resorting to the sophisticated ‘machinery’ of managerial discipline and surveillance, which was indeed present, but to a smaller extent. Drawing on the concept of ‘management by stress’ (Parker and Slaughter, 1990), in case of Crystal Park the overall practice could rather be named ‘management by workers’ desperation’.

The nature of this contestation is problematic on many levels. Therefore it is necessary to explore the issues of control and resistance of workers in the context of the labour process.

8.3 The labour process and control and resistance of workers

The specificity of Japanese methods of production requires refined management control and surveillance (Wilkinson et al, 1995; Delbridge and Turnbull, 1992). Insufficient attention has however been paid to this facet of the labour process by the proponents of the Japanisation and lean production paradigm who have argued that this new type of organization will end the conflict between labour and capital (*inter alia* Womack *et al.*, 1990). Similarly it was argued that Japanisation was equally beneficial for both employers and employees. However, conflict

did not disappear and there is evidence that workers oppose the ‘empowering’ Japanese methods (Stewart *et al.*, 2009; Palmer, 1996). Capitalism constantly provides structural conditions for the emergence of workers’ resistance and organisation (Atzeni, 2014), when exploitation in the form of extracting value is implicit. Hence, the issue of resistance holds a salient place in contemporary labour process theory (see Bacon and Storey, 1993, 1995; Martinez Lucio and Stewart, 1997; Stewart, 2006). In the context of this research, special focus is placed on the following aspects of the resistance debate. Firstly, the nature of resistance, workers’ self-organisation and representation requires attention. Secondly, the relationship between collectivism and individualism in the context of workers’ resistance is explored, both conceptually and operationally. Thirdly, special attention should be paid to the Polish workplace and its distinctiveness in terms of workers’ and managers’ agency and resistance to the imposed practices.

8.3.1 The demise of the collective worker?

Since the 1980s there has been a growing confidence in the assumption that collective labour and class based workers’ agency is a relic of the past (Silver, 2014). With the growth of global capitalism the notion of increasing individualism and decreasing collectivism has been widely stressed (*inter alia* Lash and Urry, 1997; Knights and Wilmott, 1990; Giddens, 1990; Bauman, 2001; Beck, 2000; Beck and Beck-Gernsheim, 2002), in both a more general and specific workplace relations context. In the narrow sense individualisation is concerned with the production process, in the broader perspective individualisation has to be understood in the context of the modern society (Madsen, 1997). Both meanings are interrelated and identifying the difference between collectivism and individualism constitutes a conceptual problem (Healey and Calveley, 2001). Moreover, the relationship between individualism and collectivism is ambiguous. Some researchers claim that there is a decline in workplace collectivism and that the emerging new management strategies are reshaping the employment relationship in terms of individualism and collectivism (Thompson and Ackroyd, 1995; Bacon and Storey 1995). Bacon and Storey (*ibid*) see the fracturing of collectivism as an inevitable change, but also a threat and challenge to trade unionism; at the same time they identify collective representation and individual rights combined as the future trend and suggest that there is a ‘strong possibility that employees could display dual commitment to both the union

and the company' (ibid: 72). While there has been much emphasis put on the management as a dynamic and active agent in the labour process, the agency of workers should not be underestimated.

This notion of collectivism without the 'collective worker' is disputed by Martinez Lucio and Stewart (1997), who argue that the mainstream understanding of collectivism (and the relationship between the notions of collectivism and individualism) is simplistic, or as they put it 'stereotypical' (ibid: 59), as it fails to address political and social dimensions as well as contextual complexity of conflict in the labour process. While the scale of direct collective action such as strikes has drastically fallen in industrial economies in recent years (Joyce, 2015), the decline of union membership does not lead to the demise (or fracturing) of collectivism as was suggested by Bacon and Storey (1995). In the British context Japanese firms are considered 'a prime example of combining weak collectivised industrial relations with 'collectivised' work organisation and individualistic personnel practices' (Martinez Lucio and Stewart, 1997: 66). The emergence of neoliberal politics and economic globalisation have influenced management's approach to workers. Yet there is a contradiction in that at the same time the necessity for team work or *kaizen* can only be successful when the collective of workers cooperate. Thus, following the Marxist definition, Martinez Lucio and Stewart argue that the process of capitalist production is always collective, as it is undertaken by a 'collective labourer'. While the issue of individualistic and collective responses to conflict are widely explored in contemporary debate, few academic contributions have focused on the issue of collectivism in the context of restricted trade union behaviour (Stephenson and Stewart, 2001). With UK based Japanese factories as an example, Stephenson and Stewart's (2001) study demonstrates a plethora of different manifestations of collectivism - both in and outside the labour process. They argue that conflict is no longer the only conceptual lens to determine presence or absence of collectivism in the workplace and a broader definition is needed. Three patterns of collectivism are thus identified: 'trade union collectivism'; 'work place collectivism' and the 'social collectivism of everyday life' (see ibid). The typology suggested by Stephenson and Stewart is applicable in the case study Polish workplaces. While it is difficult to distinguish purely collective or individual forms of workers resistance, there is evidence of the presence of collectivist inclinations among workers and thus the existence of collective co-operation and inter-worker solidarity.

Following Stephenson and Stewart's typology (2001) examples of trade union organisation, work place collectivism and the social collectivism of everyday life, discussed in Chapter Seven, are explored further in the next section.

8.3.2 Workers' resistance and 'collectivism' at Crystal Park

First, examples of trade union collectivism appeared in a few of the case study companies. In the biggest plant at the site – Kessho – a trade union was established almost immediately after production started (2007) and that operated at the site until 2013. Trade unionists were recruited from relatively young employees, not associating *Solidarność* with a political movement, but strictly with the workers' organization. In the Matado Plant (the second biggest factory) a trade union was established in 2011 and for a short period of time managed to attract approximately 30 per cent of its workforce, while Kessho's union density was only 10 per cent. However, considering Polish legislation, these numbers are quite significant. According to the Polish Trade Union Act (1991) employees on temporary contracts were not permitted to join the trade union at their company (this was changed in June 2015 by the jurisdiction of the Constitutional Tribunal of the Republic of Poland). Around 50 per cent of Kessho workforce was employed on 'junk contracts' through an employment agency and therefore, effectively unable to join the trade union. During the time of their operation trade unions were taking part in pay negotiations, actively engaged in a protest against mass lay-offs and organised additional health and safety training and English lessons so the workers could communicate better with the Japanese managers and co-workers. Members of *Solidarność* had knowledge of working conditions and pay in different electronic manufacturers at the site. Moreover, Crystal Park trade unionists took part in nationwide protests and demonstrations and collaborated with other trade unionists in the electronics sector across Poland. There was no direct action during that period; however trade unionists, joined by non-unionised shop floor workers, led a stoppage at one of the plants, when working conditions became unbearable. The latter example confirms Stephenson and Stewart's (2001) claim that even if workers fail to involve themselves in trade union collectivism, they still display collectivist attitudes towards their colleagues and the workplace.

