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NATIONAL ASSESSMENT REPORT

**CENTER FOR ECONOMIC
DEVELOPMENT**

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I. Introduction

This National Assessment Report has been prepared as a result of research within the framework of an international project in which the Center for Economic Development Foundation participates. The project focuses on European Works Councils (EWC) as a means of representing employees' interests in multinational companies in the EU. The project is initiated by the Institute for Public Policy -Romania and also involves research institutes from the Republic of North Macedonia, Poland and Croatia. It is funded by the European Commission.

The increased presence of multinational companies in Central and Eastern Europe over the last 15–20 years has raised a number of questions as to the extent and how the interests of their employees are represented and taken into account in their activities. To this end, a specific EU Directive has been adopted. Accordingly, the Directive has been transposed into the legislation of EU Member States. However, the number of European Works Councils in this region is still low. There is insufficient knowledge of the possibilities of this mechanism for workers and employees' representation and consultation. There are also a number of common problems and difficulties for Central and Eastern European actors in the EWC. In this sense, the project aims to fill the information gap in terms of providing information on EWCs, good practices for using them and the specificity of this tool.

The project involves a considerable amount of comparative research work covering all the countries involved. In line with the agreed methodology between the participants, the Center for Economic Development and the ESTAT Agency organised and held two focus group discussions. They were attended by representatives of employers' organisations and trade unions. Furthermore, Bulgarian representatives of the relevant EWCs working in the divisions of multinational companies in Bulgaria were invited for participation in 15 in-depth interviews. The information gathered through the methods of qualitative sociological surveys is summarized and analyzed in this report.

Publications from the Institute of Social and Trade Union Studies of the CITUB on the influence of multinational companies on industrial relations in Bulgaria, in

particular on the dynamic and effective representation of workers through EWC, were also used to prepare the report.

The final phase of the project foresees the preparation and publication of the EWC Handbook to be used by all stakeholders. It will also be presented and used in two training sessions on the topic for representatives of the social partners.

II. General overview of EWCs and their added value to industrial relations

The increasing mobility of businesses in Europe and beyond during the 1980's and 1990's led to a rapid change and restructuring of economic actors and had a significant impact on employment and working conditions, which in turn posed serious challenges to the trade union movement. Thus, the Europeanization of businesses and the growing number of corporations operating at a transnational level created the need for structures whose remit is to function as an interface between corporate decision-making levels and the European workforce affected by corporate decisions.

In a context of globalization and European integration, companies have been under serious pressure to review their strategies, including as regards the location of their manufacturing sites and operations, in order to adapt to the increasingly competitive environment. Likewise, globalization required similar adaptation on the part of workers' organisations and the bodies which represent workers' interests since many of them operate on the basis of national laws and practices, including in the area of information and consultation.

This is the background in which Directive 94/95/EC on the establishment of a European Works Council ('the EWC Directive') was adopted in 1994. The EWC Directive introduced the first European institution with a remit to represent workers' interests as part of the overarching framework for social dialogue and protection of the interests of workers employed by European multinational enterprises (MNEs).

III. National context (economic, social and legislative)

The Information and Consultation with Workers and Employees in MNEs, Groups of Enterprises and European Societies Act ('ICA') was adopted in fulfilment of the requirement to transpose the EU Information and Consultation Directives in Bulgarian law. The start of that procedure had been long overdue although it is relevant to Bulgarian workers/employees and concerns MNEs. The ICA initiative could have been launched at a much earlier phase during the preparation for accession, however, it was significantly delayed due to a lack of interest on the part of social partners (especially employers) and amidst not insignificant concerns of trade unions that someone could seize their functions and curtail their influence. Bulgaria had to adopt a separate law due to the significant amount of content in the four EU Directives and the need to implement multiple amendments in pre-existing legal instruments. The ICA was drafted and adopted in 2005. The remaining provisions were transposed in amendments of the Labour Code.

The reference in this report is to Council Directive 94/95/EC of 22 September 1994 on the establishment of a European Works Council as supplemented by Council Directive 97/74 of 15 December 1997. This is the first directive adopted in the framework of the Social Policy Protocol ('the Social Chapter') annexed to the Maastricht Treaty. Its objective is to address the deficiencies of existing practices and establish a procedure for informing and consulting the employees of enterprises and groups of enterprises in the EU. The Directive requires each multinational company which has more than 1,000 employees in the EU and more than 150 employees in at least two Member States to create a European Works Council ('EWC'). The European Trade Union Confederation (ETUC) views the creation of EWCs as a cornerstone of the Europeanization of industrial relations. The objective of setting-up an EWC is to establish a link between the decision-making centre and the representatives of workers at all divisions affected by these decisions.

