



THE DEVELOPMENT OF DIRECT EMPLOYEE PARTICIPATION AND ITS IMPACT ON
INDUSTRIAL RELATIONS AT COMPANY LEVEL

DIRECT VS/2016/0305



DIRECT EMPLOYEE PARTICIPATION IN BULGARIA

COUNTRY REPORT



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The project is implemented with the financial support of the European Commission – Employment, Social Affairs and Inclusion DG, Budget Heading 04.03 01 06

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Direct employee participation in Bulgaria

Country report

Introduction and Preliminary remarks

For the last several decades, Bulgaria has experienced major changes in its political and economic development, relevant changes in the applicable legislation and practices. This inevitably reflected on the industrial relations and the practices of workers' representation and participation. Recently, some practices of direct workers' participation have been taking place including both consultation and delegation arrangements in the workplace. The different types of systems may vary, depending on the companies, their organisation of work and the corporate culture, the presence of trade unions etc.

Definition

In this report we will use the definition used in the project documents: *Opportunities provided by management, or initiatives to which they lend their support at workplace level, for **consultation with and/or delegation of responsibilities** and authority for decision-making to their subordinates either as individuals or as a group of employees, relating to the immediate work task, work organisation and/or working conditions*

The methodology of research includes as follows: *desk research, analysis of current national and selected sectoral situation; case-studies. The main methods are: analysis of literature and previous studies and surveys; collecting information for the sectoral economy and interviews with national and sectoral representatives of the trade unions and employers' association; case-studies – collecting information for the selected companies, interviews with employers' representatives (HR managers) and trade union/worker' representatives in the selected companies.*

I. Desk research

1. Short historical overview of the time period before and after 1989 with focus on the changes of the political system in Bulgaria and its impact on the industrial relations in workers' participation in particular:

Planned economy (1947-1989)

During that period the economy was organised and functioned under an administrative command and control approach (central planned economy), through adopting 5-years-plans which included benchmark indicators of socio-economic development over a term of five years. The fulfilment of the workers' rights and obligations was organised by the "professional unions" (trade unions, existing under the "socialist "state).

Organisation of labour (late 70-s and late 80-s)

In the middle and late 80-s some amendments in the Labour Law were made, caused by the need of improvement of economy and enterprise management. According to them the workforce could "manage the (socialist) property" and participate actively in the management of the enterprise. It had also the right to distribute the incomes of the enterprise. According to the new Labour Code from 1986, one of the main governing bodies of the enterprise should be the **general assembly (or assembly of delegates/proxies) of the workforce**. It was entitled to:

- elect the so-called economic (business) council of the enterprise (*responsible for drafting and proposing to the general assembly of the workforce several main issues regarding the production, work organisations and working conditions*);
- adopt guidelines for the development of the enterprise, including the technological development.

The similar rights were envisaged for the level of "primary working team" (subordinate to one supervisor), where also a general assembly could be called for and the council of working team' ("brigade") could be elected. In some cases there were similar bodies at the middle level of management,

too – divisions etc., including general assemblies (or assembly of proxies) and much rarely – councils of the divisions. At the enterprise and divisions level, as well as at working team level, elections of general and middle level managers and supervisors/working team leaders by the general assemblies or assemblies of proxies were envisaged. Such elections were implemented in 1986 and in the 1988 and the Bulgarian trade unions were fully responsible for them.

The data from research, conducted and information collected directly from enterprises between 1986-1988 indicated, that the changes in the regulatory framework and the campaign carried out by Bulgarian trade unions were followed by high activity during the meetings, at the primary, intermediate and enterprise/company levels, especially during the first stage in 1986. There were many criticisms and suggestions for change. There were also a number of cases where, due to the lack of suitable candidates, the elections of the respective managers failed, many of whom were already acting managers for the respective levels of management. However, most of these extended rights of workers remained primarily on paper, if we take into consideration the centralised approach to governing the economy and the very narrow scope of possible changes that could be made within the enterprises' plans (fixed prices, fixed quantity of production, etc.). In 1988, when the new elections were due, the right to elect managers at different levels was abolished in the legislation; it remained only for team/brigade and enterprise level councils.

In 1987-1989 an adoption of other legal acts that encouraged greater liberalisation of the economy and the introduction of market elements was made, but also a certain suspension of the workers' right to participate in the management was implemented since the beginning of 1989. In other words, the communist state obviously sought for a transition to a market economy, driven by the need to improve growth and efficiency, but stifled the attempts for democratization of labour relations in every possible way because the pursuit of them was stronger than expected.

Transition to market economy (1989-2000)

In 1990 the Bulgarian Parliament adopted a new Constitution (1990) based on the fundamentals of democracy and market economy. Private property was proclaimed as inviolable. Decisions for joining the NATO and the EU were taken later (1995-1997), which predetermined the overall direction of the further economic and social development. With the adoption of the new Constitution the door was opened for entirely new legislation.

Change of ownership – establishment of private companies, privatization

A new Commercial Act (1992) set the legal basis for establishing private companies, it was envisaged that when a company employed more than 50 people, the workers had the right to be represented on the general meeting of the company shareholders with a consultative vote. At the same time, *according to the law, the employees, under certain conditions, had the privilege right to purchase shares of the company and pay for them in instalments within a longer period.*

Since 1990, a new stage for democracy in labour relations emerged. Much of the previous legislation on enterprise democracy was rejected, perhaps a little hasty and thoughtlessly, as part of the “old regime” regulatory framework without looking for the useful and positive elements in it. The employees were assigned mainly a consultative role and functions in the process of companies’ management. This could be explained to a certain extent with the striving of trade unions (CITUB, which inherited the old trade unions and sought to preserve its role, as well as the new CL Podkrepa and some new trade unions) to avoid competition from some representation and participation at the workplace. This process crushed to a certain extent the opportunities to promote direct participation, as well as the alternative representative participation (through elected bodies) for a long period of time - at least until the beginning of the new millennium, when the possibility of joining the EU put the debate on the workers’ right to participate in management back on the agenda

Nevertheless, old legislation and practice had some remaining bodies and powers (for example, the general meeting or the proxy meeting of the staff in the company).

2000 – 2007 Start of the negotiations and EU accession.

Bulgarian economy was recognised as a market economy when it fulfilled the Copenhagen criteria. The state started to adapt its legislation in line with the *Acquis communautaire*. The Labour Code was amended many times after 2001 in order to transpose different EU directives. As an initial part of the single market Bulgaria made attempts to become more attractive for foreign investment inflows.

Since 1990-s the Bulgarian entrepreneurs and companies of all sizes started to develop a new corporate culture, management systems and practices. Part of it came through exchange of experience; part was brought by international companies. More than 5000 companies built up such effective management processes and systems where the workers participation was a major part of the entire philosophy and new companies' culture. Particularly the corporate human resource (HR) strategies envisaged active involvement of the employees in the consultative process as part of the decision making process, and delegation of designated part of managerial tasks and authorities to the workers and representative bodies. At the same time, the importance of workers' motivation and their loyalty to the company should be underlined, which largely depends on the overall management performance, rate of remuneration, education and skills, collaboration and cooperation attitudes of the companies' trade unions, maturity of the entire collective labour agreements (CLAs), etc.

It is well known that as a result of the preparations for the EU membership in 1997-2006, a number of changes occurred in the labour legislation, including the introduction of committees and groups on working conditions, rules for the election of information and consultation representatives, members of the special negotiating bodies and representatives in the European Works Councils for the subsidiaries of multinational companies. There were no significant changes in the legislation with regard to direct participation in management, with the exception of the general meeting/meeting of proxies in the enterprise, as well as some cases where it is explicitly stated that workers are required to be consulted.

