



National Online Survey

**to establish the status of employees and workers' representation
in enterprises in Bulgaria**

Contract between BIA and BLSP of July 2018)

Prepared by a team of

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I. Introduction

In recent years, employees and workers participation in enterprise management has been seen in a more global aspect of workplace welfare. This is based on a number of evidences over the last decades about the significant contribution of active participation of employees in corporate governance to both productivity and quality of work for economic growth, employment and social well-being.

This report is the main result of a national online survey on the status of employees and workers representation in enterprises in Bulgaria in the period July - September 2018 as a stage in the realization of the international project of the Bulgarian Industrial Association (BIA) "WIM Workers Participation - Awareness, Experimentation, Monitoring"

The study and the report, respectively, include the collection of information on the representation of workers and employees in enterprises of all economic sectors in Bulgaria according to the 2008 Classification of Economic Activities (NACE), analysis of this information, general conclusions and recommendations.

The elaboration of the report is based on collected information in the period July - September 2018. Within the field work, relevant tools and data sources were used. Data was collected for 103 enterprises by conducting online surveys.

II. Methodological notes on the study

The analyzed information, which we have, mainly concerns the opinions of two groups of respondents (business managers and human resources managers). It was gathered with a research tool explicitly selected by the Contracting Authority - an online survey that was sent by e-mail.

The content of the survey itself was predetermined and approved by the Contracting authority with a view to achieving compatible databases and comparable findings for the individual countries involved in the international project.

According to the terms of the assignment determined by the Contracting Authority, the conducted survey has the character of a national survey without fulfilling the criteria for a representative survey. In order to achieve these characteristics of the survey, e-mails were emailed repeatedly to over 2000 enterprises, covering different sectors of the economy and various regions of the country.

According to the requirement of the Contracting Authority (to receive answers from no less than one hundred respondents), this analysis is based on a total of 103 responses to the online survey.

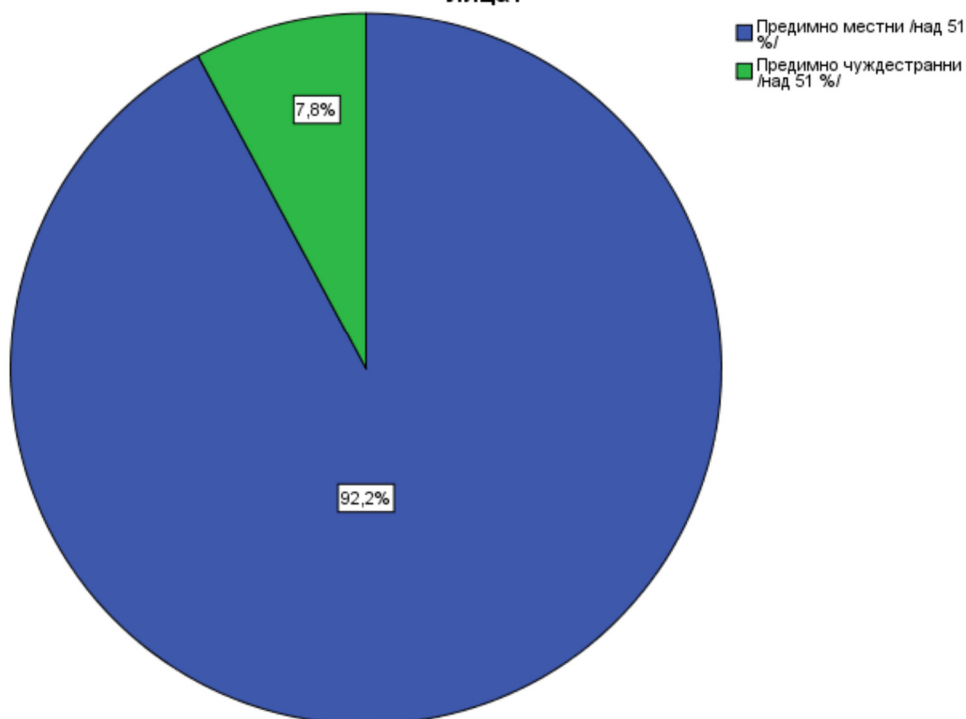
III. Sample characterization

In order to ensure the widest possible sources of information needed to conduct the survey, the questionnaires were sent to commercial companies, budget structures and other organizational forms (such as non-profit organizations) that were selected according to the following criteria:

- to work on the territory of the country;
- to hire workers and employees under an employment relationship; and
- to apply the Bulgarian labor legislation.