Second, not directly associated with the trade union activity, other examples of ‘workplace collectivism’ were also noted. Defined as ‘willingness on the part of employees to provide support for each other in the workplace around work or non-work issues’ (ibid: 6.9) workplace collectivism in the companies studied had many facets. A strong sense of ‘togetherness’ was manifested in many interviews and also on the internet discussion boards. There was far more co-operation than there was competition and peer supervision between the employees, this was manifest in covering work and not reporting acts of sabotage. For instance, when someone was struggling to meet the required rate of output it was usual that the next person on the assembly line would help. Management was unaware of this practice. Acts of sabotage on the assembly line were never reported as non-accidental by the engineers’ team who had to repair it, despite them knowing that deliberate damage had been caused by the assemblers. Everyone knew about the warehouse workers’ ‘careless handling’ manner, yet none of the workers had reported it – moreover, with frustration caused by low wages and unfulfilled promises of an annual bonus, it was considered ‘revenge’ on the company. These ‘individual’ acts of resistance - like sabotage - when present, were not seen as a crime against company property and hence were not reported to the management. They were tacitly supported by other workers who showed ‘understanding’ of such actions; even if they would not for personal moral, or other (fear of losing job) reasons have committed such acts themselves.

There were cases when groups of workers were uniting and acting together. For example, when a whole team of engineers threatened to jointly hand in their notice, management acceded to their demands. Another example was when an entire team collectively called in sick on the day before the Easter holiday break because the workers’ holiday requests had been refused. At the same time management who attempted to counter collectivist initiatives were often unsuccessful. There was a reluctance to implement the *kaizen* initiative, workers’ councils meetings were not attended and the company-sponsored social events outside working time were never attended.

Internet discussion boards are a further example of collectivism, in both the workplace and everyday life. Despite the relatively short time of operation, many of Crystal Park workers became friends. The company commuting scheme and car sharing may have contributed greatly to these relationships. Company-financed transportation was a good platform for what Stephenson and Stewart (2001) term the ‘social collectivism of everyday life’. Sharing a ride home on a bus full of fellow workers, not only allowed integrating better as colleagues, but also created many friendships. Before the company provided the transportation, workers

organised car share, as commuting to work individually was too expensive (in Poland the price of petrol is considerably high in relation to real wages, especially for those on minimum wage). Many interviewed workers stressed that if they were not sharing the cost of transport before the company introduced the bus scheme, they would not have been able to afford to commute to work at all. Some of the co-workers knew each other or were even friends for several years, as for many workers coming from the communities with high unemployment Crystal Park was often the only available option of employment. One of the interviewees joked that in her block of flats every floor had someone working for Japanese companies in Crystal Park.

The working conditions, and exhausting rhythm of work at the assembly line, but also the precarious character of employment in Crystal Park met workers' resistance. Workers responded to harsh conditions and management control with both individual and collective resistance. As it was pointed out previously, the limited union activity and low unionisation rate does not prove the absence of workers' collectivism. Therefore, these forms of workers resistance not directly connected to trade union agency are not necessarily individual as such – in fact they are (in Marxist understanding) collective. New workers' initiatives emerged, both online and in the workplaces. Crystal Park's trade union activity can serve as an example of being relatively short in operation, but attracting young workers, who do not associate with the old *Solidarność* and its wider political agenda, but recognise the need of trade unionism in the workplace. Their involvement in the real problems of workers' at workplace level was stressed during the interviews. This thesis augments critical discourses and voices the experience of workers, particularly in the context of the intense sectoral competition that has led to extreme flexibility and precarious employment.

Although *Solidarność* could not prevent the massive layoffs they made a contribution to rebuilding workers' confidence and consciousness and demonstrated that it was possible to organize in the private sector. For the large part, resistance had a more disorganized character as workers developed other forms of struggle, ranging from 'classical' sabotage (destroying machinery, and finished goods), through absenteeism, to online workers' discussion boards. Faced with flexibility and precarity workers partially deprived of a 'common voice and shared knowledge' (Mrozowicki and Maciejewska, 2013) found a platform to express their 'voices' and share their 'knowledge' online. Crystal Park showed a mixture of traditional (sabotage) and new forms (online blogs) of workers resistance. Noticeably the Japanese methods of production were also largely opposed at the managerial level. In some cases Polish managers were left to their own devices by Japanese headquarters in maintaining the Polish operation

and there was no attempt to implement Japanese methods. In companies where the methods were directly imposed by the Japanese HQ (for example a monthly rate of *kaizens*), Polish managers deliberately delayed or introduced ‘polonized’ versions of Japanese methods. Therefore this study suggests that labour processes in Poland have not resulted in increased individualization and that workers’ resistance shows a collectivist dimension that has been present to varying degrees since before the Second World War. This is discussed more extensively in the next section.

8.3.3 Reflecting on workers’ resistance in Poland

In Poland, transformation shaped by the neoliberal doctrine created a platform for a mass appeal to individualism. Suddenly collectivism (along with ‘communal’ and ‘co-operative’) acquired a somewhat pejorative meaning, and was mainly associated with the communist regime. Notwithstanding these attitudes, collectivist forms of workers’ organization are still strongly embedded in the Polish workplaces. Moreover, while collectivism is generally considered to be a feature of the communist era, its roots lie much deeper into Polish history. The Polish workplace is influenced by latifundium-like culture (Hryniewicz, 2007); originated in the 16th century *folwark* (agricultural enterprise based on extensive farming and serfdom of peasants) – where feudal workplace relations were characterized by an autocratic and paternalistic style of management. This was to some extent carried on through the communist era, where the relationship between managers and workers in the state-owned enterprises (SOEs) had feudal characteristics. This unique relationship was marked by the unhindered role of the overlord (manager). At the same time, as Hryniewicz argues, the peasants (workers) applied dual ethics: they demonstrated fairness towards their own group, while the acts of sabotage or stealing directed at the lord (management) were fully accepted, both in the feudal times and during the communist era.

More importantly, the post-war history of the labour movement in Poland starkly demonstrated that workers responded collectively to the oppressive communist regime, not only rebelling and striking (Poznań 1956, Gdańsk 1970 and Radom 1976) but also organizing themselves at the factory’s level. Hardy and Rainnie (1996) pointed out that during the communist era the workers expressed various levels of self-management in the form of workers’ councils from

1956 and the workers' commissions from the 1970s (ibid: 73). Even though the independence of the councils was limited by the 'superiority of the party', the explosion of *Solidarność* in 1980-1981 brought a truly 'self-governing' movement attracting ten million members. Moreover, in a broader sense, reaching out to the factory level, *Solidarność* symbolically established the collective identities; *Us* (the Polish nation) versus *Them* (the system, the regime) (Bakuniak and Nowak, 1987). The sense of collective belonging among workers in Poland was not fully undermined by the management's individualization strategies accompanied by the arrival of HRM at the beginning of the 1990s. Recent research shows that individualism is not fully accepted in the workplace and the collectivistic tendencies are more prevalent in Polish organisational culture. There is generally a low acceptance of individual competition amongst workers and a high regard for the team effort (Czarzasty, 2009: 412). The research conducted in the years 1999-2000 by Gardawski (see Gardawski, 2009) shows that Polish workers' attitudes towards the market economy and the post-transformational workplace were predominantly of a collectivistic nature. Yet contradictory consciousness exists among Polish workers as elements of individualist mentality are also present. Therefore the received ideas, which are represented by a dominance of 'hyper-individualism' (Szahaj, 2015), are contradictory to the ideas derived from the experience of the workplace (sense of collective action and belonging).