2. Current situation

Legal framework

As already mentioned, according to the labour relations' regulatory framework in Bulgaria existing after 1990 and updated according the requirements of the European legislation in the period 2001-2016, mainly one body of direct participation of workers in the management is preserved – the general assembly (or if necessary, the assembly of the proxies) of all employees in the enterprise. The law regulates a number of issues where the general meeting or its equivalent is the only body in the enterprise that can decide on:

- *The election of different representatives of workers and employees envisaged in the Bulgarian legislation;*
- *Adoption of a draft collective agreement; if there is more than one trade union in the enterprise and if they have not agreed on a project;*
- *Determination on the way to use the funds for social spending;*
- *Determination on the mechanisms for use of the social funds by the employees' family members and by pensioners who have worked with the same employer;*
- *Decisions for effective strike actions, in the cases of settling a collective labour dispute in an enterprise.*

Practical implementation

The scope of decisions that may be taken by the general assembly/assembly of proxies is not limited by the law, and it is possible to adopt such that are not provided for in a specific legal provision, as well as such of declaratory nature, containing opinions, assessments, proposals and recommendations addressed to the employer or other individuals. Other powers of the general meetings/proxy meetings, although not mandated in the legislation, but used in practice are:

- *Definition of labour standards;*
- *Solving working time issues;*

- *Other, including issues covering the powers of information and consultation representatives, representatives for the protection of workers' interests in special cases, health and safety committees/groups, etc.*

In practice, some employers have used the general assemblies/proxy assemblies as a form of information and consultation if there are no elected representatives on I&C in the enterprises and no trade unions, or they are too small and have weak influence.

Another aspect of using workers' direct participation in management not specifically provided for in a legal act, is the practice in some enterprises (mainly MNC subsidiaries and some big Bulgarian companies) to promote bilateral communications at the workplace, systems of workers' proposals and participation in quality control, the introduction of work organisation systems that imply greater autonomy for individual workplaces, as well as for working groups and teams, etc. However, these practices are not massive for Bulgarian industrial enterprises. In the sphere of services they are encountered only in situations that require them. In the budget financed sectors there are approaches of direct participation, determined by the professional requirements for greater autonomy (teachers, lecturers, doctors, people working in the fields of art and culture, etc.) In the budget organisations (primarily in schools and to a certain extent in the healthcare system) this autonomy is often violated, as there is too much administrative interference through regulations, orders, and others.

Current digitalization and increasing information loads and exchange also speeds up this process in the most advanced companies in the IT and other sectors. Since increasing number of people use more and more teleworking, home office and other new platforms, work organisation also changes rapidly reflecting these new conditions.

It could be presumed that the direct participation in both forms (consultation or delegation) have to be further enhanced via receiving support from the management, employers' organisations at sectoral and national level and trade unions. It also becomes one of the most important prerequisites for effective management and overall corporate advancement as far as it also

attracts the talented and best performing employees in their further skills and competence development.

For different reasons, this conclusion could be made for the micro and small companies, where one can find the manager being also an accoutre, a distributor and even something else. And this is a natural way of doing things, since if you don't have proper communication and a flexible manner of managing your business, the chance to drop off the market is not small.

Short overview of previous researches related to the topic of direct participation in Bulgaria

Comments on the issue in research publications

As far as direct participation is explored and commented on in the academic literature in the period 1990-2017, it has been most often done in a more general aspect, along with the research on representative participation, including information and consultation, trade union representation, collective bargaining, etc. Another, mostly managerial, approach to studying direct workers' participation in management is in the context of communication processes in enterprises.

Survey results

Direct participation in the management was partly the subject of an international study of the international research chain CRANET, which included Bulgarian enterprises, as well as a number of EU and EEA countries and some other countries. These studies were conducted several times - in the 1990s, then in 2003, 2006, 2009. In 2003, 35% of the surveyed Bulgarian enterprises used a survey of workers' opinion, 51% used production meetings (or general meetings), and in 61% of the cases the enterprises had systems for collecting workers' proposals. In 2006, there was a certain growth in electronic communications with workers and employees, but this is not an indicator of increased participation in management. According to data from 2006, in the three-year period since the previous survey, in 21% of the surveyed enterprises the importance of the systems for workers' proposals had increased, incl. through their stimulation, in 17.8% of the enterprises the importance of using

general meetings/production meetings has increased and in 13.4% the role of employee opinion surveys increased. Unfortunately, 29.9% of the surveyed enterprises have never used any employee meetings, and 36.3% have not used any survey of workers' opinions. In general, however, there are trends to refrain from sharing views on the part of workers. In addition, at that period direct managers have been mostly busy in communicating with workers and with industrial relations, which to some extent creates difficulties and "limits" the process within the working teams/groups.¹

The issue of direct employee participation in management is referred to in the Third European Company Survey of the European Foundation for the Improvement of Working and Living Conditions in 2013, which covers Bulgarian enterprises as well. According to the data, 53% of the surveyed enterprises in Bulgaria have in place good systems and mechanisms for exchanging information between managers and workers and good communications guaranteeing the inclusion and support of the workers, in 25% there is insufficient effort and few changes to improve the internal information exchange and communications, but some involvement by workers still exists. And in 18% of the enterprises the systems for information exchange and communication are at an average level, but there is no support and involvement of workers. According to data from the same survey, in 50% of the surveyed small enterprises workers are included (in one way or another) in the elaboration and adoption of management decisions and in 17% of the cases they are consulted. Interestingly, in the medium-sized enterprises the relative share of the cases of direct workers' participation in decision making is 37%, whereas for the big enterprises the relative share of participation in the decisions decreases to 31%. This is probably due to the fact that in small and somewhat in medium-sized enterprises the opportunities to apply the legally established form of general meetings, as well as the use of other mechanisms of direct employee participation are better, whereas in large companies the big staff number does not provide enough opportunities for

¹ See Vachkova E. Human Resource Management. The Bulgarian and the International Experience. Sofia. 2007.

direct communications.²

The data from the study “Social Dialogue in Micro and Small Companies” conducted by an international team and commissioned by the European Foundation for the Improvement of Living and Working Conditions in 2013-2014, reveal the tendencies in choosing different channels of communication in small and micro companies in the EU Member States, incl. Bulgaria. In some of the small and micro companies there are information and consultation processes registered, carried out individually or through groups of workers as well as through general meetings.³

II. National and sectoral dimensions of the direct participation in Bulgaria: general issues and the social partners’ opinions

This part concerns the main trends of the direct participation in Bulgaria and in selected sectors.

1. Main characteristics of the resources of information

The information is based on data from previous surveys, sectoral statistics, departmental reports, as well as current information on the state of industrial relations in the sectors concerned. The information on the direct participation in enterprises from the respective sectors is collected through interviews with representatives of the branch employers’ organisations - members of BIA and the trade union federations at CITUB, as well as through national level interviews with representatives of CITUB headquarters and BIA headquarters. The total number of interviews collected in June 2017 –

² See EUROFOUND. 3-rd European Company Survey. Direct and indirect employee participation. A. Akkerman. R. Sluiten, G. Jansen. Luxemburg. 2015.

³ See EUROFOUND. Social Dialogue in Micro and Small Companies. E.Voss., M. Giacconne, A. Corral *at al.* Luxemburg. 2014.; Daskalova N., E. Ribarova, T. Mihailova. Social Dialogue in Micro and Small Companies. National context and case-studies. Working paper, prepared for the purposes of the EUROFOUND project Social Dialogue in Micro and Small Companies, with contract of IRES-CGIL-Rome, Italy. ISTUR. Sofia. 2014.

March 2018 is 14⁴. Among them 6 were conducted with representatives of sectoral employers' organisations and 1 - with national representatives of BIA, 4 - with representatives of the sectoral trade union federations affiliated to CITUB and 3 with representatives of CITUB headquarters. The main sectors are as follows: metallurgy; machine-building⁵; food manufacturing, including processing of fruits and vegetables and brewery in particular; road transport; recycling industry⁶, retail, cooperatives, .services, tourism.