IV. Ownership of the legal entity

1. Каква е собствеността на фирмата Ви – на местни или чуждестранни лица?



In terms of ownership, the 103 respondents define themselves in the survey as follows:

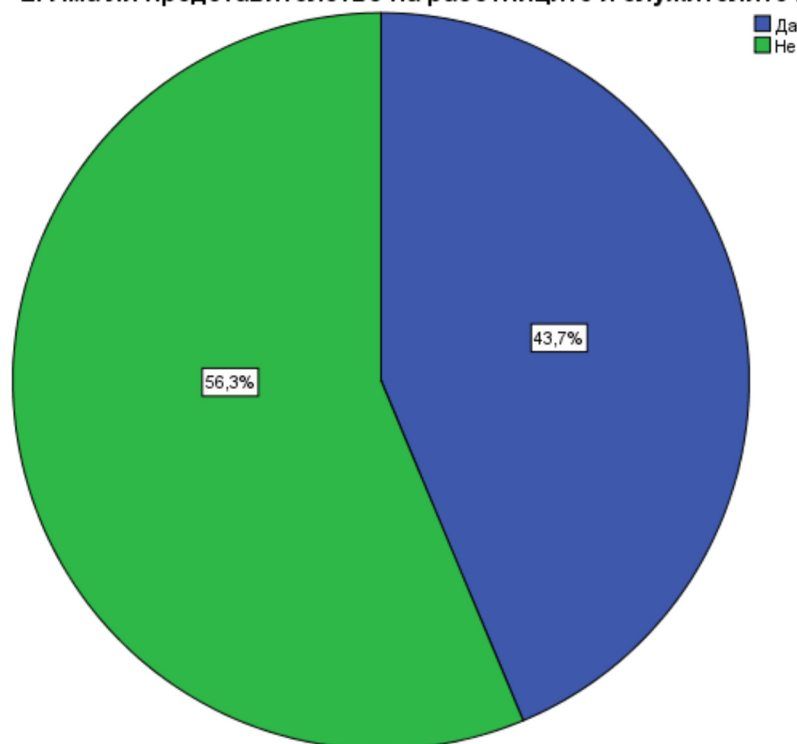
A) With predominant ownership of local residents (over 51% of ownership) - 92.2% of the respondents

B) With predominant ownership of foreign persons (over 51% of ownership) - 7.8% of the respondents

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V. Organizational aspects of employees and workers representation

2. Има ли представителство на работниците и служителите във фирмата?



At the time of the survey, 43.7% of the respondents reported that have a functioning workers and employees representation in their enterprise or organization

Some of the specific responses of these respondents to the question - "When was workers and employees representation settled in their enterprise or organization?" deserve special attention. The analysis of the responses indicates that a large number of respondents maintain that the institute of representation existed "from the beginning" or "from the founding of the company" or "from the very beginning of the Center's opening". Other replies indicate that their representation exists for "long ago"; "over 5 years and more"; "8 years ago"; "more than 10 years ago"; "There has always been" representation. This position, which indicates the existence of traditions in the functioning of "representation", is stated by 42.2% of all respondents, who note that this form of participation in the management exists.

