

# Strengthening involvement of representatives of employees in consultation and information

**VS-2018-0043**

**Case Studies**

**Podkrepa CL, Bulgaria**

Podkrepa CL  
2 Angel Kanchev str.  
1000 Sofia  
Bulgaria

Sofia, October 2018

*STRENGTHENING INVOLVEMENT project (DG Employment-VS/2018/0043). This project has been funded with support from the European Commission. This publication [communication] reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.*

## INTRODUCTION

The right of information and consultation is a fundamental right of workers and employees. Bulgaria has harmonized its legislation with Directive 2002/14 / EC, which specifies the general framework for information and consultation systems as well as the main directives, which are 94 and 95 of the EC. We have also harmonized the European Directive 2001/86 which complements the Statute of the European Company and we have also harmonized Directive 2003/72 / EC, the first directive in Bulgaria is transposed by the Labor Code and the other directives are harmonized by The Act on Information and Counsultation of Workers in Multinational Companies. The Labor Code clearly distinguishes the opportunities for information and consultation of employees' representatives, as well as the possibility of informing and consulting with the representatives of the trade unions. As regards the European Works Councils, the law has been in force since January 2, 2007. Clearly, the scope, mandate, way of choosing representatives in councils, the central body, the special body, as well as all the powers and time limits in which we conduct these consultations are clearly specified. ILO defines social dialogue as all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy.

Social dialogue is therefore based on workers' consultation. The lack of this crucial element creates a serious breakdown in the correct relations. The processes of information and counseling of employees in Bulgaria are one of the leading tasks in the activities of Confederation of Labour Podkrepa. According Art. 41. (1) of Bulgarian Constitution, everyone has the right to seek, receive and disseminate information. The implementation of this right cannot be directed against the rights and reputation of other citizens, as well as national security, public order, public health and morality.

The establishment of a system for information and consultation in the Bulgarian enterprises is done through the election (with a simple majority) of the representatives of the employees of the General Meeting of Representatives. According to the Labor Code, the right to convene the selection of representatives is the employer, the trade unions or 1/10 of the employees.

The General Meeting of the proxies decides whether to elect representatives of the staff, whether to grant the right of the trade union management to appoint these representatives or the elected representatives already under Art. 7 (2) of the Labor Code to perform the information and consultation functions.

The process of information and consultation in Bulgarian enterprises is developing too slowly, especially in enterprises without presence of trade unions. No more than 8-10% of all companies with 50 and more employees are covered by these systems. They are more developed in multinational companies, but no more than 1/3 of the existing divisions of companies with representative bodies at company level are elected Bulgarian representatives. The Labor Code in Bulgaria does not provide a procedure to ensure the

implementation of the Directive in the enterprises employing less than 50 employees. In such enterprises, its introduction is not provided at all. The Directive does not apply also to civil servants working in the public service.

In Bulgaria, the issues concerning information and consultation in multinational companies are mainly discussed in the Law on information and consultation of employees in multinational enterprises, groups of enterprises and European companies. Information and consultation are carried out through the European Workers Councils or an Information and Consultation Procedure.

ILO defines social dialogue as “all types of negotiation, consultation or simply exchange of information between, or among, representatives of governments, employers and workers, on issues of common interest relating to economic and social policy. Social dialogue is therefore based on workers' consultation. The lack of this crucial element creates a serious breakdown in the correct relations.

#### **KEY STUDY 1: Trakya Glass Bulgaria EAD, Şişecam Flat Glass**

Şişecam Flat Glass is one of the largest investors in the region, investing more than 300 million euros in flat glass, with more than 1,200 people currently employed at the factory. The company Şişecam Flat Glass was established in 1961. Şişecam Flat Glass conducts Şişecam Group's activities in the flat glass sector; it is Turkey's flat glass market leader and a pioneering organization in the regional flat glass market. In terms of its production capacity, Şişecam Flat Glass is the 5th largest company in the world and the largest in Europe. The company conducts activities in 4 main areas: architectural glass (flat glass, patterned glass, mirror, laminated glass, and coated glass); automotive- and other transportation-related glass products, energy glass, and home appliance glass. The company realized significant quality and capacity increases in the 1980's, when it entered the global markets; the company expanded its operations abroad, envisioning regional leadership and a multifocal production approach by opening its Trakya Glass Bulgaria EAD factory in Bulgaria late in the first decade of the 2000's — in 2006, to be exact. In 2009, Şişecam Flat Glass took a strategic step by taking the decision of actualizing its flat glass operations in Egypt and Russia in partnership with Saint-Gobain — one of the world's largest players in the sector — and commissioned its Automobile Glass Factory in Bulgaria in 2010, as well as laminated and coated glass facilities in 2013.