Furthermore, the new Information and Consultation Act transposes also Council Directive 2001/86/EC supplementing the Statute for a European company with regard to the involvement of employees as well as Council Directive 2003/72/EC

supplementing the Statute for a European Cooperative Society with regard to the involvement of employees.

These three Directives, together with Directive 14/2002, are the aftermath of a lengthy evolution of the views of government and civil society actors in EU Member States. Each next Directive is the result of the progress achieved with the approximation of views on the rights of workers and employees to be informed and consulted as well as to have their say in governance processes.

In the period immediately before and during the adoption of the Information and Consultation of Workers and Employees Act (2007) Foreign Direct Investment in Bulgaria increased significantly compared to the previous 5–7 years. Over the period 2000–2003, they are approaching USD 1 billion each year. This follows a gradual increase in the years 2004–2005 with volumes of more than USD 2 and USD 3 billion per year. The record years are 2006, 2007 and 2008, with volumes of between USD 6 and 9 billion, which coincide with the time of Bulgaria's accession to the EU.¹ It is also important to note that Bulgaria is significantly lagging behind in attracting foreign investment by the leaders in that process — Poland, Czech Republic and Hungary. In these countries, also candidates for EU membership, the transition to a market economy itself implied an active role for foreign capital as an active participant in privatisation and restructuring and a provider of modern management.

In parallel, privatisation and restructuring of the economy were sharply accelerated. Foreign direct investments related to privatisation represented more than 30% of total foreign investment during the period considered.²

The geographical contradiction of foreign direct investment shows that Greece is an absolute leader. Five other EU countries are following — Germany, Italy, Belgium, Austria and the Netherlands.

The sectoral focus of foreign direct investment shows that four economic sectors are highlighted, accounting for more than 80% of investment volumes in the country:

¹Multinational companies in Bulgaria 2008-2013: the crisis, the social model and industrial relations. Institute for Social and Trade Union Studies of CITUB, 2014, p.63.

²Multinational companies — challenges for industrial relations and trade unions: five years later. Institute for Social and Trade Union Studies of CITUB, 2004, p.44.

- Financial intermediation (banks) – 25.8% of all foreign investments;
- Manufacturing – 23.6%;
- Trade, repair and maintenance of motor vehicles – 17.7%;
- Transport, logistics and communications – 14.5 %.³

Taken as a whole, these economic conditions and factors favour and call for the adoption of the Information and Consultation of Workers and Employees Act.

The various chapters of the Information and Consultation Act ('ICA') follow the structure of the relevant Directives and their main parts correspond to the sections of the Directives. The parts of the three main ICA chapters (Chapters One, Two and Four) are in the following sequence: election of representative bodies; setting-up and functioning of a special body for negotiations between worker/employee representatives and the central managing body or bodies; negotiating an agreement; content of the agreements; standard rules and methods for the implementation of the agreements, including standard information and consultations rules for all types of enterprises and standard rules for participation in the management of a European company and of a European cooperative society. A separate general chapter of the ICA deals with confidential information (which is covered by a separate section in each of the transposed Directives).

The ICA is most relevant to the divisions of multinational companies /enterprises which operate in Bulgaria. The reason is that the number of multinational enterprises and other international companies which are established and have their head office in Bulgaria is still low.

Initially, the worker representatives from Central and East European (CEE) countries were included in EWCs as observers. Later on, when these countries joined the EU, these representatives became full EWC members. Already at that early stage of the work of trade union representatives from candidate countries, joining an EWC was the most efficient and in some cases the only way for them to obtain information about the operations of their MNEs at a European and global level.

³ Ibid., p.49.

In most general terms, the advantages which participation in an EWC affords to them are:

- access to central management;
- opportunities for exchanging information with worker representatives from other countries and for establishing bilateral relations with other trade unions;
- access to information which can be used for the purposes of collective bargaining at a local level;
- improvement of workers' understanding of the decisions made by management.