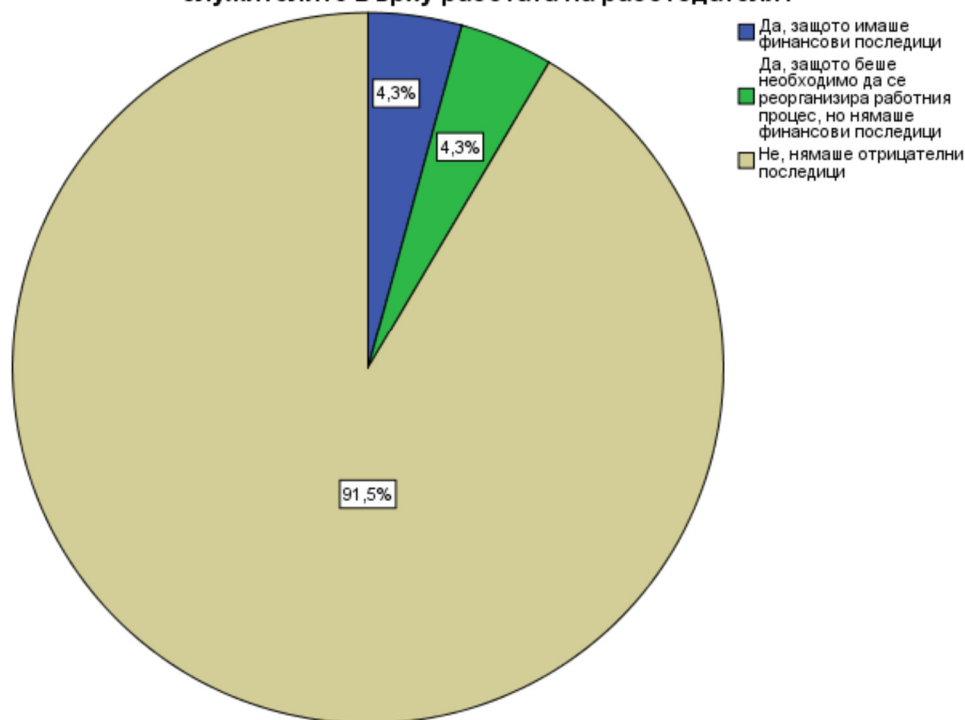
Note: In this group, we did not include the answers that indicate the presence of a functioning representation before 2001 (eg 1990, 1993, 1996). This is clearly a mistake or misunderstanding, as the earliest legislative framework the representation is from 2001.

The rest of respondents to this question either indicate an earlier period of formation of representation or indicate an event (e.g. "when choosing the Working Conditions Committee") without indicating when it occurred.

In answering this question, for the first time, the "mixing" in the respondents' perceptions of the powers of the trade unions and the functions of the workers and employees representatives was manifested. In 11% of responses, respondents point out existing trade union organizations as workers and employees representatives. This trend is also found in some of the following answers. This leads us to two main conclusions:

- First, every tenth employer, with real workers and employees representation places a sign of equality between the institute of representation and the functioning of a trade union.
- Second - with 11% of the respondents that are indicated, probably the trade unions themselves maintain the impression that they are the "bearers" of the representation.

4. Отрази ли се е негативно изборът на представители на работниците и служителите върху работата на работодателя?