This study is in line with Martinez Lucio and Stewart (1997). Despite a low unionisation rate among the workers of the researched plants, the nature of workers' resistance can be described as collectivistic.

8.4 The Varieties of Capitalism framework

8.4.1 Poland's peripheral capitalism

The ideal types of Liberal Market Economy (LME) and Coordinated Market Economy (CME) identified by Hall and Soskice (2001) did not embrace the post-socialist economies. Therefore scholars have been trying to distinguish the specificity of Central and Eastern European variety of capitalism using the framework posited by Hall and Soskice. This task posed a theoretical

challenge, as LME and CME were specifically designed for the developed OECD economies. Taxonomising a unified type for the whole group of Eastern European Countries, which substantially differ in terms of development of capitalist institutions (see Buchen, 2007) has proved challenging. Acknowledging Hall and Soskice's framework, some authors pointed out that Eastern European countries represent a hybrid between LME and CME. Others (Nölke and Vliegenthart, 2009) have established a separate variety; DME (Dependant Market Economy) - signifying the importance of the foreign investors in the economic development of Eastern Europe. Placing the Polish variety of capitalism in this paradigm poses a conceptual challenge (as outlined in Chapter 3). For some, Poland's type of capitalism represents a hybrid – Mixed Market Economy (MME), others recognize the significant role of the foreign sector (Jasiecki, 2013), where the multinational companies gained a 'systemic power' (in Poland and other Visegrád economies) (Bohle and Greskovits, 2007b).

The difference of emphasis concerning the various characteristic elements either of the LME or CME or emphasis on the key role of foreign investors, however, overlook the agency of workers. Labour is analysed predominantly through the lens of the strength of the trade unions. This is not surprising as the conceptual framework proposed by Hall and Soskice (2001) significantly downplays the role of labour, putting the firm at the centre of analysis.

This research showed that the 'Japanese' national institutional context is far less important than the specific economic context and competitive conditions. Therefore, sector-specific characteristics will significantly influence the mode of transfer and inform the behaviour of the JFDI.

The Polish variety of capitalism, however, has influenced the scale and mode of Japanese Foreign Investment. The investor took advantage of certain features of Polish National Business System (NBS) and the specific labour market situation. With a labour force profile that appeared to be almost 'tailored' to the needs of the investor; the choice of location with high long-term unemployment and job insecurity promised 'an ideal employee' – low skilled, compliant and prepared to work for low pay. In industrial relations, the Polish variety of capitalism can be characterised by weak indigenous capital, low-quality public institutions, the marginalisation of workers' representation and a low standard of working conditions (Jasiecki, 2013). Polish capitalism is still transforming and in this respect it is an institutional melting pot, rather than a perfect model of a particular VoC. Polish capitalism is shaped by a variety of

influences and in this mosaic of embedded influences Japanese investment is just one component among others: American, German, British or French.

Poland attracts a significant volume of investment. However, bearing in mind the size of the economy, in terms of FDI profile, Poland is left on the periphery of Europe and even other Visegrád countries. Unlike the Czech Republic, Slovakia and Hungary where most of the high-tech automotive investors migrated, Poland receives predominantly labour intensive and low-profile investment; being rather a supplier of automotive components than a manufacturer of cars and named an ‘LCD country’, referring to assembling of LCD screens (Wojtala, 2012). Japanese investment in Crystal Park mirrors the general trend of investment in Poland.

Post-1989 Polish governments and business have a very positive view of Japanese investors who are seen as an exemplar of success with their Foreign Direct Investment embodying cutting edge technology. Moreover, as far as nationalistic and historical discourse is concerned, the Japanese are viewed as benevolent, in contrast to ‘suspicious’ German investors who are one of the major sources of inward investment in Poland. Therefore the rhetoric of ‘textbook’ Japanisation portraying Japanese investment as stable, long term and bringing inevitable diffusion of high-tech.

However, if Japanisation is defined only as a transfer of technology, stable employment and long term investment, the Polish case of Crystal Park that is the focus of this study embodies the antithesis of Japanisation – reflected in the limited transfer of technology and the short-term nature of investment characterized by precarious employment.

8.4.2 A match made in heaven - Japanese *maquiladora* and Polish model of capitalism

Over the last twenty years the Japanese economic system has undergone substantial change; with the erosion of traditional institutions such as life-time employment and a seniority based system (Watanabe, 2000). Therefore, it could be argued that the distinct features of Japan’s classical model of Coordinated Market Economy (CME) have diminished under the pressure of competition and convergence with LME systems. During this time, a substantial part of JFDI has gone to core LME systems – United Kingdom and USA. As previously mentioned,

agreeing on one particular model of classification is, in the case of Poland, difficult. Post-transformational Polish economy, with policies of deregulation and privatisation and a contracting welfare state, is leaning towards the LME countries; however, it also shows features of DME with its dependence on FDI. Moreover, some authors argue, that - twenty five years into capitalism - Poland is exhibiting the characteristics of the Anglo-Saxon variety (Szahaj, 2015). Therefore comparatively, Poland was not *terra incognita* for Japanese investors.

Japanese investment in Crystal Park broadly conforms to the feature of Dependant Market Economy (DME) with the dominant economic and political role multinationals play in a country's development. The biggest investor, Sharp and its co-operators took advantage of the favourable government policy towards foreign investors (Special Economic Zones, direct subsidies, tax breaks), and flexible forms of employment ('junk contracts'). The Japanese chose the peripheral site in the North-East Poland, which mirrors the pattern of Japanese investment in Western Europe and the USA. Although the timescale was not planned, Japanese investment in Crystal Park has proved to be very short-lived. The global downward trend in demand for electronics undermined Crystal Park's prospects as only one third of the site was utilized. Poland is an attractive location for electronics manufacturing industry globally. Firms not only from Japan, but also South Korea, the Netherlands and China invest here, with producers scattered all over the Poland's Special Economic Zones, and beyond. Just 120 kilometres East of Toruń, in Mława, LG Electronics located one of its biggest factories in Europe. The business relationship between the cluster's companies very quickly became 'relaxed', as companies started looking for external partnerships, but not necessarily with other Japanese companies.