The difficulties encountered by worker representatives from CEE countries are similar to those faced by some of their Western peers:

- language barriers;
- lack of sufficient communication among EWC members in the time between EWC meetings;
- the need to develop a national structure of representation serving as a bridge between transnational information and communication mechanisms and the specific problems of the work site.

I. Evaluation of the perception of the social partners regarding the utility of the EWC Directive.

1. The perception of social partners – employers and trade unions – focus group discussions.

Brief introduction of the participants in the focus groups

The qualitative research included discussions in two focus groups – one composed of trade union representatives and one composed of representatives of employer organisations. Represented in the group discussion with employer organisations were sectors and branches in which multinational companies are key market players: metallurgy (represented by the Bulgarian Association of the Metallurgical Industry); chemical industry (the Bulgarian Chamber of Chemical Industry), the building industry (the Bulgarian Construction Chamber) and the soft

drinks and mineral water industry (the Bulgarian Soft Drinks Association). The group discussion with trade unions included experts and analysts from the two trade unions represented at a national level (Confederation of Labour Podkrepa and Confederation of Independent Trade Unions in Bulgaria) as well as members of their respective federations in a range of industries: brewery, foods, consumer goods, machine building, metalworking, electrical engineering, electronics, etc.

Overview of the commitment of sectoral employer organisations to industrial relations

Industrial relations and social dialogue are on the agenda of the sectoral organisations included in the study, but to a different extent and in a different way. The CEO of the Bulgarian Soft Drinks Association (BSDA) defined the role of the BSDA in the social dialogue as key. Special emphasis was placed on the long-term engagement in the negotiation of minimum social-security thresholds with trade union organisations. While trade union density in the BSDA member companies is low, according to the CEO this is not in any way due to attempts by employers to prevent the association of workers in trade unions or in other forms of worker representation. Instead, this is rather due to a lack of initiative and willingness on the part of workers in the context of the overall favourable working conditions and high wages offered by companies in this sector. The BSDA describes its members as responsible and open employers who are compliant with labour laws and implement good practices for management and for collaboration with workers, including through various initiatives for direct participation of workers.

It does not happen for a specific reason but because, especially as concerns our members, they operate their businesses in a highly responsible manner and workers obviously do not see any need to pursue other forms of association since the average wages paid by our members as well as by our colleagues from the brewery industry are among the highest in the food and beverage sector. Our owners, CEOs and top-level managers highly value human capital as a key driver and cornerstone of the future of our industry, hence relations are relatively smooth.

Interactions between employers and trade unions are much stronger in the metallurgy industry. The sector is dominated by approximately a dozen of large metallurgical enterprises with national ownership and high trade union density. The

President of the employer organisation in this sector, the Bulgarian Association of the Metallurgical Industry (BAMI), stressed that social dialogue in the sector is at a very high level and supported his statement with examples such as the negotiation of minimum wage levels every year and the successfully concluded collective employment agreements. It was also stressed that at the enterprises in which trade unions exist, respect for worker rights is higher, industrial relations are more advanced and information, consultation and active involvement of employees in the management process is a standard practice. Industrial relations in the metallurgy sector are dynamic, sometimes controversial and involve actively and strongly both the trade unions and the employer organisation. As an example of constructive collaboration between social partners in the metallurgy industry, the BAMI highlighted joint projects for information and consultation in the context of the continuing restructuring processes in this industry.

Of course, with conflicts, without conflicts, with resolution... We have worked with trade unions on several projects, exactly for information and consultation, because the metallurgy industry has undergone major restructuring, including the shutdown of [the steel mill] Kremikovtsi.

In order to illustrate their role in industrial relations, the Bulgarian Construction Chamber highlighted their participation in the tripartite dialogue for collective bargaining in the sector and to their involvement in joint European projects the objective of which was to enable industry representatives engage in social dialogue at a European level by building capacity and trust. Industrial relations in the chemical sector are also being developed and enhanced, according to the Bulgarian Chamber of Chemical Industry (BCCI). One of the achievements highlighted by the BCCI is the conclusion of a memorandum of social cooperation and partnership between the Confederation of Independent Trade Unions in Bulgaria, the Bulgarian Chamber of Chemical Industry and Bulgarian National Association 'Essential Oils, Perfumery and Cosmetics' which demonstrates the commitment of these three parties – two employer organisations and one trade union – to accelerate and deepen the bipartite social dialogue. Collective labour bargaining at a sectoral level is perceived as difficult to achieve due to the heterogenic profile of the member companies in terms of capital

structure, number of employees, etc. In evidence of their willingness to develop effective and efficient industrial relations, the BCCI members point to corporate social responsible practices and in particular to the participation of the Chamber in the global initiative Responsible Care which is aimed at the continuous improvement of occupational health and safety conditions and environmental performance.