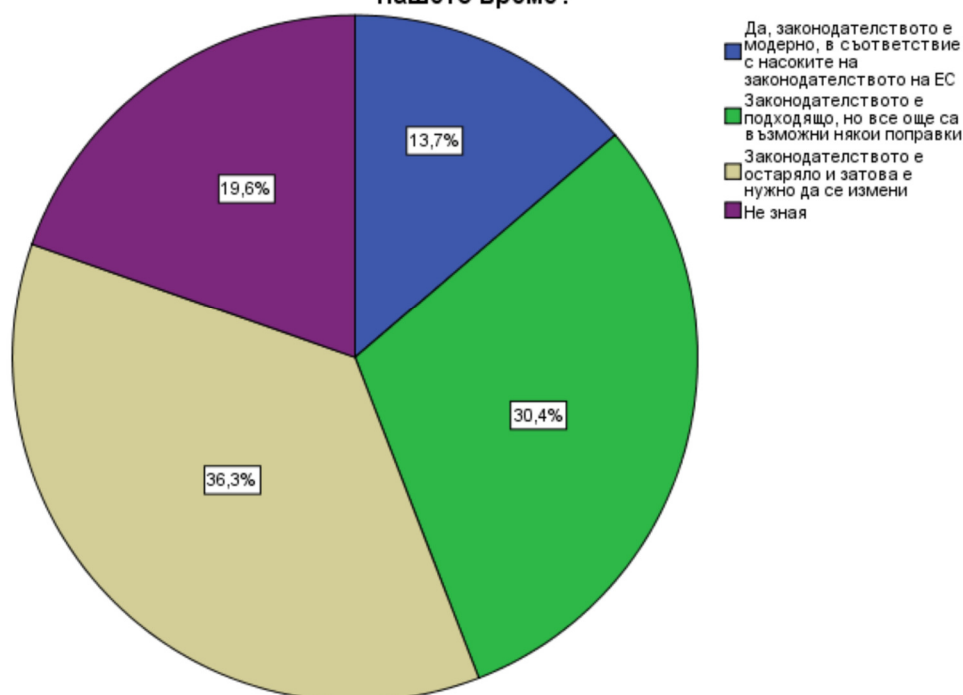


Another important characteristic of the attitude of the respondents who have traditions in the functioning of the representation is in principle their positive attitude to the effect of this legal

and management institute. The impressive majority (nearly 91.5% of the respondents) said that the choice of workers and employees representatives did not have a negative impact on the employer's activity. Only about 8.5% of responses identified a negative management or financial effect (e.g., "had financial consequences" or "it was necessary to reorganize the work process").

VI. Adequacy of the legislative framework

5. Смятате ли, че законодателството, което регулира представителството на работниците и служителите в предприятието, отразява нуждите на нашето време?



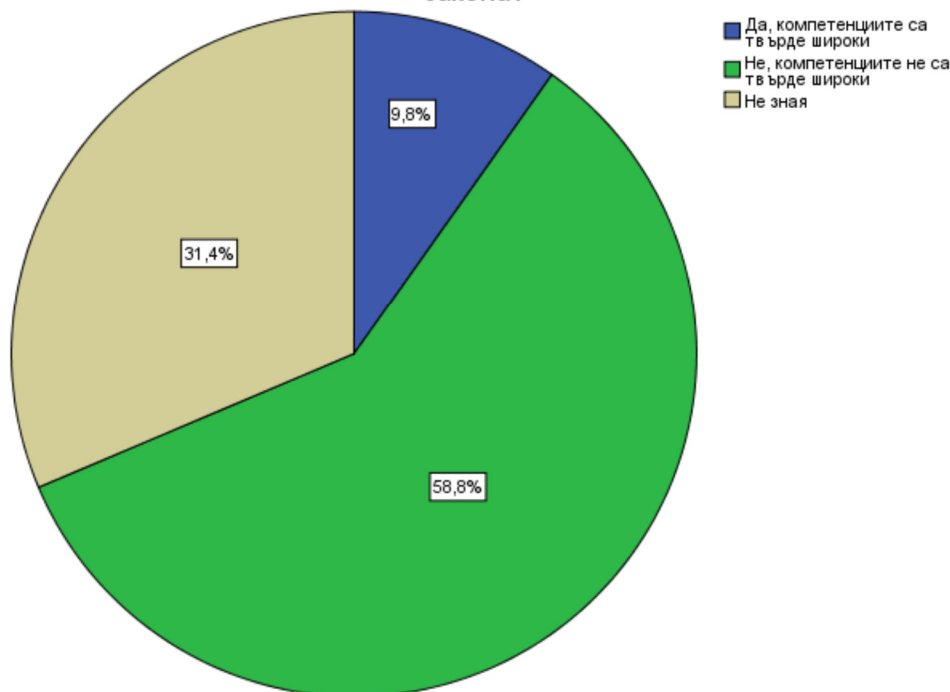
The evaluation of the legislation on representation expressed by the respondents indicates the existence of serious differences in the knowledge of employers and HR management specialists from the employers' team. Nearly 44% of respondents agree that the legislation regulating employee representation meets the needs of our time, that it is modern, that it is in line with EU law, or at least appropriate at this time, even though its improvement is necessary.

At the same time, a notable prevalence (about 56%) have the respondents who do not share such a positive assessment. About 36% directly state that the legislation is obsolete and should

be amended; and every fifth participant in the survey expresses such an assessment indirectly, recognizing that has no opinion on the adequacy of the legislation.