The Workers' Council has been created. It is determined after the meetings of the primary trade union organization. Following extensive negotiations, the trade unions signed the most recent collective agreement with the company on 2017. It could be said that relations between the trade unions and the company are good. The head of personnel holds monthly meetings with local employees and professional trade unionists to address day-to-day problems. Higher level meetings are also held between the General Management of the company and the heads of the trade unions in case of issues relating to policy and the

interpretation of the collective agreement. Moreover, meetings at the highest level are held every two to three months. The three General Secretaries of the trade unions of the Builders hold meetings with the chairman of the Board of Directors of Trakya Glass Bulgaria EAD to resolve issues and problems that cannot be resolved in the other meetings.

The issues that are included in the negotiations are: holidays; salary; wage; better and safer workplace conditions; the social policy of the company.

Issues are discussed in advance among workers. The contact team is appointed. The team / board members file a request for information from the management of the company. The request also sets deadlines for response.

If the management refuses to inform the Workers' Council, it makes a new request. The new request includes a question - "What are the reasons for denial of information?"

In the particular company, Şişecam Flat Glass, that was not necessary. Management is well aware of the process of informing workers. Accurate information has been provided on all our questions.

During this confrontation and dispute, the employees of Şişecam Flat Glass were constantly informed through General Assemblies and announcements

In the event of a serious problem, we refer to experts from the Executive Agency "Main Labor Inspectorate", Bulgaria.

The negotiations were successful. The local community expected the results of the negotiations with the company's management. At the same time, the local community was also informed as precisely as possible through press conferences and interviews in the mass media.

The situation in the enterprise is dynamic. The Workers' Council again puts forward negotiation topics that have not been answered in the past. This position is good for both sides.

### **Key points:**

Exchange of information is the most basic process of social dialogue in the company.

The Collective bargaining in Şişecam Flat Glass consists of negotiations between an employer, or employers' representatives to determine the issues related to wages and conditions of employment. Workers need to have access to this information so as to be able to take informed decisions.

### **Recommendations:**

First, it is necessary to provide practicing the rights of hired workers by ensuring monitoring and control of information and consultation processes in enterprises.

Consultation itself does not carry with it decision-making power, it can take place as part of such a process.

The company must ensure equal access to information for all workers so that they can critically assess the situation.

### **KEY STUDY 2: SOFIYSKA VODA JSC, part of Veolia, France**

Sofiyska Voda JSC was established in October 2000 under a 25-year Concession Contract. Through it, Sofia Municipality gave the company the exploitation and maintenance of the water supply and sewerage system in Sofia. Our share capital is distributed between the Municipality of Sofia (22.9%) and the French company Veolia total 77.1% of the shares).

The company employs about 2,220 employees. The main functional lines of the company are divided into 11 directorates and one department, which are directly subordinated to the Executive Director of the company. The Operations and Maintenance Directorates, Engineering and Construction Activities and Network Management cover the processes related to the management, operation and maintenance of the water supply and sewerage network within the scope of the concession area as well as the realization of the investment program of the company. Customer service activities are merged within the Commercial Directorate. The other directorates depicted in the graphical structure are of an administrative nature and provide for all process aimed at supporting the core business of the company.

Since 2007 the Workers' Council has been created. He is determined after the meetings of the primary trade unions organization. Following extensive negotiations, the trade unions signed the most recent collective agreement with the company on 2017. It could be said that relations between the trade unions and the company are good. The head of personnel holds monthly meetings with local employees and professional trade unionists to address day-to-day problems. Higher level meetings are also held between the General Management of the company and the heads of the trade unions in case of issues relating to policy and the interpretation of the collective agreement. Moreover, meetings at the highest level are held every two to three months. The representatives of the trade unions hold meetings with the chairman of the Board of Directors of Sofiyska Voda JSC to resolve issues and problems that cannot be resolved in the other meetings.

The issues that are included in the negotiations are: distribution of bonuses and better and safer workplace conditions; the social policy of the company.

As a result of periodic consultations, the company management adopts a policy document and a commitment of the management on the quality of service, safety and health at work and environmental protection. It will educate, inform and motivate its employees to perform their duties in a quality, safe and environmentally friendly way and in accordance with the requirements of the organization.

For the purpose of the negotiations, workers' representatives requested the following information:

1. The company's financial results for 2016.
2. Are there internal rules for the distribution of annual bonuses?
3. Report on working conditions in the company

The management of the company in Bulgaria declined to provide information about the financial bonuses and working conditions in Romania. There VEOLIA owns a similar company as Sofiyska Voda JSC. This refusal to provide information about another company from the Holding is normal. In this case, the Workers' Council submitted a new request for information, which only concerns the company in Bulgaria. The management of Sofiyska Voda JSC accepted this request. Provide information to the Workers' Council on the points of the request.