2. Main trends in the selected sectors

There are various trends in the sectors studied - metallurgy, machine building (including automotive manufacturing, electronics and electrical engineering), food processing (from the processing industry), as well as transport, waste processing and trade, retail, cooperatives, services and tourism (from the sphere of services).

2.1. In the heavy industry sectors, there is a revival after the 2008-2010 crisis, which is observed, although unevenly, since 2011-2012. Large companies are predominant, with big companies in the sphere of machine building, electronics and electrical engineering booming and growing after 2013; a number of medium-sized companies becoming big with the increase in capital and number of employees. In 2014-2015 there was also a rapid increase in the automotive industry. There were innovations and smart production in some companies of the sector. Employment in these sectors was stable, with tendencies of slight growth, with the exception of the large growth in the car industry (mostly subcontractors); where over the last 5 years the number of employees has increased almost twice⁷. There are FDI and MNC subsidiaries in all of the mentioned above sectors.

2.2. The food industry has suffered less from the crisis 10 years ago, and the current trends are as follows: In many sectors there are many small

4 Some of the representatives of sectoral trade union federations, members of CITUB, have not yet submitted the completed questionnaires. Later on, the information from them can be integrated into this part of the report.

5 Both sectors are represented only with interviews with employers' representatives.

6 The interview was made only with representative of the employers' association.

7 See [http:// www.nsi.bg](http://www.nsi.bg)

and medium-sized enterprises, the sector is growing but there is also grey economy. At the same time, there are also big companies in the sector (sugar industry, meat production enterprises, tobacco processing, etc.), as well as investments by MNCs and subsidiaries in Bulgaria, acquired through privatization, as well as new enterprises. In the brewing industry and in the other branch subject to special research - fruit and vegetable processing - the enterprises are predominantly medium and small. Employment in the food industry is relatively stable, with some tendencies in the last 5 years to alternate between slight decrease and weak growth.

2.3. Transport as an industry is less susceptible to crises. Together with the sectors of trade, retail, tourism, services they have and impact of 20% of the GDP⁸ and involve around 25 % from the workforce (employees and self-employed). Strictly speaking, transport (which has been specially researched) is almost entirely private, with the exception of passenger transport in municipalities and some freight. The railway transport, which is state-owned, is in a less favourable situation, although there are also lines managed by private companies - freight and passenger, but they are newly created. In recent years the number of people employed in transport is growing, including in the land transport (which includes road and railway transport).

2.4. The sectors of retail, tourism, services are also less affected by the crisis and their impact is also substantial⁹. These sectors include mainly private enterprises and cooperatives, in many cases SME-s and micro-enterprises. There are also big companies and MNC-subsidiaries in tourism, trade and retail, some of the services. In 2016-2017 there is a growth both of the number of employees and of the average wages in most of the semi-sector (retail, hotels, catering, tourist agencies, and personnel services). However, the level of wages in retail, tourism, some of personnel services are still lower than the average wage in Bulgaria.

2.5. Waste processing is a developing sector, with household waste being specifically private and owned by municipalities. It covers enterprises and sole traders who buy, store and mechanically process industrial and

8 See NSI, preliminary data for 2017

9 See NSI, preliminary data for the 2017

household waste. Environmental protection requirements in recent years are a prerequisite for growth in the sector and increase of the number of employees.

3. Industrial relations in the particular sectors:

3.1. The metal manufacturing trade unions are represented mainly in the big companies (including some of the MNC subsidiaries) and in some medium-sized companies. In most of the small and micro enterprises, in many medium sized enterprises and in some of the new MNC subsidiaries there are either no trade unions or they are weak. There are trends of decentralization of collective bargaining since 2004-2005, more visible in the electronics and electro-technical production, but also in other branches of machine building and metallurgy. The coverage of collective bargaining is 30-35% for manufacturing as a whole, while in metallurgy it is around 50% and in the machine building (except automotive, electronics and electro-technical production) it is – 40 to 45% In the electronical and electrotechnical production the coverage of collective bargaining is around 20-25% and in the automotive – lower than 10%., There are 3 sectoral collective agreements – in metallurgy, in the machine building and in the electronical and electrotechnical production. In most enterprises with trade unions there are company collective agreements as well. In some of the MNC subsidiaries and big and medium sized national companies there are good models of industrial relations. In some companies good models of work-place information and consultation have also been established, including election of EWC representatives in many of the MNC subsidiaries.

3.2. In the food industry, the trade unions are also presented in the big and medium sized companies. In the brewery industry the presentation of trade unions is good for big and medium sized companies. There are also strong trends of de-centralization of the collective bargaining since 2004-2005, which is visible in most of the branches of the food industry where currently no sectoral collective agreements exist. The coverage of collective bargaining for the food industry in total is less than 20%, for some branches it is higher (plant oil production, production of sugar, chocolates etc.) and for

the brewery - it is above 60%. In recent years in some branches (production of poultry meat, plant oil production, production of sugar and sugar products, chocolates etc., fruits and vegetables processing) there used to be branch collective agreements, but no new agreements were concluded in the period 2015-2016. There is a sector collective agreement in the brewery. In some of the MNC subsidiaries and the big and medium sized national companies there are also good models of industrial relations systems of information and consultation and EWC representatives were elected.

3.3. In the transport as a whole there are well-developed industrial relations, although the trade union density differs - in the auto transport it is relatively low, in the air and maritime transport it is medium to high, and in the railway and public transport, especially in Sofia and in the other big cities, it is high. Collective bargaining exists in all branches, with the degree of coverage depending on the trade union density. In the railway and maritime transport, as well as in the public transport for Sofia it is over 60%, while in the rest transport branches it is below 40%. The level of strike activity in the transport sector is among the highest for Bulgaria, especially for those working in the railways and public transport.

3.4. In sectors of retail, tourism, services there are trade unions, but the level of density is rather low. Most of enterprises are micro and small, some are medium-sized, and among them there are many cooperatives. In some of the new services - outsourcing, IT, business services some big companies exist and many medium sized companies are operating. In some of the big, medium-sized and small enterprises of retail and tourism and also in the traditional services there are trade unions. There is also sectoral and company level bargaining in tourism and retail and collective agreements in some medium-sized and big companies. The coverage of collective bargaining is rather low.

3.5. There are no trade union organisations in the waste processing enterprises and the relations between employers and employees are mostly on an individual level.

4. Definitions concerning direct participation and general context

In the questionnaires used for the interviews, some general definitions of the “*direct workplace participation*” were presented in an annex, to clarify the subject and to enhance improved definitions to be given by the employers’ and trade union representatives. The definition is as follows: *Opportunities provided by management, or initiatives, to which they lend their support at the workplace level for consultation with and/or delegation of responsibilities and authority for decision-making to their subordinates either as individuals or as a group of employees, relating to the immediate work task, work organisation and/or working conditions. The direct participation allows employees greater scope to organise their work tasks and greater self-management, autonomy and discretion, either individually or through team working.*

The opinions expressed by trade union representatives differ mainly with some nuances about the importance of direct employee participation as means for direct information and consultation. According to a representative of CITUB at national level, direct participation in management should be interpreted in the following way: *“... through direct and immediate access to the management of the enterprise and should be distinguished by a high degree of free decision making by the workers on specific tasks that have been previously determined by the employer in an organizational document of the company”*. Some **trade union representatives**, both at national and sectoral level think that direct participation could improve the industrial democracy (including the collective bargaining) and the industrial relations in general as well as the motivation for work and productivity.

Both, employers’ and trade union representatives think that direct participation is rather a managerial approach, which mainly addresses the improvements of the productivity and corporate development.