Crystal Park did not offer high-tech investment or local linkages as the site was comprised of assembly lines where components were delivered directly from East Asia. Although these Japanese multinationals in Crystal Park were beneficiaries of the Pomeranian Special Economic Zone in terms of tax breaks and direct subsidies for several years, the investors did not fulfil the conditions regarding employment. Instead of the agreed 10,000 workers the site only employed 5,000 workers at the site, and government aid has been discontinued. After four years 2007-2011, the site has been downsizing. Some of the companies were taken over by Polish and Slovakian capital; while others moved to more attractive locations in Poland (for example Sumika relocated some of its production to Kobierzyce near Wrocław, part of Tarnobrzeg Special Economic Zone). Predominantly, the electronics industry is more footloose

than automotives and the existence of Poland's SEZs enable inter-regional competition and encourage this 'capital flight' strategy.

Regardless of the global downturn in the electronics industry, Crystal Park did not provide high-skilled jobs as was enthusiastically announced in 2006. Although Crystal Park became a 'retreat' for many unemployed graduates from the local University, the majority of jobs were filled by low-skilled labour. The Japanese corporations reduced unemployment in the region, however this decrease was very brief and the Kujawy-Pomerania Province continues to suffer from unemployment above the national average.

Japanese companies extensively used employment agencies. In contrast to the classical Japanese cluster, the core investors in Crystal Park were dependant on agency workers from the start, while some of the smaller, peripheral companies maintained relatively stable and long-term employment. During intensive periods of production, temporary workers constituted more than half of the Crystal Park's workforce. The recession was used to further 'justify' an extremely flexible form of recruitment, flat wages and workers' insecurity. This is in line with the findings of other scholars who found that similar policies were adopted by other foreign electronics corporations in Poland (Joniewicz and Szyniszewska, 2013; Mrozowski and Maciejewska, 2013). Workers were employed on very short-term contracts (two weeks or one month). This precarious character of employment has impinged on workplace relations and diminished the extent of transfer of Japanese management practices.

This study shows that Polish capitalism represents a case of a foreign-led economy, where multinational corporations obtained substantial bargaining power, through the macroeconomic context and weak public institutions. Vidal and Hauptmeier (2014: 2) suggested that 'comparative political economy has focused on institutional difference to the neglect of systemic capitalist processes, and on macro- and meso-level institutions to the neglect of the micro level, including labour process dynamics'. Similarly much of the Polish critical studies of transformation focused on institutional aspects of capitalism. In the context of comparative capitalism literature little or no attention was paid to workers' resistance (Szahaj, 2015; Jasiński, 2013; Tittenbrun, 2007). The narrow understanding of resistance – as limited to mere trade unionism and industrial actions – has led to a disregard of alternative forms of resistance outside these structural forms. Moreover, some authors claimed that the small scale of industrial disputes indicated that relations between managers and employees in Poland were of a non-confrontational character (Mykhenko, 2007). The authors designing the Variety of

Capitalism framework; either for developed economies (LME and CME), or for post-socialist countries of Central and Eastern Europe (CEE), assumed that workers were passive actors, unable to oppose capital. This thesis showed that at the company level, capital is resisted by workers, even if they are non-unionized and that workers' collectivism is a basis for this resistance.

As outlined in the Chapter Three the Variety of Capitalism framework places the firm in the centre of the socioeconomic arena. In the VoC framework industrial relations are considered to be one of the more important spheres of co-ordination the firm must address. However, the VoC's view of the industrial relations is formalistic. This study argues that in industrial relations and labour process analysis, the VoC perspective needs to broaden to take account of workers' agency and the institutional and economic specificities of the national capitalism shape industrial relations. In the case of the case study Japanese plants, the characteristics of Polish capitalism, to some extent, influence the labour process. Regardless of 'nationality' – in the case of this study – Japanese, capital faces the same problems in terms of accumulation and valorisation pressures. However the particular characteristics of the national economy may equip capital with better tools for extracting the surplus value from workers and maintain profits under market competition. In the particular case of Crystal Park, the Polish variety of capitalism allowed Japanese investors to take advantage of macroeconomic aspects of the host country economy. High unemployment, an unstable job market and, as a consequence, high job insecurity, along with growing flexibilisation of employment (for example 'junk contracts') informed the behaviour of investors in terms of recruitment and hiring and firing policy. Additionally, the specificities of the electronics sector, a high level of competitiveness and footloose industry contributed to the workers' exploitation and sense of insecurity.

8.5 Limitations and suggestions for further research

In terms of the focus of the study, Crystal Park, the cluster of Japanese electronics corporations, constitutes a sample of Japanese investment in Poland, which represents only one industry. Early studies (Kenney and Florida, 1995) have shown that typical Japanese practices are more prevalent in the automobile industry. Similar research in the Japanese car industry in Poland,

which investigates the transferability of Japanese methods would enrich the debate on the transfer of Japanese methods of production and management in Poland. As was stressed earlier Japanese investment in Poland was predominantly investigated from the management point of view. Therefore the research on the labour process in Japanese automotive plants would contribute to a better understanding of the JFDI in Poland

Further research might be undertaken in the 'post-Japanese' factories of Crystal Park. The largest Japanese manufacturers were taken over by Slovakian and Polish corporations and potentially different management methods pose the question as to whether the same employment relations remain at the site.

This thesis argues that research into new industrial relations in Poland should be less formalistic to reflect that non-trade union resistance is present in Polish workplaces and represented by a variety of forms. More specifically, the emergence of the numerous online discussion boards signifies a new trend in workers' collective action. New forms of resistance can be found outside the formal trade union movement. These alternative forms of resistance could be examined, not only in the foreign owned, but also indigenous companies, in order to broaden and widen the debate on the nature of the resistance at the Polish workplace.

8.6 Contribution to knowledge

The Japanisation phenomenon in Poland has been mostly analysed from a managerial perspective, focused predominantly on model-based applications of ultra-efficient Japanese methods. The contribution of this study is first to challenge the notion of a simple transfer of management practises and secondly, to reassert the way workplaces are terrains are contested in a variety of individual and collective ways. Therefore the findings of this thesis are in line with Stewart (1996: 16), who urged for going 'beyond the consensus' and recognize the importance of conflict and struggle within the Japanese employment relationship. The ultimate goal of Japanese investors (as in the case of any other capital) is to utilize an inexpensive workforce, not the transfer of exemplary management.

In line with other authors (Meardi, 2007; Hardy and Kozek, 2011) this research demonstrates that capital-labour conflict has not disappeared in Poland and workers can still resist capital, albeit through unconventional methods. In Poland, a new neoliberal discourse was dominant from the beginning of its transformation. This promoted the myth of the self-made man, and a belief that democracy and capitalism guarantees success and that anything is possible if only people work hard enough. Until recently there was little criticism of such notions. This made-to-measure worker, perhaps in some ways close to a 'designer employee' concept (see Casey, 1996), was purported to come with an instilled set of attitudes, which were not critical and were reluctant towards the idea of trade unionism. The crisis, growing austerity, flexibility, and the precarious character of employment, have brought critical approaches back to public discourse and into this thesis. New initiatives by workers are evident, both online and at the workplace level. Internet initiatives are particularly important as they signal the emergence of a new dimension and dynamic in workers' resistance. There is a strong sense of collective identity in the content of the analysed discussion boards. A group of contributing workers, who share and relate to their common experience, develop bonds and collective understandings which survive outside the virtual world.

