

# Industrial Relations in Bulgaria

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# Industrial relations and Social Dialogue Developments

- Social dialogue and partnership in Bulgaria grew up from scratch without any traditions and experience.
- There are several pre-conditions for the development of modern industrial relations system and social dialogue:
  - Development of market relations and general economic environment,
  - Development of labour legislation,
  - Development of trade unions and employers' organisations and legitimization of their status of social partners
  - institutionalization of social dialogue structures at different levels
  - Pressure of trade unions and employers' organisations as well as the pre-accession requirements of the EU and the harmonisation of the Bulgarian legislation with the EU *acquis communautaire*.

# Development of Legislative Framework - 1

- In the beginning of transition 1990-1991 the first ever **general rules and recommendation for collective bargaining** and conclusion of collective agreements were adopted and a National Commission for Reconciliation of Interests was established.
- **The Collective Labor Disputes Settlement Act was adopted** – for the first time the legislation set up mechanisms for solving labour disputes, including regulation of the rights and procedures for strike.
- **The law (Labor Code)** contains provisions on the scope, main actors, levels and procedures for social dialogue and collective bargaining



# Development of Legislative Framework - 2

- **Labour Code – amendments and supplements of 1992**
  - Definition of “Tripartite Cooperation”
  - Criteria for representation
  - Conducting negotiations for signing a collective agreement is the right of the trade unions only
  - Obligation of employer to provide necessary information
- **Labour Code Amendments Act – in force since 31.03.2001**
  - Harmonisation with EU legislation
  - Concept of social dialogue
  - Bodies of tripartite cooperation on different level clearly defined
  - The representativeness criteria for the worker and employer organisation are amended

# Development of Legislative Framework 3

- 2006 – Labour code amendments – related to election of information and consultation workers representatives
- 2010 – amendments to the Labour code – introducing social dialogue at district level



# Development of Legislative Framework 4

- **Other legislation** directly related to the labour regulations:
  - Employment Promotion Act,
  - Health and Safety At Work Act ,
  - Mandatory Social Security Code,
  - Law on Social and Economic Council
- **Convention № 98** on the implementation of the rights to organize and collective bargaining (1949) and **Convention № 87** on the freedom of association and protection of the right to organization (1948) have been ratified in Bulgaria and were adopted in the national law through both the Labor Code and the country's Constitution.



# Levels of Social Dialogue

In compliance with the legal framework thus outlined and the Bulgarian practice the system of social dialogue has been organised at:

- **national level** – National Council for Tripartite Cooperation
- **sectoral/branch level** - 51 sectoral/branch councils for tripartite cooperation have been established with the participation of the relevant representative sectoral trade unions and employer organizations.
- **district level** (since 2010) - district councils for tripartite cooperation
- **municipal level** - **82 municipal** councils for social cooperation have been set up. The representatives of the municipal authorities also participate in the process of negotiations for collective agreements concerning the public sector activities (education, health care, culture and administration). There are also 66 councils for tripartite cooperation in the local employment services
- **Enterprise level** - commission for social partnership

# Main actors in the industrial relations system

## According to the Labour code

the representative workers and employers' organisations participate together with the government in *the regulation of labor and social security relations and the living standard issues ...in the spirit of cooperation, mutual compromise and respect for the interests of each of the parties*

To participate in social dialogue social partners must be representative at national level

The representativeness criteria changed over the time

In late 2011 the Parliament adopted amendments to the Labour code that set **new stricter criteria for representativeness** of the social partners - for the census in 2012



# Main actors in the industrial relations system 2

## Representative Worker Organisations

The Labour Code defines the union **representativeness criteria**: “Worker organizations recognized on a national level are only those organisations that have:

- at least 75 thousand members;
- Organisations in more than  $\frac{1}{4}$  of economic activities according to NACE with membership no less than 5% of employees in each EA or at least 50 members organizations with at least 5 members in each economic activity
- local authorities in more than  $\frac{1}{4}$  of the municipalities in the country, plus a national managing body; and
- the status of a legal entity, obtained by registration in line with the procedure for registering non-profit associations at least three years before the census

# Representative Worker's Organisations

## TU census data – 1998:

- CITUB – 607 883
- CL Podkrepa -154 894
- TU Promjana - 7 802
- OSSOB - 4 011
- ADC - 2 098