EU membership and benefits for industrial relations

An important thesis in the group discussion with employer organisations was that accession to the EU has contributed to the broadening and deepening of social dialogue and thereby to the strengthening of industrial relations. The Bulgarian Soft Drinks Association defined the benefits for industrial relations brought about by membership in the European Union as ‘indisputable because of the imposition of standards and frameworks which are exceptionally progressive in terms of dialogue and certainty for both sides’. The participants acknowledged the positive development observed following the harmonization of labour laws in a backdrop of profound transformation of public and societal life over the last decades. Even more so, the entry of European and other foreign investors is recognized as a factor which had a key role in the development of industrial relations through the implementation of good practices, including human resources management, and new approaches to social dialogue.

I would say that, especially in the context of the soft drinks industry, the multinational companies that have been established and operating in the old EU Member States for many years transplanted in Bulgaria mindsets and practices which build a sustainable culture... And the role of our sectoral association is to lead the smaller companies which cannot fully implement these practices but can still find those aspects which can be applied in their circumstances.

A similar thesis was echoed by the Bulgarian Construction Chamber which highlighted the benefit of participating in various supranational networks for exchange of information and experience with countries which have more advanced systems of industrial relations and social dialogue. Both the Construction Chamber and the Bulgarian Soft Drinks Association placed a strong emphasis on the opportunities for supranational partnership, for shaping common positions and for influencing the

formulation of policies which affect the sector at an European level, for example through their participation in associations such as the European Construction Industry Federation, FoodDrinkEurope, etc. The participants stressed that often times employer and trade union organisations join their efforts in order to influence European institutions when they take decisions on a wide range of social and employment issues which are important for the relevant sector.

...On key issues which are important for the industry, many times workers and employers arrive at common opinions and positions, and during the dialogue they would rather unite in order to 'push' the European Commission towards a certain decision.

The Bulgarian Association of the Metallurgical Industry (BAMI) provided a more nuanced assessment of the effect of Bulgaria's membership in the EU on industrial relations. The BAMI acknowledged that the high level of industrial relations in the sector stems from the traditions established before our accession to the EU and noted that although the adoption of European frameworks such as the EWC Directive and the Worker Information and Consultation Directive has been important, their practical implementation has not been consistent or unobstructed. The notion that the level of social dialogue in the more developed countries is by default higher than in the other countries was challenged. The weakening role and functions of trade unions as a result of economic 'liberalization' and integration in the free European market is perceived as an important change of the dynamics and nature of industrial relations.

I must start by saying that in the projects we have been doing, including with European countries, sometimes our social dialogue appears to be at a higher level. We are an industry with strong traditions since trade unions had a very important function in the planned economy we had in the old times. They were part of management bodies and of all expert boards involved in the approval of projects. Now we have been taught to more liberalism and our trade unions see that they are not that closely involved in functions which they would like to retain.

Trade union representatives emphasized that membership in the EU has had an important contribution to 'benchmarking the rules of industrial relations' between the

various Member States, including the rules for informing and consulting workers and employees of multinational companies. Trade unionists believe that there is an ongoing process of social dialogue development at a European level, at least in respect of the regulation of the options for representation of the interests of workers and employees from various divisions of multinational companies. Similar to employer organisations, some trade unionists also stressed that the European economic integration and the increasing penetration of multinational companies has led to the emergence of many new forms and structures for exchange of information and experience between the social partners, to the transplantation of good practices in the area of corporate social responsibility and human resources management and to the implementation of multiple initiatives with an overall positive effect for industrial relations. The examples provided include the Global Framework Agreement (GFA) between the global organisation of all trade unions in the processing industry and popular international brands such as Assos, H&M, Inditex and other. The GFA covers key aspects of industrial relations, including basic employment standards across the supply chain, improvement of working conditions, the rights to collective bargaining and association, collective negotiations as well as information and consultation. The representative of the Federation of Independent Trade Union Organisations in the consumer industry provided further insight by noting that in the framework of that partnership trade union organisations are given the important task to coordinate compliance with the agreements at their respective locations. One innovation in the brewery industry, also adopted through the exchange of experience between local trade unions and European partners from other Member States, relates to the establishment of Change Management Teams (CMTs) at the enterprises and to the active participation in the CMTs of employees who are members of trade union organisations. Change Management Teams have a major role in the shaping of objectives and cultures at their enterprises and have a significant impact on the career development of employees and on the quality of working life in a context of globalization, digitalization and demographic change.