Crystal Park serves as an example of a relatively short operation that attracted young workers, who did not associate with the old *Solidarność* and its wider political agenda, but recognised the need of trade unionism in the workplace to address the real problems experienced by workers. This thesis augments critical discourses and voices about the experience of workers, particularly in the context of the intense competition that has led to flexibility and precarious employment.

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APPENDICES

Appendix 1. Exemplary kaizen form (left) and simplified kaizen form at Ekitai (right)

Kaizen Report	Report №		Date of submission:	
Originator:				
Team:				
Team Leader:				
Initiative Start Date:				
Completion Date:				
Description of Kaizen proposal				
Situation prior the proposal	Analysis of changes implemented	Outcomes (after implemented)		
Indicate the waste minimisation				
Measurable effects		Comments		
Immeasurable effects				
Line manager comments		Quality control coordinator comments		

EKITAI

SUBMISSION FORM
Workers' Ideas - Kaizen

Employee's Name:

Department:

Date submitted:
(Date the form was put in the box)

PROBLEM:

.....

.....

SOLUTION:

.....

.....

Please enter YES if you wish to implement your idea yourself

Section to be completed by PPK Board

Idea nr
/...../.....

Coordinator

(Member of the PPK Board responsible for the implementation of the innovation)

Implementation date

INCENTIVE AWARDED

...../...../.....

Date Amount Paid to be signed by PPK Board Chairman

Savings achieved upon the implementation of the idea

Appendix 2. Survey conducted by National Labour Inspectorate in Toruń, Kessho plant, Procurement Department (2010)

In the past 12 months, have you been subject to any of the following practices?			
№	Form of unfair treatment	YES	NO
1.	Your right to speak your mind limited	10	4
2.	Impossible for you to speak out	11	3
3.	You have been shouted or scolded at for any work related comments, remarks or problems brought up	13	1
4.	Your work being criticised	13	1
5.	You have experienced importunate phone calls	8	6
6.	Threat or menace in writing	4	10
7.	Humiliation through gestures	7	7
8.	You feel you have been (impersonally) alluded to in a degrading or humiliating manner	11	3
9.	You have been avoided	10	4
10.	Your post have been isolated or distanced from other workers	4	10
11.	Your co-workers have been prohibited from contacting you	2	12
12.	Being cut dead	11	3
13.	Being backbitten	11	3
14.	Someone spreading rumours and gossiping about you	7	7
15.	Being ridiculed	11	3
16.	Suggestions that you are mentally ill	5	9
17.	Derision of your disability	1	13
18.	Your carriage (ex. the way you walk) being impersonated	2	12
19.	Your political views or religious beliefs being attacked	0	14
20.	Mocking your nationality	0	14
21.	Underestimation of your commitment at work	12	2
22.	Your decisions being disputed/impugned	14	0
23.	Being addressed with a nickname/s (against your will); name calling	2	12
24.	Sexual advances/proposals at workplace	0	14
25.	Not being assigned any tasks	2	12
26.	Tasks you have been assigned or already working on - revoked or given to someone else	4	10
27.	Giving you pointless tasks	14	0
28.	Excessive work being assigned	14	0
29.	Being delegated demeaning or belittling tasks	2	12
30.	Being delegated tasks that could endanger or cause harm to your health	1	13
31.	Threats of physical violence	0	14
32.	Physical abuse	0	14
33.	Emotional abuse	11	3
34.	Sexual abuse	0	14
35.	Within the past 12 months have you experienced any other form of destructive behaviour or unfair treatment	8	6

Appendix 2. Continued

36.	What is the nature of the practices mentioned above (№ 1-35)			
	overt	8		
	covert	4		
37.	How long has it been taking place:			
	a) No longer than 1 month	0		
	b) Between 1 to 2 months	1		
	c) Between 2 to 6 months	1		
	d) 6 months up to a year	0		
	e) Over 1.5 years	2		
	f) Between 1.5 to 2 years	3		
	g) 2 years and longer	6		
38.	Was the person responsible:			
	a) Your line manager	10		
	b) Another manager	6		
	c) A colleague	6		
	d) Your subordinate	0		
39.	How many people have you experienced malpractice from?			
	a) One person	10		
	b) Many people acting independently	1		
	c) A group of people acting together	2		
	d) other	1		
40.	Has this person/Have these persons acted the same way towards any other employees?		14	0

Appendix 3. Summer 2011; Bydgoszcz; Multi-branch Solidarity protest; joint unions protesting against the proposed changes to retirement age; at the front - Members of Kessho Ostaszewo branch of Solidarity holding their banner. Source: Author







Appendix 4. The photocopy of the original discussion board post

[redacted] to wielkie gównno ten napis co miał być nad brama w Oświęcimie . co zginął to miał zawisnąć nad brama [redacted]. Co raz gorzej z miesiąca na miesiąc sie robi ludzi strasz jak nie zostaną na 12 to nie przejdą z mampowera na umowę [redacted]. wózkowych starsza naganami na magazynie nie ma kto rozpietrować styropianów tez innych części za małe magazyny za dużo dostaw tylko sie u asystenta menagera zgłosić ze są problemy na magazynie z rozpietrowaniem to stawia za to nagany . Naj ważniejsza żeby Szła produkcja dla nich zrobili sobie z nas czarnych murzynów którzy maga robi po 12 i soboty za wolne dni. brygadzistka daje jakieś kary jak ktoś nie zostanie na 12 wymyśla na balansie powiano robić się w dwóch a robi jeden telewizory dźwiga od 40 " do 52 " powiano kłaść taka maszyna balancerem a jest popsuty jeszcze ułożyć na palecie o streczować i wywieść na owijarki wogule także ten mampower umowy co miesiąc śmiech na sali

Auschwitz-Birkenau - "Arbeit Macht Frei" 😊

COMPANY'S LOGO

-  [Do góry](#)
-  [Raportuj](#)
-  [Odpowiedz](#)
-  [Cytuj](#)

[- Toruń

- [← Poprzedni temat](#)
- **[Toruń](#)**
- [Następny temat →](#)

Appendix 5. Interviews questions

Management

- How the company was set up? Why this particular location was chosen. What were the factors which influenced investment decision?
- Do you have a strong link with Japanese HQ? What is the extent to which company use Japanese expatriate managers?
- Have you found any differences between Polish owned company and Japanese one in the terms of work organization and practices? What are the differences between Polish-owned (or western) and Japanese-owned workplace?
- How do you recruit workers? How important is the employee retention? How significant is the role of the employment agency in recruiting process?
- What is the shopfloor worker profile in terms of age, gender, skills?
- Does the company have seniority policy? How significant/serious is the rotation of the new employees?
- Does the new employee induction program exist? How does it look like?
- What attitudes do you want to see in workers? What do you value the most?
- How do you manage performance of the workers?
- Does the company apply bonus schemes? Are there any non-financial incentives?
- To what extent Japanese production methods are being implemented at your company?
- Do the quality circles exist?
- How important is the quality policies in your company? In what way quality control is exercised?
- How successful is kaizen initiative in your company?
- How do you find typical Japanese methods of production and management?
- How do the employees find typical Japanese management and production methods?
- Does the trade union function at the site? How would you describe relations with trade unions?
- Does the company have its own social policy? How does it look like?