Recognized as  
representative are  
CITUB and CL  
Podkrepa

## TU census data - 2003:

CITUB 393 843  
CL Podkrepa 106 309  
TU Promjana 58 613

## TU census data 2007- 2008

CITUB - 328 232  
CL Podkrepa 91 738

Sustainable trend of  
decreasing trade union  
membership

Trade union membership  
density – between 19 to  
21% according to different  
estimations

# Main actors in the industrial relations system - 3

## Representative Employer's Organisations

To be representative, the employer organisations must:

- Unite sector/branch structures and companies with no less than 100 thousand employees on labour contract
- Have employers organisations in more than  $\frac{1}{4}$  of the activities under NACE with no less than 5% of the employees in each economic activity or 10 members in each activity
- Have local bodies in more than a quarter of the municipalities, plus a national managing body;
- Have status of a legal entity, obtained by registration in line with the procedure for registering non-profit associations.
- Do not have activities especially assigned to it by law or other regulation

# Representative Employer Organisations

## Until 2004, the four representative associations were:

- The Bulgarian Industrial Association (BIA) – 2 481 affiliated employers;
- The Bulgarian Chamber of Commerce and Industry (BCCI) – 2 262 affiliated employers;
- The Union of Private Bulgarian Entrepreneurs 'Vazrazhdane' (UPBE) – 873 affiliated employers;
- The Union for Private Economic Enterprise (UPEE) – 660 affiliated employers

## Newly recognised as nationally representative:

- The Employers Association of Bulgaria (EABG) – 828 affiliated employers;
- The Bulgarian Industrial Capital Association (BICA) – 862 affiliated employers.


# Bodies for tripartite cooperation at national level

- **National Council for Tripartite Cooperation** has been established in 1993. Permanent commissions dealing with particular issues are set up in its system:
  - Income and Living Standard
  - Social Security
  - Labour Legislation
  - Social Consequences of restructuring and Privatisation
  - Budget Policy



# Bodies for tripartite cooperation at national level - 2

**In recent years the tripartite cooperation has been expanding. New mechanisms have been introduced such as:**

- participation of the social partners in the parliamentary activities through an advisory council under the Parliamentary commission for labor and social policy;
  - establishment of task force to draft new labor and social legislation;
  - involvement of the social partners in monitoring committees of the operational programmes co-funded by the ESF
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# Bodies for tripartite cooperation at national level - 3

The establishment of **structures typical for the European social dialogue** is delayed despite the relevant legislation passed as far back as in 2001.

- **The Economic and Social Council** is functioning since December 2003 with representatives of the TU, EO and the 'third sector' (12+12+12).
- **The National Institute for Reconciliation and Arbitration** was founded in 2003 (Supervisory Board is tripartite). Each of the 3 parties can nominate up to 12 mediators and up to 12 arbitrators.



# Bodies for tripartite cooperation at national level - 4

**The social partners participate in the activities, management and monitoring of many bodies that are set up on a tripartite principle. Some of them are:**

- **The Assembly of the representatives of National Health Insurance Fund**
- **The Supervisory Board is highest management body of National Social Security Institute**
- **The Managing Board of National Agency for Vocational Education and Training**
- **National tripartite councils in the fields of employment, training, migration, social protection, etc.**





# Collective bargaining

- **The law (Labor Code)** kept its role of a regulator but contained **minimal provisions for labor protection** and set up minimal level of workers' rights and labor conditions as a factor conducive to negotiation of better conditions in the process of social dialogue on different levels.
- Levels of collective bargaining – sector/branch, municipal and enterprise
- In 2011 there are 8 sector and 61 branch collective agreements, 156 municipal collective agreements and 1332 enterprise collective agreements and 284 annexes.



# Social dialogue and collective bargaining in the crisis

- Anti-crisis packages – 2009 – 2010 under the pressure of social partners

Social partners proposed jointly agreed measures

Introduction of part-time schemes

Vouchers for training of employed and unemployed

- Realisation of projects of the social partners under the operational programmes Administrative capacity and Human resource development co-funded by the ESF- aiming at flexicurity, combating informal work, decent work, etc.
- Collective agreements at enterprises on social packages in case of mass redundancies (metallurgy, paper production, etc.)



# Social dialogue and collective bargaining in the crisis

- Social dialogue development is uneven – due to unilateral decisions of the government
- breaches of agreements reached with the social partners (pension reform)
- Trade unions walked out the National Council for tripartite cooperation in 2009 and in 2011