The implementation of European policies in the area of industrial relations and European Works Councils

The employer organisations included in the study are partially familiar with the key pieces of European legislation in the area of industrial relations, including the directives on information and consultation, European Works Councils, transparent and predictable working conditions, health and safety at work, etc. However, the level of involvement in and commitment to the process of transposition of the EU legislation in the area of industrial relations tends to be limited. An important weakness according to the Bulgarian Soft Drinks Association (BSDA) is the delay of consultation and discussion processes at a national level. It was also pointed out that government bodies typically do not involve stakeholders at the time when a legal act ‘is in the making’ (draft legislation) but at a rather later phase of process, which attributes to the consultations a rather ‘symbolic’ and ‘formal’ nature.

The employer organisations as such do not appear to be very proactive in organising activities and events aimed at raising their members’ awareness of the European legal instruments related to industrial relations and to the mechanisms for engaging in transnational social dialogue. The BSDA shared that every year they conduct seminars at which their members and other companies are informed about the legislative developments that have direct implications for their industry. On their part, the representatives of the Bulgarian Construction Chamber indicated that this type of events tend to be rare and largely hinge on the organisation’s access to EU funding for such projects.

Although the employer organisations included in the study know that European Works Councils (EWCs) do exist in some of their multinational member companies, the employer organisations are not familiar with the activities of these EWCs and are unable to assess their impact on industrial relations. When the participants discussed EWCs, the Bulgarian Association of the Metallurgical Industry (BAMI) noted that where such councils exist they are dominated by trade union representatives. As concerns the information and consultation systems, the representatives of employers expressed optimism that such systems are in place and function adequately in the large companies, including in the multinational enterprises operating in their respective sectors. The

emphasis was rather placed on the diversity of industrial relations tools at a local level, such as information and consultation representatives, health and safety committees, general meetings of workers, etc. which exist mainly at the larger enterprises. As regards the smaller enterprises, employer representatives believe that information and participation is an integral part of the working environment in these enterprises because of the direct contact between managers and employees.

The discussion with the group of trade union representatives revealed that unionists are more cognizant of and committed to the EU legal instruments and policies in the area of industrial relations. The discussion was focused mainly on the application of the EWC Directive and on the procedures for worker/employee information and consultation at large multinational companies. The participants provided examples of EWCs with Bulgarian representatives at multinational companies which have an official seat or branch in Bulgaria, including Ideal Standard International, Solvay Group, Carlsberg, Heineken, Amylum, KAI Group and more. Other companies such as Molson Coors and Malteries Soufflet are in the process of setting up their EWCs. The participants noted that not all Bulgarian representatives at EWCs (popularly known as ‘EWC reps’) are trade union members. The explanation is that in the Bulgarian divisions of certain multinational companies trade union organisations do not exist or trade union density is not strong enough to enable the election of a representative from the trade union community. It was also remarked that where the EWC reps are managers who have closer links with the employers, the nature of the relations between the two bodies which represent the workers – the EWC and the trade union organisation – may pose difficulties to industrial relations.

Trade unionists acknowledge that the lack of language skills and the insufficient economic literacy are among the factors which may discourage the nomination of representatives to the EWCs. The need for interpreters at EWC meetings together with the insufficient background in important economic and employment law matters can be practical hurdles to the efficient participation of some members. Consideration is also given to the key role of trade unions and of human resources managers in raising the awareness of the opportunities offered by EWCs as an additional avenue of representation and protection of the interests of workers/employees in a supranational

context. Trade unionists also stressed the importance of capacity building for company employees through various trainings to ensure that they are fully equipped to participate in EWCs.