Workers

- How long have you been working for the company? Why did you apply? How would you describe the labour market situation in Toruń?
- Is it your first job after graduation? What is your education history?
- What position do you occupy?
- Is the promotion involved?
- Were you employed directly by the company, or by employment agency?
- Have you found any differences between Polish-owned and Japanese-owned company in terms of work organization?
- How many hours do you work weekly?

- Is the overtime common?
- Are required to be multiskilled?
- How often trainings for workers are organized?
- How much pressure do you feel from managers and supervisors?
- How much pressure do you feel from workmates and colleagues?
- How much pressure do you feel from the sheer quantity of work?
- How much pressure do you feel from quality assurance policies?
- What is your response towards involvement programs?
- Have you experienced an increase in the speed of work?
- How does the pay system look?
- How does company welfarism look like?
- Are you are trade union member?
- How do you perceive trade union?

Appendix 6. The interview conducted on 21st November 2011 with Kesho General Manager (KGM)

MB: *So the factory was set up here in 2006?*

KGM (Witalis Korecki): Yes, that's right; in April 2006. First local workers, Polish managers, were employed in June 2006, I joined in August.

MB: *And your private recognition, why Toruń? What influenced the investment decision?*

KGM: There were many factors. Most of all it's down to the province, local government's activity.

MB: *Their endeavours?*

KGM: They put a lot of effort in it which effected in the decision that the investment will be here.

[.....]

KGM: Another problem is availability of the workforce. We can swear that Japanese are transferring the technology but they are doing it to a very limited extent. The truth is that the technology and a whole 'know how' stays in Japan, as 'the new' is being invented there.

MB: *And you do not have the R&D centre here, do you? There is one in Oxford, isn't it?*

KGM: The quintessence of the factory's being established here is cheap manufacturing of the products that we can, by competing, sell in the region. So availability of the work force is a key factor to us.

MB: *And the quality of a workforce here in the region?*

KGM: Well, it varies. The old Polish proverb says: "Jaka płaca taka praca" (You get what, you pay for)* - which proves to be true here, to some extent only, of course. We are all aware that it's not just the pay that determines the quality of work performed. There are many factors. The process set-up, supervision, quality control. There are many more. At the beginning we had quite a lot of different problems. Mainly caused by inexperience, workers unfamiliarity with a certain regime of work.

MB: *Do you mean Japanese regime of work, which was unknown in Poland?*

KGM: I do not really think that it's about the Japanese, Chinese or Suisse regime. There was a regime and this was the problem. Suddenly it turned out that there is a need of working within the 'from - to' frame and that the workers cannot themselves decide where they are at the certain times. For example: I suddenly wish to have a cigarette so I go and have a smoke, I wish to have a little break, walk around in the factory - I do so. Why it was a problem, is the question. Up until that time these people worked for less demanding employers, mainly illegally, so when they gave those jobs up - they weren't losing a lot. Or they worked in agriculture - when someone wants a break on the field - they just take it. And suddenly it turned out that one has to arrive at the specific time, at specific time one has to appear at their work post, there is a specific dress code, an obligation to wear working clothing. Even now it still happens that I spot the worker without the protective clothing on the shop floor. When I ask why they are not wearing their overalls I hear: "I washed it, forgot, forgot to bring it etc." Many different stories. We had to introduce the rules for smokers, too. There's been a huge protest over it and a lot of problems.

MB: *So smoking is allowed only during the main break. No 5-minutes smoking breaks in between?*

KGM: No, mainly because 5 minutes break on the production line is virtually impossible - no one would manage to go for 5 minutes on the dot, as the distances are simply too long. So to make it possible we would have to facilitate at least 15 minutes. It is not a rocket science to see what impact it would have on the production line.

Using the calculator we can easily see the line's efficiency fluctuation. Let's assume that we produce 1000 tellies per shift. Subtracting the half an hour daily breaks - we get 7 and 1/2 hours.

MB: *It affects in the number of produced television sets.*

KGM: Precisely! It turns out we would be producing few television sets less. In this case it would be Quick calculation – 7 and 1/2 - 0.45 telly per minute - so 15 minutes - less 7 tellies, multiplying by number of shifts, days, months - makes it quite a substantial profit loss annually.

MB: *Would you blame this mentality, this work approach on the communist system? Would you say we still aren't transformed work wise?*

KGM: No, I don't think so. This is 'Polish' mentality rather than communist one. Of course, somewhere deep – the old rule must have had some influence. Not to mention this 70-ies expression "Czy się stoi, czy się leży" (Engl: "Whether you stand or whether you lay, you are entitled to a thousand quit pay!" – Pol. 'Czy się stoi czy się leży, 1000 zł się należy'), but I wouldn't say it has such a significant importance in this case. I am convinced that people just weren't used to so much discipline in the workplace, weren't familiar with the character of this particular industry.

MB: *Do you have many people working for you, who were unemployed for a long time? Does it reflect on their performance, attitude?*

KGM: Yes, we do have quite a few people like that. However it is difficult for me to say whether it has any impact on their work. We haven't done any research regarding this matter so far. Of course we have examined employee's profile. Our employees are women mainly. Average age is 37 years old. Many of them had a long break in their employment or it was their first job.

MB: *And of course we have in mind the whole region. You have employees from Grudziądz and other neighbouring towns and villages.*

KGM: Yes, that's correct. We have employees within the 50 miles radius.

MB: *Do you organize the transport for you workers? You co fund the transport as well, don't you? To what extent do you fund it?*

KGM: Yes, we do. The workers pay some nominal part of it.

MB: *How does it work? Is it deducted from their salary?*

KGM: No, they pay the bus driver direct. This is the carrier's system and there is no point to discuss it.

MB: *What is the workers attitude towards this transport?*

KGM: They treat it normal, as a necessity. They have a matter of course attitude towards it. They are aware that if they had to commute themselves and at their own expense it would be very costly, around ten times more. So we think they are quite happy we provide the transport. We put the ticket price up at the beginning of last year, and quite surprisingly, there was no reaction, no negative response for the first time in four years. Everyone was very understanding.

MB: *However it is very strange there is no bus stop here. No public transport to the plant.*

KGM: (laughs) I can tell you, we had such a 'hullabaloo' with the bus stop here.

MB: *What do you mean? The local authorities?*

KGM: Well, the General Directorate for National Roads and Motorways is who I have in mind.