The company's management provided information on the Company's Financial Results for 2016, the Internal Rules for the Distribution of Annual Bonuses, and the Company's Working Conditions Report. After the requested information was provided, two general meetings were held. The main points of the information provided were discussed.

The management of Sofiyska Voda JSC presented a scheme for encouraging the achievements of the company's employees. It is designed to distinguish good personal results. Every month, among many nominees from different departments of the company, a member of staff is chosen, who is awarded the Golden Star prize. Every quarter is also designated a Team. At the end of the year all employees are selected Employee of the Year and Team of the Year.

The confidentiality of information about other companies is accepted normally. But workers are seeking "equal pay for equal work".

In case of failures without real motivation, we refer to experts from the Executive Agency "Main Labor Inspectorate", Bulgaria.

The negotiations were successful. The local community expected the results of the negotiations with the company's management. At the same time, the local community was also informed as precisely as possible through press conferences and interviews in the mass media.

The company works for 18 years in Bulgaria. In the start-up period, the information and counseling process was unsuccessful. Trade unions have improved their positions over the years. The situation in the enterprise is dynamic. The Workers' Council again puts forward negotiation topics that have not been answered in the past. This position is good for both sides.

**Key points:**

Information from the employer;  
Prepared requests from employees' representatives;  
Implementing discussion between employees ;  
Concluding Collective Bargaining.

**Recommendations:**

The consultation is a part from the decision-making process. Access to information does not stop to workers' representatives, but there shall be in place an effective dialogue and equal access to information to all workers, so that they can critically assess the situation. The consultation can take place as part of such a process.

**KEY STUDY 3: Collective labor bargaining in the following branches:**

Nuclear energy, treatment of radioactive waste;  
Power generation;  
NEK EAD. Hydroelectric Power Plants;  
Electricity System Operator;  
Electrical distribution and sale of electricity;  
Production and distribution of heat;  
Electrical construction;  
Repair and modernization, efficient use of energy resources.

This Collective labor bargaining was signed in November 2017. More than 130,000 workers work in the industries that signed the contract. These are economic activities that are fundamental to the Bulgarian economy.

Section IV. EMPLOYMENT, INFORMATION AND CONSULTATION refers to the process of information and consultation in branch companies.

Its requirements are binding on all employers who are included in the scope of Collective Bargaining.

This is a great success for the Bulgarian trade unions in some of the most difficult economic spheres in the country.

### **Recommendations:**

Trade unions in general are organizations in which capacity is already created, they can be an exponent of the legal requirements and can realize better system for information and consultation, as representatives of the EWC are the employees themselves in the multinational companies. These people have the following problem - they have to trained themselves before they start teaching and training other people. The workers do not know as well the matter as trade unions would know, so trade unions are organizations with capacity and can settle these issues in the most appropriate way. The trade unions themselves should be well trained so that the process can be fully completed.

The processes of elections of Bulgarian representatives in the European Works Councils are generally good, but we must emphasize that more than half of the representatives in the multinational companies operating on the territory of the Republic of Bulgaria have not yet achieved this right. Trade union representatives and local trade union leaders should be assisted in conducting an awareness-raising campaign concerning the powers and functions of the trade unions in this process, so that they can create a friendly working environment and achieve a higher employee awareness.

Legislative decisions regarding employees working on information and consultation processes should find their place in the State Servants Act, as the right to information and counseling is a general right, and at the moment it is not used by state employees working on the job legal relationships.

In general, we have a great need of training, as in the first years after democracy came in, when the law on health and safety at work was introduced, we are training our structures in relation to health and safety at work, and 20 years after the start of this process, we can already say that we have the capacity building in the field of health and safety at work, whereas towards information and consultation, we still do not have good capacity, so we need many years training to make this topic to be well known from the employees. I think this can only happen through the trade unions. Trade unions have the capacity needed, have prepared experts, have people who can deal with this issue and could be trainers wherever it is needed.



There is a clear tendency of increasing awareness of the need for communication and dialogue, of developing and implementing processes and systems of information and consultation, of forming workers' knowledge and skills to exercise these rights. There is also a need for informational and training workshops at company level to explain in detail the procedures, rights and opportunities for creating and integrating a system for information and consultation in Bulgaria.

Collective bargaining as one of the most widespread forms of social dialogue; consists of negotiations between an employer, a group of employers or employers' representatives to determine the issues related to wages and conditions of employment. Workers need to have access to this information so as to be able to take informed decisions. Solidarity between unions and sharing of resources should be increased in view of the challenges posed by the evolving scenario. Keeping members informed at all times is crucial especially in this digital age and for this reason, workers' representatives need to find innovative ways to communicate with workers.

Improving the process of informing and consulting through training of employees in primary trade union organizations.

Strengthen exchanges between trade unions at transnational level and create joint working groups between representatives of neighboring countries.