5. Sectoral dimensions of direct participation in practice

According to the majority of employers’ and trade union representatives at sectoral level, direct participation is mainly used in large companies but also in companies without trade unions. This, according to the interviews,

includes:

- ✓ *About 50 % of the companies, processing fruits and vegetables (most of them without trade unions presence);*
- ✓ *Most of the subsidiaries of MNCs and big companies in metallurgy and brewery;*
- ✓ *Many other big companies and MNC subsidiaries (from the chemical industry; IT, financial companies, banks, insurance companies);*
- ✓ *20% of the companies of all the branches of food manufacturing (except brewery) with trade unions;*

According to the employers, in micro and SMEs the direct participation has the most natural environment, as the contact “management – employee” is always direct.

According to representatives of CITUB headquarters, the following trends have been identified in the frames of previous projects and campaigns: In many enterprises where there is no union representation and formal information and consultation systems, there is a direct contact between employees and manager/s and individual or group rights are “delegated” informally to workers, who are encouraged to “directly participate” without this being institutionalised in a particular system. This “rationalisation” of the possibility for employees’ participation is also stimulated by the managers themselves in some enterprises, as opposed to the establishment of information and consultation systems, which is considered bureaucratic and not effective enough.

Some of the trade union leaders at sectoral level indicate, that direct participation has sometimes been discussed between the social partners, including in bipartite consultations, as well as in the process of collective bargaining – both at sectoral and company level. As a result, in some collective agreements at sectoral and company level there are provisions, concerning the direct participation of the workers.

5.1. Main forms of direct participation used

In general, the main forms of direct participation include:

a) Consultative: surveys of workers' views; workplace meetings; systems for collecting workers' suggestions and ideas for innovations;

b) Delegation of functions: participation in quality control; delegation of individual or group autonomy at the workplace; project teams.

In some of the sectors direct participation is mostly consultative. According to the representatives of "Beer, Food and Beverages" Trade Union and the Branch Chamber of the Brewing Industry, in 2/3 of the enterprises, surveys of employees' attitudes are conducted and proposals for the improvement of the labour process are being collected. Production meetings, briefings and contests for new ideas are also used. In some of the enterprises, mainly MNC subsidiaries, partial autonomy of the working groups and/or workplaces is used as tools of direct participation.

According to a representative of the Branch Chamber of the Recycling sector, direct participation in the enterprises of this sector is also mainly consultative. In particular, instructions for the application of the legislative requirements are given to employees, during which they can make suggestions and recommendations, but the final decisions are taken by the management.

5.2. Subject area of direct participation: main issues

The main issues, discussed with the workers via direct participation are related to the production process, technology, quality, productivity, working time, health and safety at work and environmental policy. In some cases social issues and issues related to the work-life balance are also discussed.

In the Brewing industry, direct workers' participation in management mainly affects productivity, improvement of the work process, optimizing and facilitating the implementation of the work tasks, organisation of work, innovative technological changes, changes in the working environment, control over health and safety at work, raising employees' qualification and

skills and in some cases - pay and work-life balance. In the Recycling sector, direct employee participation in management is mainly used to improve the quality of work and is rather a managerial approach to staff management. It includes continuous improvement of the work process, organisation of work and labour efficiency. In the sectors of retail, tourism and services the main issues of direct participation are work organisation, working time, health and safety at work, work-life balance.

6. The interaction of direct participation with the other forms of industrial democracy and the other mechanisms of industrial relations process

6.1. Direct participation and the other forms of industrial democracy/workers' participation

The interviews indicate that most of the employers and some of the trade union representatives share the views that direct participation and the other forms of industrial democracy are interrelated and could support each other. **Most of the respondents** agree that conflicts among the various forms of industrial democracy do not usually appear, with some exceptions - in cases where the interests of some working teams or groups of workers are confronted with the interests of most of the other workers: cases of shift work, health and safety at work, payment etc. (Representatives of the sectoral federation of workers of most of the branches in the food industry).

Some of the trade unions and employers' organisations representatives point out that the feedback, given to the employees by the information and consultation representatives, the elected proxies and other workers' representatives is in essence direct participation (mainly informative and consultative). The representatives of the trade unions also point out that the discussion of various labour and social issues through trade union forms (meetings, personal and group contacts, etc.) is in fact direct participation (again informative and consultative) of workers, in particular trade union members and in some cases non-union members.

6.2. Direct participation and collective bargaining at sectoral and company level

The representatives of CITUB headquarters and the sectoral trade union federations rather believe that the processes of collective bargaining can outline the framework of the forms of direct participation used. On a broader scale, representatives of the headquarters of CITUB indicate that **in a number of CLAs at company level, it is a practice to negotiate information and consultation procedures that involve the implementation of the process through representatives, but also directly, with the active participation of all workers** - through production or reporting meetings, consultations, working meetings, etc. The CLAs also include the forms of seeking feedback from workers in order to examine their specific views on the issues under discussion. In the brewing industry this is to a certain extent included, in so far as activities are envisaged in sectoral collective labour agreements to promote workers' initiative, use of different forms for encouragement of employee proposals to improve the work process.

The opinions of the representatives of the branch employers' organisations are somewhat different from those of trade unions, but again, there are different nuances. Some of them (for example, the representative of the Branch Chamber of the Brewery Industry) state that *"direct and indirect forms of employee participation in the management of an enterprise are compatible, but their impact on industrial relations may lead to conflict when it comes to collective bargaining and taking advantage of the CLA benefits - from trade union members and non-members."* This is a different mechanism and the way it is applied in Bulgaria - CLA in an enterprise, as far as through this mechanism the interests of union members are mainly represented (and sometimes of the other employees), while direct participation is a form of expression of the interests of all workers. According to other opinion - of the representative of the Branch Chamber of the Metallurgy Industry, there is no direct link between direct participation and collective bargaining, and respectively with information and consultation. According to her, direct participation takes place rather at a micro level in the enterprise, with different forms in the individual units, especially for those with a numerous staff and complex and varied technologies and processes, while collective bargaining and consultation/information are related to longer-term goals that cover the

macro indicators of the company.

7. The impact of the direct participation on the industrial relations and company management

Most respondents take into account the importance of direct participation, its impact on company performance, although indirect and not particularly strong at this stage, as well as the opportunities to improve the dialogue between workers and employers. Some employers' representatives also see its role in improving corporate governance and sustainable development of the companies. However, most of the employers' and trade union representatives think that direct participation is useful both for employers and workers (a win-win situation), if:

- ✓ *it is used in an appropriate way and trust has been established;*
- ✓ *It is implemented by competent and skilful people (especially employers).*

Both employers' (with some exceptions) and trade union representatives share the view that direct participation could improve the company management and sustainability, because of the better use of human capital.

Some employers' representatives from the national organisations underlined that direct participation could be the main mechanism to support the following management approaches¹⁰:

- *employee-centred management;*
- *recruiting talents;*
- *motivation for work ;*
- *maintenance of qualified personnel;*

¹⁰ Based on the presentation of the representative of the BIA at the National seminar for Bulgaria, 5 June 2018

- *employee experience management;*

- *re-inventing management*

Some **employers'** representatives also think that effective direct participation could bring better results and productivity at company level (without mentioning the social impact). The representatives of employers' organisations justify the role of direct workers' participation with the need to improve labour outcomes and in their view it makes sense mainly for this purpose. Otherwise (according to the representative of the Branch Chamber of the Metallurgical Enterprises), direct participation may become a cause of conflict, with negative consequences for workers and for the enterprise. In this context, it is also considered that direct participation should only be accessible for sufficiently competent and professionally trained workers. According to the representative of the Branch Chamber of the Brewery Industry, *"the direct participation of the workers stimulates and motivates them. The worker does not feel unnecessary. Objective remuneration/pay plays the greatest role. Taking into account the demands and suggestions of workers, makes them feel significant and respected."*

Some of the representatives of sectoral trade union federations (brewers, for example) support these statements. According to the trade union chairman, direct participation in enterprise management is beneficial for achieving higher productivity, introducing new technological solutions or improving old ones, stimulating initiative and thus achieving greater competitiveness and sustainable development of business. It is a factor for promoting the development of human capital. Most of the trade union representatives at sector level¹¹ accept the direct participation both as managers' approach and as an additional mechanism for information and consultation.