VII. Assessing the competencies of employees and workers representation

6. По Ваше мнение, твърде широки ли са компетенциите на представителството на работниците и служителите, както са определени от закона?



The picture of the views expressed on the adequacy of the legislative framework is also complemented by the opinion expressed by the respondents about the scope of the competence of employee representation.

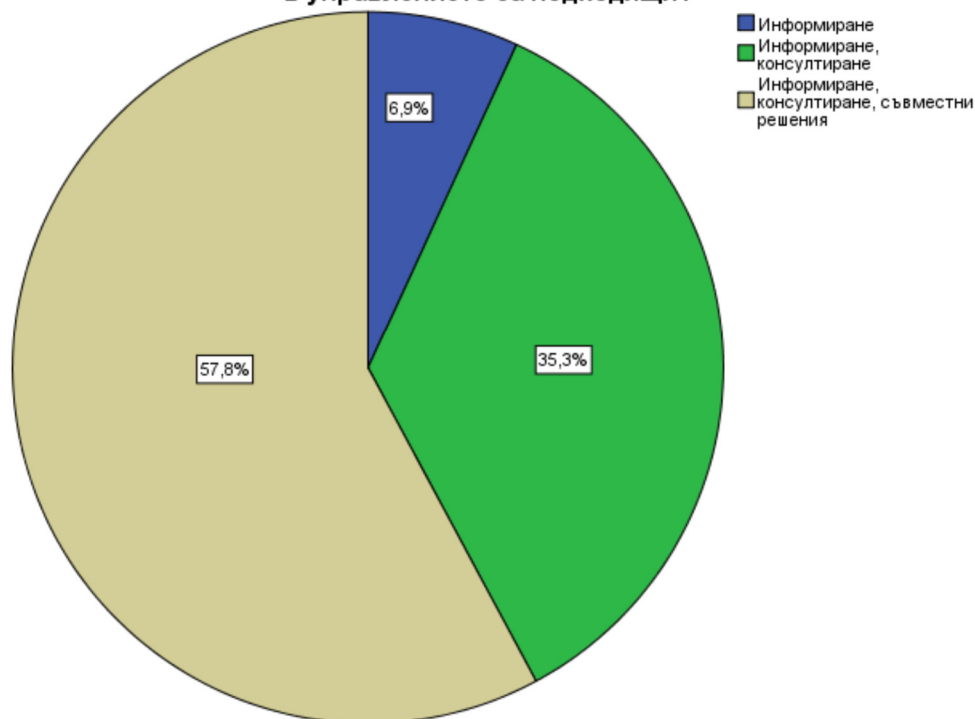
Over 58% of respondents indicate that the scope of competence defined by legislation is acceptable.

Only about 10% of the respondents think the competencies of the representation are too broad and obviously exceed their perceptions of acceptable scope. Most of these answers are based on the view that the broad competencies of workers and employees representatives are not tied to relevant responsibilities ("they have too many pretensions and no responsibility") and may, in some situations, become a problem for the interests of the enterprise. ("Much of the information that workers and employees representatives receive from the employer is a company secret under the law. The legislation does not contain sufficient safeguards to protect the information from the representatives"). Here, the relatively large share of the respondents

that have no opinion is impressive. In fact, every third respondent (31.1%) declares that he/she does not know the content of the competencies of workers and employees representation.

VIII. Employers' attitudes about the effects of employee representation

8. По Ваше мнение, какви форми на участие на работниците и служителите в управлението са подходящи?



Special attention deserve the views expressed on the appropriate forms of workers and employees involvement in the management of the company or organization.

It is noteworthy that all respondents consider it acceptable and useful to include staff in the management of the enterprise. In fact, none of the respondents rejects, a priori, the inclusion of employees in the management. The differences are only in the perceptions of the appropriate forms of participation. Especially interesting is the fact that the broader the forms of participation in the management, the greater the support of the respondents is.