The discussion also addressed the issue that EWCs are not sufficiently used as an instrument of European industrial relations and are not yet present at certain multinational companies which otherwise come in the scope of the EWC Directive. Furthermore, some participants shared that these structures for supranational representation of employee interests are not necessarily a guarantor of constructive European industrial relations as some of them may exist purely on a pro-forma basis and without adding value to the transboundary social dialogue.

In my view the European Works Council is one of those efficient tools for promoting a transboundary dialogue, however, it does not yet perform these functions... they do not play the role we expect them to play, namely keep us informed about the standards out there and ensure that we know what we are going to negotiate in the collective labour agreements. We have a serious gap here as I believe that this a key function for us to have a transboundary social dialogue.

Trade unionists highlighted several issues which pose difficulties to the functioning of EWCs and weaken their efficiency. These include the frequency of EWC meetings (in most cases only once per year), the weak dissemination of information before and after the meetings (e.g. agendas, opinions expressed, etc.), in some cases the unreasonably strict confidentiality rules as well as the lack of effective consultation in the form of seeking feedback from workers and active two-way communication. An open question according to them is to what extent the EWC is simply a forum for exchanging opinions and viewpoints or a genuine representative body which acts on behalf of workers.

One problem with the efficiency of the European Works Council is that they hardly inform us – the information is untimely, incomplete, delayed... We should be informed and then asked to provide our opinion, our viewpoint – this is a two-way process. It is for the employer to inform us and it is for us to advise the employer by providing feedback.

Our representative did not dare bring people together and tell them what happened at the meeting, what decisions were taken. They were told there [at the meeting] that this is confidential...

An indication of the often times ‘symbolic’ role of some existing EWCs according to one trade unionist is the failure of Bulgarian reps in the EWCs of two multinational companies in the brewery industry to access information about the working conditions at other divisions of these companies. The trade unionist pointed out that some of the key motivations to set up an EWC were the endeavour to ensure convergence of standards across the company’s divisions, to exchange information and to facilitate supranational social dialogue. Conversely, the experience of some trade union organisations indicates that certain multinational companies with well-established EWCs consider industrial relations as an exclusively national theme and responsibility. This being said, the discussion revealed another complicated aspect of the debate on transnational industrial relations – the gist of the relations between the various divisions of a multinational company, the inevitably arising dilemma ‘cooperation or competition’ and the practices of creating confrontation between workers from different divisions.

I wish to tell you what happens with us, the trade union members of the European Works Council – everyone keeps pulling the rug to their side...When it comes to shutting down or relocating a site, this wreaks havoc at the EWC.

The mindset of a European Works Council is: ‘You have your national level, national legislation and national standards – please be kind enough to follow them’.

Against the backdrop of the abovementioned problems in the work of EWCs, trade union representatives tend to be rather critical as regards their own commitment to the issues pertaining to European social dialogue and industrial relations. While they assessed their collaboration with Bulgarian EWC reps as insufficient, they spoke about plans for future working meetings and discussions with those EWC members who are also part of trade union organisations.

Another issue which was considered at large during the discussion with trade unionist representatives was the penetration and efficiency of information and consultation systems within multinational companies which do not have EWCs. The participants expressed the opinion that the application of these systems is fragmented and inefficient, which may be a consequence of still insufficient understanding of the purpose and nature of information and consultation procedures or lack of knowledge of the legal basis for the establishment of such systems in the cases where such systems do not exist at all. One trade unionist stressed that information and consultation systems work better when the representatives in these systems are designated by the managing bodies of trade union organisations and highlighted the importance of confirming and regulating the leading role of trade unions in these systems in the provisions of collective labour agreements. This assertion is consistent with a perception shared by employers, namely that trade unions might feel uneasy about the additional instruments for the representation of workers, such as information and consultation procedures and EWCs, exactly due to the risk of ‘co-optation’ in these new structures of employees who are more closely linked to the management of the company as this may pitch them against the trade union organisations at the enterprises.

I can tell you that the ratio of those who use the information and consultation system is very low. If a system was ever established, at best, in half of the dozens of enterprises, they have already forgotten it... For these systems to be effective, they should address people's problems and be compliant with the Directive. In my opinion this is not the case in practice.