Some employers' as well as trade union representatives share the views that the various forms of participation require different competences and motivation of the persons involved, therefore the levels and types of decisions made through direct participation are different. According to the employers

¹¹ Based on the views of the sectoral trade union representatives, expressed at the National seminar for Bulgaria, 5 June 2018

– these are mainly the operating levels and implementing the company strategy, rather than creating a new or a different one.

The possible weak effect of direct participation has been discussed in the interviews as well. The trade union representative of the Federation of the workers in retail, tourism, services and cooperatives remarks that direct participation could have negative impact or zero impact in case it is formally implemented. According to the representative of the Federation of the food industry) direct participation could be useful for the workers, but the results are usually limited. The views of **trade union representatives** concerning the **negative impact of direct participation** are as follows: Most of them share the view of employers that the negative impact could appear because of *inappropriate way of implementation*. Some representatives at national level think that direct participation could be managed in such a way as to avoid some negative impacts. However, some sectoral leaders remark that in some cases direct participation could increase the intensity of work and could lead to bigger tiredness and increased stress.

At the same time some of the employers express doubt that direct participation could increase the workers' attitudes towards improving qualification and acquiring more skills and knowledge (for example the employers' representative from The Branch Association of the Metallurgical Industry). As only few employers' associations representatives have any data concerning the **negative impact** of the direct participation, most of them acknowledge that the **negative character of direct participation** was not caused by its' nature, but rather the *inappropriate ways* of its implementation. According to them, the negative impact might come from wrong organisation of DP, where proper organisation means no manipulation on both sides, no misuse for private/group interest, etc. Some representatives of the branch employers' organisations, such as the brewery representative think that the direct participation could be managed in a way to avoid its' negative impact: *"There are times when direct/uncontrolled participation can lead to negative consequences. Any restructuring and optimization of production as a result of something new and innovative leads to doubling jobs or job closure, i.e. each change leads to negative consequences which trade unions have to mitigate. Workplace stress increases with the risk of*

losing your job. As social partners we are actively working on stress prevention. For that purpose, Change Management Teams (CMT) are being established in the enterprises. According to her, the very conditions sometimes imply low motivation and hence - low effect of direct participation; low qualified staff is marginalized and from there - socially excluded. In this situation, loyalty and trust are conditional and begin to disappear.

8. The future of direct participation

In general, direct participation has not yet reached level of performance and results high enough, so forecasts for its future are also more general. Concerning the impact of DP on the **relations between capital and labour in general**, some of the opinions are that direct participation could change them, but this is mentioned in not more than half of the responses, in the remaining responses no such opinions are expressed.

Some **trade union representatives** state that the relations between capital and labour depend on many factors and promotion of direct participation is only one of them. The relations are changing because of the appearance of new jobs and new forms of employment). In cases of some outsourcing operations and short-term employment direct participation is rather difficult or impossible to implement.

However, some **employers' representatives** mention that the issue of DP and its' impact on labour-capital relations is a subject of discussion from the past. This statement is provoked by the drastic changes that could occur in some sectors, due to the digitalization and automation of the production processes. The representative of the Branch Chamber of the Metallurgy Industry considers that *"today's technologies lead to increasingly less direct participation of workers and employees in the production process. In these conditions one cannot expect strengthening of their role through the forms of direct participation in the management of enterprises"*.

At the same time, both the national employers' and trade unions' organisations do not have an explicitly and clearly defined policy regarding direct participation.

Employers think that 'direct participation' is rather a part of the broader companies' policies, related to engagement, motivation, sympathy creation, loyalty of the workers to the goals, mission and vision of the companies and does not have a sole and highly independent role and therefore should be examined as such. BIA's policy is directed towards increase of the amount of informed, motivated and engaged people that feel satisfied (also in the context of implementation of voluntary management standards such as ISO 9001, ISO 14001, etc.). Some of the other sectoral employers' associations report to have such policies but this varies depending on the sector.

The improvement of workers' participation (including direct participation) is mentioned in the recent program of **CITUB**, but without details. In the sectoral federations there is support in general, but in the context of all the other forms (information and consultation, etc.).

In general, employers and trade unions express different opinion with regard to the **regulatory approach**. Most employers believe that the more these issues are regulated by the state, the less effective they are. Therefore most of **them think** that it is not necessary to establish legal framework of direct participation, with exception of the representative of the Association of the Companies in the Road Transport, who thinks that some particular issues might require a legal framework. **Trade union representatives** think that the regulation is needed to protect employees from possible "work intensification". Some sectoral trade union representatives suppose that in the companies some frameworks concerning the direct participation could be agreed between the trade unions and employers.

III. Case-studies

There are three main companies, selected for the case-studies: two from the manufacturing (food processing: brewery and beverages) and one from the services (air transport). The manufacturing companies are private owned subsidiaries of MNCs, the transport company is still public (state) owned.

3.1. Case–study Carlsberg

Main characteristics of the subsidiaries

The Danish company Carlsberg entered the Bulgarian market in 2002. The production unit in the Nord East Bulgaria was sold to Carlsberg from the previous owner FAF Metal (Turkish company) and in 2005 another enterprise producing beer in the South West Bulgaria was also obtained by Carlsberg. In Carlsberg Bulgaria some internal restructuring, aimed at the increase of productivity was made in 2011-2012, which led to redundancies. However, in all the enterprises the procedures were implemented according to the law and collective bargaining provisions. Currently the Carlsberg subsidiary in Bulgaria has two production units – in Shumen (North-East region) and in Blagoevgrad (South-West region) and administration and commercial office in Sofia. The main activity - production of beer and other low alcohol drinks. The market share of Carlsberg is above 22, 4 % (2016) from Bulgarian market

Labour, industrial relations and employee involvement

The total number of the employees in the Bulgarian subsidiary is 509. Most of them (99%) have permanent contracts; some additional seasonal contracts (1% of all employees). Carlsberg Bulgaria has implemented programmes for traineeships, for students and recent graduates, as well as school leavers employed on temporary contracts. Most of the employees are men and the average age is comparatively high, from 45 to 50. The staff structure usually includes qualified production workers and technicians, less qualified workers, distribution workers and administrative and managerial staff. In the company the job descriptions usually require the ability to work on more than one job/ occupation and on various kinds of machines. Job rotation, job enlargement

and teamwork are used. The team work requires replacement of co-workers in case of absence, and mutual assistance. The problems arising at work are solved either by the supervisors together with the working teams or in some cases with the intervention of higher-level managers.

Carlsberg subsidiary in Bulgaria implemented lean production and a system of vocational training, related to the “lean philosophy”. Lean production gives equal importance to three main systems:

- *Operational (the mechanism of organisation and optimisation of all the resources and means should add value and minimise losses);*
- *Management infrastructure (the structure and the processes, which are used for management of the business goals achievement);*
- *Attitudes and behaviour (the structure and the processes, which are used for management of the business goals achievement).*

All three systems are equally important and they should be implemented in a coordinated manner. Change cannot be implemented without any of the elements. The main practical effects of lean production in Carlsberg Bulgaria are related to the establishment of order in the work-place, the rapid solution of technical problems, minimising the time for supply, retrieval and transfer of the prepared goods to storage and their just-in-time distribution on the market, and reduction of the time for obtaining the necessary information for the purposes of production.