MB: *And they wouldn't approve of it?*

KGM: No, they haven't agreed for some odd procedural reason. Distance between the bus stops or the bus stop and the nearest junction is regulated and we do not qualify.

MB: *So it doesn't matter that the plant is here and 5 thousands of people working ...*

KGM: No, they don't care about it. They only care about their regulations ...

MB: *I expect it is of significant importance to the companies here. You - firms have to cover the transport costs. You would prefer if people commuted themselves, I could imagine.*

KGM: We spend huge amounts of money for this.

MB: *Does it have any advantages at all? You have disciplined workers who are always at work on time. Does it have any logistic significance?*

KGM: Yes, to some extent, it helps. In a way – we control the traffic here, meaning, the buses are leaving the factory at certain times. What is the time now? Five to two? In a moment, in about twenty minutes the morning shift finishes and the afternoon shift arrives, and you are going to see all the buses leaving the Crystal Park. By providing our own transport for workers living far from the factory we give the people assurance that they will reach their destinations in more or less reasonable time. Besides, having this facility is very favourable recruitment wise. It narrows down the places where we are looking for workforce to the ones the carrier serves.

MB: *Thank you. Let's get back to typically Japanese aspects, now.*

KGM: Pleasure. Shoot.

MB: *I would like to ask about the 'visual' side of being Japanese company. I mean "5 S", for example. Do you have Japanese signs? Were they adapted? Do you try to introduce these practices? What is the workers approach towards them?*

KGM: The "5 S" received a very warm welcome, actually. The reason being, after a few years people understood that keeping the workplace tidy, being systematic and safe aware pays off. There is no need to waste time to look for things needed, knowing where everything is and keeping it this way. So, yes, "5 S" has been very successfully implemented. We have also tried to introduce *Kaizen activities*.

MB: *And you do have competitions, as well.*

KGM: Yes, we do organise competitions of the quality circles. So yes, typical Japanese practices. However it is not 'enforced' or as widely introduced, if you wish, as in for example Toyota. They are known for their deeply Japanized organisational culture.

MB: *The corporate philosophy is different in Toyota and Sharp.*

KGM: Definitely. Toyota is more 'powerful', if you wish, in implementation of Japanese practices. It transplants them into the local factories.

MB: *How about Kaizen? Is there a rank and file kaizen initiative?*

KGM: No, not really. Few propositions were received, of course. However Kaizen is so popular form of gaining or releasing, if you like, the rationalising (as it was once called) energy, that it is used by many firms. The only problem is of nomenclatural nature – whether we call it *Kaizen* or rationalisation. Do excuse me, please. (Answering personal phone call). So, I was talking about

MB: *The Kaizen*

KGM: Thank you, yes, and that the rank- and-file initiative sometimes appears as the workers try to improve their workplace. We had our own *kaizen programme* at the beginning but it wasn't caught on, we had to make some changes, currently we are about to reintroduce it. We will have to wait for the results and see.

MB: *Is there a system of financial incentives?*

KGM: Yes, there will be. This time we are planning to introduce something similar to reward points system. We are going to encourage our employees to collect the points which can then be exchanged to certain catalogue prizes.

MB: *I would like to ask about the training now.*

KGM: (laughs). Regarding the training we have got a different, more, fundamentally different attitude to the Japanese. I will give you an example. On one occasion the Japanese finance director who used to work here some time ago, and who had joined the company when in his twenties, just after the graduation – please note, that when he worked with us he was in his late forties, close to 50; so he's been with the company for over twenty years - on one occasion he said, he was proud he hasn't undergone a single training for all those years. He thought it was great that everything he's learnt, he's learnt on the job. He has prided himself on this very reason. Here, all the time OJT – so *on the job training* – is the principle. Therefore everything the employees ought to know, they should get to know through their supervisors. The supervisors should 'enlighten', if you like, their subordinate workers with knowledge in order to pursue their occupational growth. This should allow them reach the heights of perfection, leading to the mastery of their job skills. This is Japanese approach and it took us ages to convince the Japanese that this is not the method accepted in Poland, in our culture.

MB: *In European culture ...*

KGM: Totally different approach. However one step at a time, slowly we managed to change their attitude. We never had any problems with so called 'hard skills trainings' – so if the tax rules were changing there was no problem with sending our accountant for professional training, obviously. But the language courses, soft skills training, managerial competence training, it took us a long time to convince the Japanese to agree for that. Regarding the language training ...

MB: *Do you mean Japanese or English?*

KGM: To be honest, we have never managed to convince the board of directors about the necessity of language trainings, any language, really. What's strange, as the Japanese do not speak English very well, their English is rather poor. But we have never succeeded in this particular field. They, of course, do accept professional training and can help in its accomplishment if it's paid by the trainee personally, as it is regarded to be worker's individual development. I progress and gain the knowledge which could be used elsewhere, so why should the company be obliged to pay for it?

MB: *What is the crew's view on the Japanese approach to training? Weren't employees interested in training?*

KGM: It's obvious that the employees want to learn and develop new skills and we appreciate that. So the exact 'transplantation' of Japanese 'no training but OJT' approach was not quite as successful as it would seem to be. I see many aspects of this problem. From the other hand, the very first group of managers went to Japan for three months in order to learn Japanese.

MB: *Just to learn the language?*

KGM: (laughs) Yes, just for that. The whole idea of it is not only absurd but also impossible to accomplish. There is no way someone can gain enough language proficiency to be able to use it at work in 3 months. At the same time – these people weren't interested in continuing to learn Japanese – what seems illogical to me. And it's difficult for me to understand the reasons behind it all. I have my private theory, which I would prefer not to mention.

MB: *So Japanese was more important than English in Sharp's case?*

KGM: I don't really know. To be honest I wasn't here at the beginning. I started working for this company later, after the group mentioned went to Japan.

MB: *Were they managers or engineers sent to Japan?*

KGM: This was a group of the managers, recruited here, within free job market who were sent to Japan in order to, well partly of course to familiarize themselves with the production process, the factory; in order to get to know the corporation and its culture; to learn the language; and then to return and implement at the plant, what they've learnt. But it didn't work out.

MB: *So they rather can't speak Japanese.*

KGM: Well, they have passed some exams ...

MB: *But they do not use it at work.*

KGM: No, they don't. Besides, there aren't many of them left here any longer.

MB: *Do ordinary shop floor workers have any contact with the Japanese?*

KGM: Yes, they do.

MB: *How does the communication process look like in these situations? If the worker doesn't speak English, what then?*

KGM: Well, it depends. C'est la vie. You live in the UK – therefore you know, that sometimes it's enough to know few words to communicate somehow. If everyone knows the context then obviously gestures, slang (shop floor expressions) will send the message. Besides there are supervisors, constant supervision – and they can always help.

MB: *How about the translators? Do you use any?*

KGM: We used translators at the beginning, but this factory is more and more independent from the Japanese and Japanese management.