More than 57% of the respondents consider it appropriate to have the widest forms possible, including information, consultation and participation in joint decision-making. Each third participant in the survey (35%) supports workers and employee information and consultation on behalf of management. And barely every fifteenth participant (6.8%) has strong reservations about employee involvement in managing the enterprise, and is inclined to accept only informing as the only form of participation.

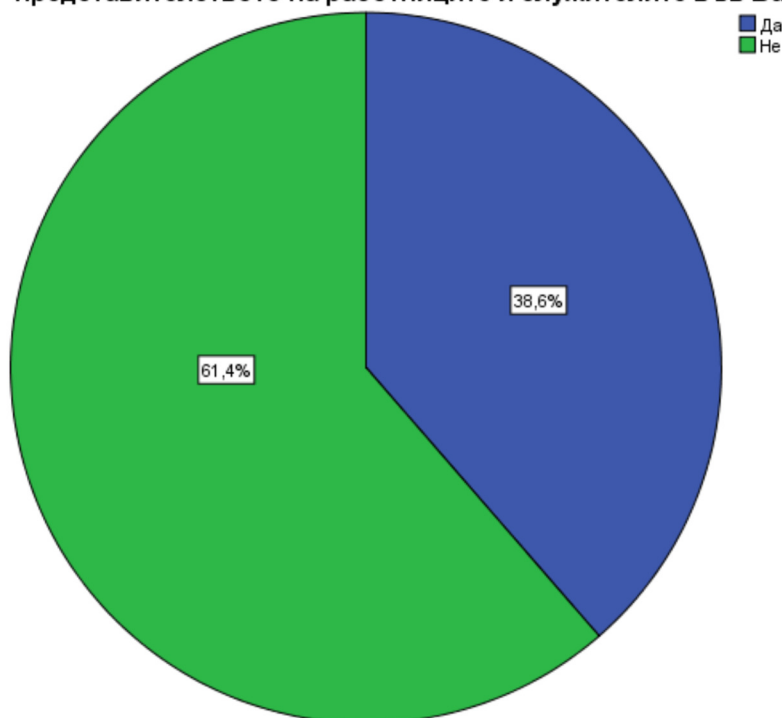
Understanding of the respondents about the positive effect of workers and employees representation is also clear in the answer to the question: "What areas or issues do you think should involve workers and employees participation in management?"

Here we observe a much more even distribution of opinions. The most widely accepted view is that workers and employees participation in management should engage their representatives with questions about rights and obligations arising from employment relationships. This is shared by 42.4% of the participants. Approximately the same support (37.9%) takes the view that representation should focus on staff issues (changes in systematization of working places, need for new workers, surplus employees).

Though we recognize more limited support, however, almost every fifth-sixth participant (17.5%) sees significance of expanding representation beyond the traditional human resources management area by involving representatives in addressing issues related to the activity of the company and its economic situation.

At the same time, we observe a "split" of many respondents about creating conditions for activation of the representation. Although generally they appreciate the effect of representation and even tend to accept to some extent its expansion, nearly two-thirds of respondents do not consider it appropriate for themselves to promote the functioning and activities of workers and employees representation in their company and organization.

10. Популяризирате ли функционира2то и дейностите на представителството на работниците и служителите във Вашата фирма?