The rules of wage formation in the subsidiary require increasing of wages in relation to the increase of the annual sales and increase of inflation rate. Carlsberg implemented policies of gender equality, work-life balance and social benefits. The company has its' own corporate social responsibility policy, including both promotion of organisation/team cohesion and activities, addressed to the society.

There are trade unions in the two production units of Carlsberg in Bulgaria, involving around 60% of the work-force. Most of the members belong to unions that are part of CITUB affiliate trade union for the beer, food and

beverages sector. In one of the units there is also a small organisation of CL Podkrepa affiliated to the sectoral Federation of Food and Drinks and it includes around 3% of the personnel. In the Carlsberg subsidiary the sectoral collective agreement for brewery in Bulgaria has been implemented and there are also collective agreements at enterprise level in both production units. The information and consultation is implemented, but mainly via trade union channels (or representatives appointed exceptionally by trade unions) and via annual meetings of the assembly of proxies. Since 2014 there is a Bulgarian representative in the EWC of Carlsberg. There exists also the so-called “board in shadow”, which involves one employee from every department to discuss the management issues.

Direct participation - general features, main forms and subject

The direct participation is already used in Carlsberg subsidiary in Bulgaria, in the context of the lean philosophy of production and organisational culture.

Individual consultations

The main forms which are used are ordinary meetings with the supervisors, meetings for report of implementation of the working tasks individual consultations study of workers views (system, called “your views”), also workers’ suggestions schemes, including initiative, named “behaviour of the winners”. The meetings with the managers/supervisors usually are organised at least once per month. The main issues, which are discussed in the process of individual consultations, are the health and safety at work; vocational training and development of workers; workers’ initiatives for improvement of production process and others (not particularly mentioned)

Individual delegation of responsibilities

The individual delegation of responsibilities is partially used by the managers and supervisors. Usually the individual workers are delegated to determine the time-table of work, time schedule of working tasks, deadlines and the methods for improvement the process of work. There are also special working groups – for example, quality circles.

Working groups/teams

As already mentioned, the team work is also used in Carlsberg subsidiary. The group composition and the determinations of issues, which should be consulted or whose decisions are delegated to the group are decided both by the workers and management, according to the HR manager. The trade union chairmen mentioned that the group composition and the issues, which should be discussed, are decided by the supervisors and workers together. However, the implementation of suggestions/decisions, made by the group (especially in the process of consultations is decided by the managers/supervisors.

According to the interviewed HR manager there are no leaders of the working teams, but the trade union representative indicated that there are leaders elected by the workers, participating in the groups.

Group consultations

The main issues, which are consulted with the working groups/teams, are the distribution of working tasks, improvement of work, time schedule of work, implementation of new technologies, health and safety at work. The consultations are made once per month according to the trade union representative and once per three months according to the HR manager. The group consultation is voluntary.

Delegation of responsibilities to the working groups/teams

Group delegation is partially used in the Carlsberg subsidiary. The main issues are distribution of working tasks among the group members, the time-table, the methods of improvement of production and labour process. However, the HR manager indicated that the participation in the delegation of functions to the groups is compulsory and the trade union representative replied that both participation in the working group's consultations and in the delegation of functions to the groups are voluntary.

Impact of DP on the enterprise management and industrial relations

According to the HR manager, the trade unions are involved in the negotiations,

concerning work organisation and group consultation and delegation. Also the I&C representatives (appointed by trade unions) are consulted on the issues of direct participation.

The trade union representative didn't reply exactly on these questions, but he mentioned, that direct participation could be implemented via trade union meetings as well, especially concerning the labour and social issues. The HR manager indicated that there is an impact of direct participation on the wage formation, including implementation of better flexibility of wages, based on some new principles, as follows:

- *Recognition of additional skills not certified with documents;*
- *Bonuses, based on individual attendance; increase of the production volume on the base of team work; improvement of the quality.*

In conclusion, the system of direct participation in Carlsberg subsidiary includes various forms - mostly consultative and some delegation of functions and both individual and group participation. The focus of direct participation is mainly the efficiency of production process and quality of products and managers/supervisors have important role in the process of participation. There are some small differences in the views concerning the main characters of direct participation, implemented in the company between the human resource manager and trade union representative. Having in mind the level of trade union density and the quality of industrial relations in the company, there are chances of better integration of the forms of direct participation and the forms of workers' representation. There are also some results of direct participation, especially regarding workforce development, increasing of productivity and quality and increasing of wage levels, which means that direct participation became more useful for the workers and managers.

3.2. Coca cola HBC

Main characteristics of the subsidiary

Coca-Cola Bulgaria is one of the biggest companies in the non-alcoholic beverage industry in Bulgaria. It started operating in 1992. This is the group with the biggest amount of soft drinks sales in Bulgaria. It shows high level of productivity of labour (among the beverages companies in Bulgaria) and uses a certified management system. At present Coca cola HBC has two production units in Bulgaria – one in Sofia (the suburb Bankya) and one in the district of Sofia – the town of Kostinbrod. Also 7 distribution offices in various regions of the country and a central office in Sofia. The volume of sales of the subsidiary has increased in recent years. There are systems of quality management, management of environmental protection and management of safety of foods in the subsidiary, based on the ISO 9001; OHSAS 18001; ISO 22000.

Labour, industrial relations and employee involvement

The total number of employees is 1300, among them 97,5 % on permanent full time contracts and 2,5% on temporary full-time contracts. Coca cola has policies concerning health and safety at work, human rights, and equal opportunities. Also a Code of conduct is implemented in the company, where the main features of responsibilities of the company and its employees are formulated. The company has joined the Global Compact and participates in many CSR initiatives. There is a Transnational company agreement, signed by Coca cola HBC central management and IUF in 2005, which covers the rights for organising in trade unions, collective bargaining and prevention of discrimination;

There is trade union presence within the group of undertakings – one section of Confederation of Labour “Podkrepa” in the head office in Sofia and one organisation of CITUB in the Plovdiv distribution centre. The organisation of CITUB in Plovdiv is affiliated to the Federation of Independent Trade, Cooperatives, Credit and Public Service Unions. The trade union density in total is low (less than 15%). Since 2016 there is a collective agreement in

the company. There are also elected I&C representatives and the assembly of proxies is also used. There are representatives from Bulgaria in the Coca Cola HBC EWC.

Direct participation

In Coca Cola HBC –Bulgaria the consultative direct participation is implemented.

Individual consultations

The main forms of individual consultations are meetings with supervisors, meetings with general management, individual meetings worker-manager, study of workers' views. The main issues of the individual consultations are the quality of products and services, relations with clients, health and safety at work, vocational training and workers' advancement. The consultations are provided at least once per month.

Working groups/teams

Working teams are also used in the Coca Cola subsidiary. According to the HR manager, all the questions concerning the working groups – the composition, the issues, which should be discussed, the possible implementation of workers' suggestions and the nomination and election of the group leaders is decided both by the supervisors and workers. Special working teams like quality circles and project teams are also implemented for the purposes of solving some of the issues of production. The participation in the group consultations is voluntary and is made at least once per month. There is a large number of issues, which are discussed during the group consultations: health and safety; training and development of skills; quality of products; relations with clients; new technologies; other issues (not exactly mentioned).

Impact of DP on the enterprise management and industrial relation

According to the HR manager trade unions in the company are informed about the direct participation forms, issues and results. The I&C representatives are informed about the process of direct participation. However, there are no

indications concerning the impact of direct participation on the management of labour issues, in particular on the wage formation

In conclusion, in Coca Cola HBC subsidiary the direct participation, which is used, is only consultative and purposed mainly on the production issues. Although there is large number of issues, discussed in the process of individual and group consultations and various forms, which are used, there are no indications concerning the possible impact of direct participation neither on the production efficiency and quality, nor on the improvement of the conditions of work and wages. There are many forms of communication, information and consultation, which are used and the trade union influence, though still weak, shows some improvement. It seems there are conditions for better integration of direct participation and forms of workers' representation and improvement of results for the company and workers. However, this depends on the will and efforts mainly of the management team and to some extend on the trade unions.