MB: *So there is a transfer of competences on to Polish managers?*

KGM: Yes, that's right. However it is a slow process. Some would say it happens too slowly, some that it doesn't seem to happen. But to give it the justice – this process has started already and the Japanese members of the Board of Directors, the top management are cognizant of that fact. They know it's impossible to manage the plant with the Japanese *staff* only.

MB: *Does every Japanese manager have his Polish equivalent?*

KGM: No, we do not have such practice here.

[...]

MB: *Would you be able to tell me something about the Unions? The trade unions, Solidarity, have been present here for a few years. How does the cooperation with unions look like here? How many people have joined the trade union? What is the percentage of unionists? It isn't a lot, is it?*

KGM: 150 people, 150 or so. This is a good story, too, the story of these unions development at the plant.

MB: *Is it the Solidarity?*

KGM: Yes, it is the Solidarity. Yyyyyyy (long pause) It is o.k. now.

MB: *But it wasn't?*

KGM: It wasn't o.k. More, it was very far from o.k. At the beginning, when the structures were being established, we had to deal with some representatives, active board members, whom I suspect of trying to further their own union career rather than bearing in mind the real purpose the union was meant to be created for. And they have partially achieved their goals. One of the women lost her job, as her contract simply ended and the supervisors did not want to extend it, which fact she had meticulously made a very good use of, causing an uproar by implying that her job loss was to blame on her union activity. This person supported by union's regional board added fuel to the fire of our 'bad relationship' with 'Solidarity'. Media are always prone to believe such stories and *biased*, as the journalist who wrote all those stories was a Solidarity member herself, so ...

MB: *Do you mean "Nowości"?*

KGM: Indeed! So, it created a mixture of bad PR being 'thrown' at our factory and it has ruined our public image. That period – 2007-2008 – destroyed our profile. While, as I said – the person who is a union activist herself wrote an article about the union in our factory. It is impossible to avoid bias. There was no way the articles can be impartial in such case, and they weren't. It has calmed down since. Mainly because the situation has stabilised, but also thanks the union leaders, who even if are ambitious to get to the higher union structures, are also sensible and they are sensible enough to find the balance necessary in maintaining working relationship with our management.

MB: *So at the beginning the union activity was treated as a springboard...*

KGM: It was just a fatuous activity of few people who suddenly decided to fight for workers rights, and while there is nothing wrong with doing so, and the unions are being established in various factories, the whole atmosphere created around this process, was then, in my opinion, intolerable. The paper was reporting some clandestine union activity. This can only demonstrate huge misunderstanding of the whole idea. If someone has to find a group of 20 potential union members and then go to the employer in order to inform the latter that the union is about to be established, it is obvious – that this person would keep it quiet initially, while looking for the members, and only after getting a quorum necessary would go to the employer.

MB: *Going south.*

KGM: Evidently.

[...]

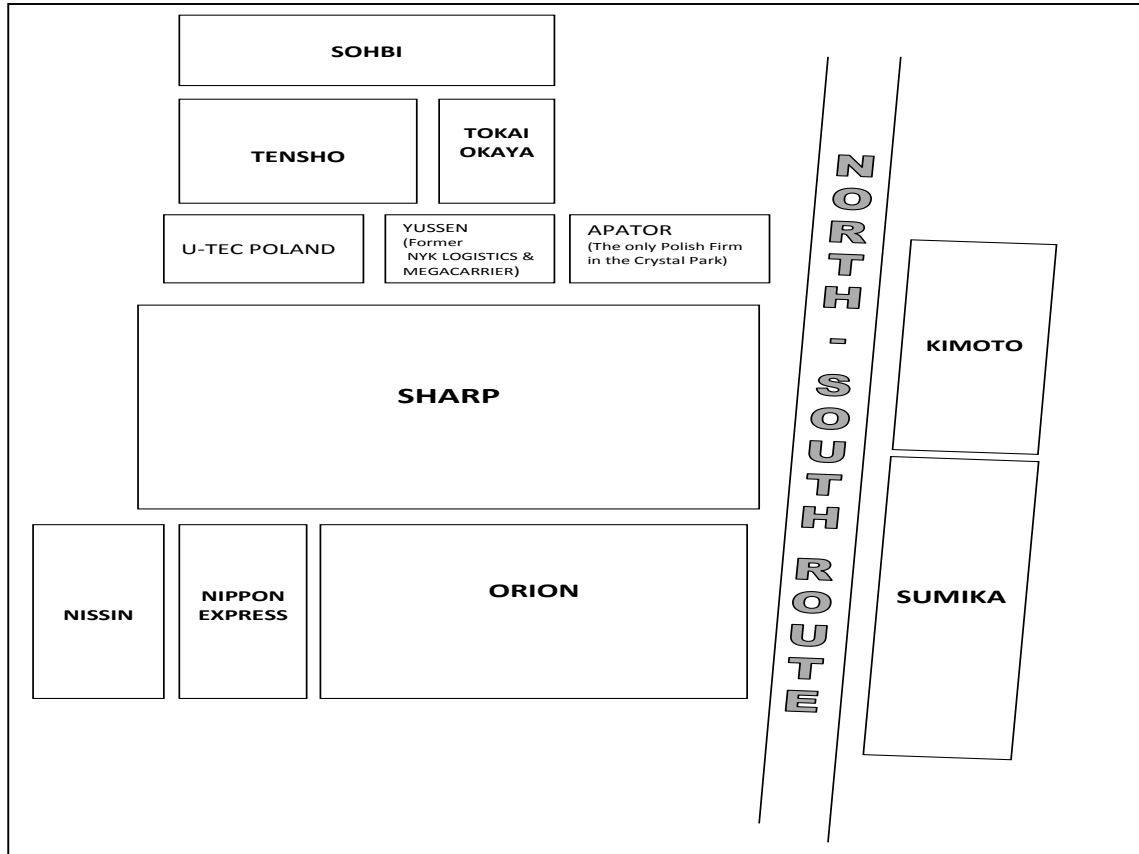
MB: *I rather meant the attitude of the Japanese towards the Unions, their presence at the plant here.*

KGM: Well, there are trade unions in Japan. It's nothing new to the Japanese. However their role is slightly different. Their main purpose is workers' rights protection. Whereas they never really; well you are probably better informed as you research the topic; but as far as I am aware, there were no strike actions in Japan against the pay etc.

MB: [...] But I'm rather asking how do Japanese treat the union's presence here? Is it unusual to them?

KGM: They are aware of it and have accepted union's presence. Besides, our European HQ is in Germany where unions are very strong. Germans have these union councils etc. So the Japanese were familiar with it. It was nothing new to them. We had meetings with the unions. There were even meetings at the regional level. Our directors were having meetings with them. The Regional Council has organised an introductory dinner for our directors, as well. The Japanese didn't treat union activity as anything strange. However the dialog with unions is left for the Polish part to deal with.

Appendix 7. Pomeranian Special Economic Zone; Cluster of Japanese Electronics Companies in Ostaszewo (2007-2012).



Source: Author.