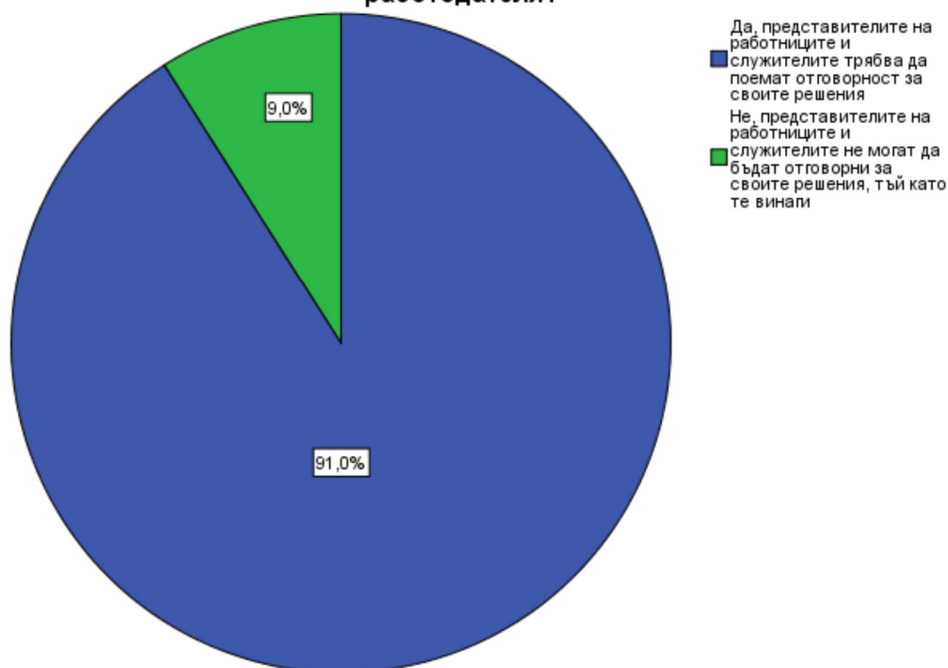


At the heart of this position is the understanding that this is a commitment of the representatives themselves and "it is not the job of the employer". At the same time, we are witnessing much more radical opinions - from "I do not think it is necessary", "unnecessary because it creates additional bureaucracy and hinders the processes in the company" to the categorical "representation works for workers' benefits that are detrimental to the enterprise. They usually do not think about the consequences of the decisions they would take. "

In this respect, one can be impressed by the conviction of the remaining 38.6% of respondents who share the importance of management actions aimed at popularizing and promoting representation. This position is based on a high appreciation of the benefits of representation that lead to "long-term involvement of employees in company development"; building "team and trust"; "Quick and direct contact of the employer with the employees"; the collection of "additional views on certain issues".

Parallel to these high expectations, respondents are virtually unanimous in their view that participation in the management goes hand in hand with the need to take responsibility for the actions of the representatives.

11. Смятате ли, че законодателството трябва да определя нивото на отговорност на представителите на работниците и служителите за решения, които имат отрицателно въздействие върху дейността на работодателя?



Nearly 90% of respondents are categorical that representatives must take responsibility for their decisions related to enterprise management. For many respondents this will lead to additional motivation for employees to feel involved in the development of the enterprise.

IX. Summary on the status of workers and employees representation

According to the survey, workers and employees representation is the main instrument regulated by the Bulgarian labor legislation aiming to achieve active inclusion of the employees in the management process of the enterprise.

A legal analysis, performed in parallel with the present survey, of workers and employees representation shows that the key competencies and functions that legislation regulates with a view to the participation of representatives in the management of an enterprise are information and consultation.

Information awareness is not only a right of employees under an employment contract, but it has both indirect and (in individual cases) direct relevance to the efficiency of economic activity, to the competitiveness of the enterprise. There are several basic aspects of information:

1. Awareness of the specific process of creating goods or services in the organization where the employee is working should be continuously developed to meet the needs of technological renovation.

2. The awareness of the organization's management depends on the management style adopted by the organization and is a prerequisite for the efficient conduct of the consultation process. Management awareness and consultation process influence productivity because they lead to effective involvement of employees in the process of creating goods and services through the creation of social relations within the organization.

3. Awareness influences the behavior of the employees towards the inclusion into the creation and conscious perception of the implemented effective management systems in the enterprise. On the other hand, information awareness is a prerequisite for consultation but it does not coincide with it. Consultation is an important element for effective management and indirectly for the organization's economic performance, because it mobilizes the knowledge and skills of the entire team.

Information and consultation play an important role in improving enterprise management and enabling workers to express their views both on current conditions and on changes likely to affect their work

It can be concluded that the big issue for the majority of the interviewed employers is not whether to involve or not workers and employees representatives, but how to realize their participation in the management of the enterprise.

It is crucial for the permanent adoption of this position to create an adequate responsibility of the representatives for their participation in the decision making process. This conclusion is most eloquent in the statement of one of the respondents:

„JOINT DECISIONS - MORE RESPONSIBILITIES“