3.3. Airport of Sofia

Main characteristics of the subsidiaries

Sofia Airport exists as an enterprise since 1937. In the 1990s the company was transformed as an independent business company. On the eve of the Bulgaria's accession to the European Union - 27 December 2006 - the new Terminal 2 was opened. With an annual capacity of 2.6 million passengers, the terminal is designed in a way that implies its expansion according the needs of the developing air traffic in the next decade. Sofia Airport EAD holds all necessary licenses, technical equipment, trained and certified personnel.

In 2007 the Lufthansa Technik took over the airport's repairs. Although in the period 2007-2012, as a result of EU requirements for more land-based operators, these activities were being undertaken by several other companies - Swissport, Goldair Handling and Jet 1, Sofia Airport EAD continues to be a competitive company and to have the major market share of the ground handling services.¹² A new procedure for concession of the airport has been

12 www.swissport.bg; www.goldairhandling.bg

started this year, following a change to the Concessions Act.

The company pays much attention on the quality standards, which requires the application of good motivation policy, qualification and re-qualification policies and social responsibility. At the same time, the environmental standard requires staff training to comply with it, as well as elaboration and implementation of requirements for compliance with the standards of the introduced management system by the employees.

Labour, industrial relations and employee involvement

According to data from 2017, the airport employs over 2 100 people, with over 95% working under permanent full-time employment contracts, and about 5% are also with permanent, but part-time employment contracts. 55% of the employed are members of trade unions, the majority of them - more than 65% are members of the trade union organisation with the Union of Transport Workers, affiliated to CITUB. The rest are members of the trade union organisation with CL "Podkrepa". The company has a collective labour agreement; there is also a sectoral collective agreement. The company has an information and consultation system that is implemented through the trade unions. Meetings of the type "meetings in the big hall" are held with managers, including with the Chief Executive Director.

Direct participation - general features, main forms and subject

According to the conducted interviews, the company uses various forms of direct participation in the management, incl. individual and collective, advisory and delegation of functions. The very model of direct participation according to the two interviews was carried out by informing the trade unions in advance and negotiating the parameters with them.

Individual consultations

According to the interview with the Director of Human Resource Management, individual consultations are conducted through regular meetings between workers and direct managers, training sessions, meetings reporting on

progress and performance of tasks. Another additional form is survey of the workers' opinion. As a rule, there are consultations of the above mentioned type at least once a month, but the logistics of the work requires this to be done more often. The main topics that are discussed in the process of individual consultations, according to the HR manager have a broad scope:

- *Organisation of work;*
- *Working time;*
- *Health and safety at work;*
- *Training and staff development;*
- *Quality of the services provided;*
- *Relations with customers;*
- *Introduction of new technologies, etc.*

According to information from the trade union chair, the focus of individual consultations is on working time, health and safety at work and customer relations.

Delegation of responsibilities (individual)

Delegation of responsibilities to individual employees is indicated in both interviews. According to the union chair, managers delegate responsibilities in several ways:

- *Preparation of the work tasks schedule;*
- *Quality of the services;*
- *Elaboration of the work process;*
- *Working conditions.*

At the same time, according to the HR Manager, individual employees have the opportunity to solve relatively autonomously a number of other aspects

of their work other than those mentioned above, such as:

- *elaborating the work tasks schedule;*
- *observance of deadlines;*
- *attendance at work, etc.*

In general, two main trends are outlined: workers have a wide individual autonomy on a number of issues in their work; trade union representatives do not seem to be able to fully monitor the process of individual consultations and delegation, and for these reasons they do not have full information. At the same time, in individual cases it is possible to have a different degree and scope of consultation and delegation of responsibilities within the different structural units and activities, at the discretion of the respective managers.

Working teams

The company has also established teamwork. According to survey data, the decisions to form the composition of the working group are taken jointly by the direct manager and the workers. The issues on which the working group will have powers (consultative or delegated responsibilities) are decided by the manager. There is some discrepancy related to the process of implementing the decisions taken by the group - according to the HR Manager the direct manager is the one who approves the results and decides whether the decisions taken by the group are applicable at work, whereas according to the trade union chair this is decided after negotiation with the workers. This discrepancy is a possible manifestation of different situations - in some cases direct managers tend to agree with the workers for implementation of the decisions taken, in others the final decision is taken unilaterally.

The situation with the election of the group leader is similar - according to the HR Manager when there is such a leader, he/she is chosen jointly by the workers and the manager – i.e. the workers offer it and the manager approves it, and according to the union chair the direct manager is the one who usually points the leader of the group. Different dimensions are also possible here - in most cases, the final decision on a group leader/manager is taken by the direct

manager, but often these managers prefer to coordinate such decisions with the team of workers in advance, so that these leaders would be recognized and accepted by them.

As a rule, working groups are formed for specific consultations (e.g. quality) and on a regular basis.

Group consultations:

According to the HR Manager, group consultations cover almost all aspects of the work activity mentioned in the individual consultations:

- *Organisation of work;*
- *Working time;*
- *Health and safety at work;*
- *Training and staff development;*
- *Quality of the services provided;*
- *Relations with customers;*
- *Introduction of new technologies, etc.*

Additionally, consultations on changes in investment policies are added here, which are not mentioned in the individual consultations.

According to the trade union representative, group consultations mainly focus on working time and health and safety at work. The consultations are held once a month and are voluntary and binding, i.e. it is possible that in one situation the consultation is voluntary and in another – the working groups are obliged to participate. According to the HR Manager, quarterly consultations also take place, obviously covering a wider range of issues.

Delegation of responsibilities to the working groups

Delegation of responsibilities to the groups is of a narrower scope and covers mainly the distribution of tasks, drawing up of the work schedule and the

quality of work. Participation in a group with delegated responsibilities according to the union chair is voluntary, and according to the HR Manager - voluntary or mandatory, depending on the situation.

Impact of direct participation on work outcomes and social development of the staff

According to the HR Manager, the use of forms of direct participation has led to a number of improvements in the company's social dimensions, such as:

- *recognition of skills acquired by workers without an official certificate;*
- *improvement of qualifications, requiring official certification;*
- *using bonuses in work, based on individual and group achievements, quality, etc. .;*
- *elaboration of plans for financial participation.*

Moreover, the pay system is generally improved, according to the HR Manager.

According to the union chairmen, the main result is the improvement of officially certified qualification levels for workers and employees, which indirectly affects their level of pay.

Despite some nuances in the opinions of manager and trade union representative, it has to be concluded that the company applies a system of direct employee involvement (mainly consultative and partly delegated). Developing and improving this process in the future could also lead to better employee results. At the same time, although the model is negotiated with trade unions, they should monitor it on a more regular basis and investigate independently the employees' views on the process of direct participation and its impact on different aspects of work.

3.4. Comparison between the trends in the case studies

3.4.1. In all the cases the forms of individual participation, team work and group participation are used and various forms are implemented. It seems that in Carlsberg subsidiary and in the Airport of Sofia the practices of

direct participation are more broadly used, compared to the Coca Cola HBC subsidiary. In Coca Cola only consultative participation is used. In the units of Carlsberg there is a clear definition of the delegation of functions related to direct participation - both to individuals and working groups. In the Airport of Sofia the individual delegation of the functions covers many issues, but the scope of the group delegation is narrower.

3.4.2. In all the three companies there are regular working groups as well as specialized groups like quality circles or project teams. The power distributions concerning the composition of the working team and the selected issues for discussion is either shared between the workers and supervisors or in some cases fully depending on the workers. The group leaders are usually nominated by the workers but approved by the managers. However, the final decisions concerning the implementation of the workers' suggestions (in cases of consultations) belong to the supervisors and supreme managers.

3.4.3. The focus of direct participation of all the three cases is rather on production and service logistic issues (time-tables, distribution of work tasks - for working groups, improvement of the production and work process, quality of products and services, relations with clients, implementation technologies, etc.). Some labour issues which are closely related to the production and logistics are also often discussed (work organisation, health and safety at work, training and development of the workforce).

3.4.4. There is a visible impact on the management and organisation, in particular on the recognition and improvement of the qualification levels and wage formation in Carlsberg units in Bulgaria and in the Airport of Sofia. However, such are not mentioned in the responses received from the HR team of Coca Cola HBC.

3.4.5. In all three cases trade unions and other workers' representatives are informed and in some cases consulted about the forms of direct participation. In Carlsberg and in the Airport of Sofia trade unions participated also in the negotiations of the practices and forms of direct participation. There are some differences between the trade union representatives and managers' views concerning the particular implementation of the working groups' practices

and also the impact of direct participation on the production efficiency. This means that either trade union does not have the whole information, or that there are various practices in the various working groups. With regard to the evaluation of the impact of direct participation, it is clear that the managers give higher assessment of the results than the trade union representatives.

Some conclusions concerning the case-studies

A. The direct participation in all the selected companies involves various types and forms and usually broad number of issues is covered. There is no principal difference in the models of direct participation, based on the form of property (private or public) and on the sector (manufacturing or services).

B. The consultative participation is still dominating; and in the companies where both consultative participation and delegation of functions is used, the consultations are more important.

C. The direct participation is better used in companies, where particular work organization (lean production) is implemented. There is not visible resistance concerning such work organisation in the selected company, in general trade union representatives share some fears with regard to the consequences from the new work organisation models. In particular their fears are related to the work intensity, working time, health and safety at work.¹³ It seems that the workers' interests require models of work organisation and direct participation, which could ensure both productivity and quality, on one hand and acceptable working conditions, on the other.

D. There is already an impact of direct participation on the results of enterprise management, labour and industrial relations at company level. It concerns the improvement of practical skills of the workers, recognition of non-formal and formal qualifications and also the increase of the productivity. The last one led to some increase in wages, mainly with the implementation of bonus systems for payment. There are also opportunities for improvement of the results increasing motivation for work in all the three companies, which

13 Such opinions were expressed during the Bulgarian National seminar – 5 June 2018

depends on the management approach and to some extent on the trade union and other workers representatives' views and suggestions concerning the policies of direct participation.

E. The direct participation is broader in the companies, where better industrial relations exist. The link between the forms of direct participation and the forms of workers representation are still not visible enough. Trade unions in all the companies are in favour of direct participation and in two of the companies they are even involved in the negotiations for its implementation, but the trade union involvement in the implementation of the direct participation practices could be still improved. Trade unions need more information concerning the forms and results of the direct participation and its impact on the quality of working life and workers' rights. The same concerns the relations between the other forms of workers' participation and representation.

General conclusions and recommendations

Conclusions

1. Currently, it could be concluded that direct participation in Bulgaria has made some progress, so far the main focus being on consultative participation and more on individual participation. In a number of sectors and enterprises, group work and delegation of functions (individual and group) are used. Various and original forms of participation are also used, including: survey of workers' opinions, competitions and initiatives, "board in the shadow", etc. Direct participation is relatively more common in MNC subsidiaries and some large Bulgarian companies but it is also used in some medium and small enterprises. It is spreading both in the industry sector and in some of the private services; it is also entering some of the public service companies.

2. Most employers' and trade unions' representatives accept and confirm the definitions of direct employee participation commonly accepted in theory and practice, There are some details and differences in the understanding of employers and their organisations and trade unions at various levels, but most respondents appreciate the importance of direct participation, with positive assessments and conclusions about its positive impact are dominant.

3. There is no regulatory framework concerning direct participation in Bulgaria (except for some aspects of the Labour Code as well as the establishment of “General Assembly of Workers in the Enterprise”). The need to create a regulatory framework for direct participation of workers in the management so far is controversial - employers deny it, while most of the trade union representatives are more likely to support it. At the moment some regulations concerning direct participation are put into the CLAs, or in the company rules, codes of conduct etc.). The provisions of direct participation are still not often used in the collective bargaining, as far as they still are not particular subject of the trade union activity.

4. Some of the practical problems of direct participation are caused by the lack of deep theoretical and empirical research, which could be focused on the real impact of such systems of workers participation, on the efficiency of the management and quality of working life.

5. Most respondents share the opinion that the essential conditions for implementing direct participation in enterprises are the existence of a good working climate, organisational culture, trust between employers and workers and their representatives (including trade unions), the development of social dialogue and the goodwill of the partners. Research results demonstrate a certain correlation between the quality of industrial relations and the use of forms of direct participation. Moreover, contrary to the hypothesis that direct participation would lead to neglect of trade unions, such practice and results are not confirmed.

6. According to most of the research data there are no indication, that there is a sufficiently stable link between direct participation and I&C processes, as well as between the working conditions committees, although the aspects of working conditions and health and safety at work are among the most frequent topics of individual and group consultations. There have been consultations with the trade unions and there are even negotiations with them on the mechanisms for implementing direct participation, but they are not sufficiently informed about all the features and results of its implementation. Indicative evidence suggests that some union representatives and some

managers underestimate the importance of direct participation and its impact on enterprise management, work performance and the quality of working life.

6. Overall, according both to the employers' and trade union representatives, the impact of direct participation on enterprise management and labour and industrial relations is positive. According to the collected research data, there is evidence of improvement of skills and qualifications, increase in labour productivity and improved pay systems, mainly through flexible and variable wage schemes.

Recommendations

1. The positive impact of direct participation requires further theoretical rationale, empirical and analytical research, as well as reasoned discussions between the social partners, the state administration and the academic community in order to promote direct participation and employee participation in management in general. The latter is also demanded by the speeding process of technical and technological changes, digitization and replacement of live labour with machines in a number of sectors in Bulgaria.

2. At the sectoral and national levels, the social partners can organise different forms of exchange of experience and promotion of good practices of direct participation in individual enterprises. Through the work of the European Works Councils, good practices from other countries can be used. The exchange of information from trade union organisations and employers' organisations with their counterparts in other countries and from the European and international organisations can also be of very useful.

3. Social partners should also engage more actively and with more specific issues in direct participation and its implementation in enterprises, providing some opportunities and frameworks in the sectoral collective bargaining and collective bargaining within companies. At the same time, trade unions may engage or propose the elaboration of rules for the application of direct participation in enterprises - individual, integrated into codes of conduct, or through separate special agreements signed with employers. Managers at different levels in enterprises should provide more and clearer information

on the various forms of direct participation to the trade unions and other workers' representatives and make efforts to promote the forms of direct participation and their outcomes among workers.

4. Within enterprises, managers with the support of trade union should make efforts to improve the coordination between the different forms of participation and representation (including direct participation) and the various corporate governance structures and bodies. This should be purposed to reach as much as possible positive results both for the enterprises and workers. The very forms of direct participation can be a source of useful information for managers and management bodies, as well as for the information and consultation systems, Working Conditions Committees, general meetings/proxy meetings.

5. Trade union organisations on their turn can make a better use of the information from direct participation for the preparation of CLA negotiations and for the prevention of collective labour disputes. Moreover, the information from some practices - such as workers' opinion surveys, group consultations, etc., is an important source for improvement of the trade unions in relation to their policies and practical actions and increasing their influence among workers.

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