The analysis of the results from the two group discussions leads to the overall conclusion that although a process of Europeanization of industrial relations is unfolding, there is still a long way to go. Membership in the EU and European integration have undoubtedly led to the emergence and deepening of collaboration among the social partners at a European level, which has provided a new impetus to industrial relations beyond their purely local/national dimensions. However, the spirit and essence of the European policies which are designed to foster social dialogue and harmonic transnational industrial relations are not sufficiently understood yet. In turn this disrupts the application and undermines the efficiency of two vital tools of

European industrial relations: European Works Councils and information and consultation systems. Sustainable development of multinational companies, strengthening of their socially responsible behaviour and maintenance of appropriate transnational social dialogue require wider knowledge and uptake of these tools as well as better understanding of the need for and the benefits brought about by EWCs and information and consultation systems.

2. Outcomes from in-depth interviews conducted with representatives of social partners.

This part of the study was joined by 15 Bulgarian representatives at European Works Councils – the most part of them are trade unions members and officials. The objective of these in-depth interviews was to identify the extent of Europeanization of industrial relations on the basis of practical examples of the contribution and efficiency of EWCs and to formulate recommendations on how to address the identified weaknesses and bottlenecks in their work. The analysis presented here encompasses the European Works Councils established in fifteen multinational companies operating in various sectors and industries, including: Ideal Standard International BVBA (producer of sanitary ware), Aurubis Group (producer and processor of copper), Solvay Sodi AD (chemical industry), Mondelez International (sweets and confectionery products), EVN AG (energy production and supply), ČEZ Group (energy production and supply) and A1 Austria Telekom Group (telecommunications), Veolia (Sofia Water), Veolia Energy (Varna), Energo Pro Varna (energy supply), DXC Technology (Enterprises Services), Marazzi Kai (ceramics), Siemens Energy (manufacturing), Strabag (construction), Heineken (beer – food processing). Currently, there are around 35 Bulgarian representatives in EWCs.

Scale and dimensions of the Europeanization of industrial relations

The interviewees pointed out that social dialogue at a European level has been strongly enhanced mostly through the deployment of mechanisms for transnational representation of workers and employers and of new channels for interaction between them. In their opinion, European integration has had an undeniable contribution to industrial relations, in particular as concerns the adoption and transposition of landmark legislation. The relations between employers and employees in European

context are perceived as strictly institutionalized and driven by the principles of information, consultation and involvement of workers and employees. There is a broad consensus that the adoption and transposition of the EWC Directive and of the information and consultation procedures have had the largest contribution to the development of European social dialogue. In this context, the Europeanization of industrial relations is viewed mainly through the prism of EWCs and their role as a bridge between the workforce in Europe and the central management of multinational companies as well as a catalyst of transformative supranational social cooperation.

The positive effect of our accession as a full member of the EU opened to us opportunities for effective participation in information and consultation processes at the level of the company and facilitated our access to colleagues in the other countries in which the companies operate (member of EWC Ideal Standard International BVBA).

Thanks to the EWC instrument it has been possible to timely inform workers about the decisions taken at European and global level which affect Bulgaria. An example is the restructuring of the business of the Company (at that time Kraft Foods) in Southeastern Europe in 2008, when the Company closed its production unit in Romania (Braşov) and moved the production facilities to the site in Svoge (member of EWC Mondelez International).

The interviewees tend to share the same understanding about the dimensions of the Europeanization of industrial relations as they concur that the objectives and characteristics of this process are: strengthen the competitiveness of enterprises by providing appropriate framework conditions; sustainable development based on a balanced economic growth; economic environment characterized by high employment and social progress; foster scientific and technical advancements and ensure respect for Europe's rich cultural and linguistic diversity. The participants unequivocally emphasize that the most important objective and indeed an already observed positive consequence of the deepening Europeanization of industrial relations is the economic, social and territorial cohesion between Member States as well as the commitment to achieving a balance between working conditions and standards across the various branches of multinational companies.

The role of the EWC is to ensure that the uniform global rules are transposed locally and to apply a single European standard in industrial relations as well as to serve as a direct line between workers and the company's management (member of EWC Solvay Sodi AD).

We felt it when everything in Austria, at the company EVN, was gradually applied in Bulgaria. There was a process of regulatory and organisational adaptation, including the regulatory basis, working conditions, safety at work, working clothes, breaks, social benefits. But first and foremost, safety at work and social benefits (member of EWC EVN AG).

The interviewees provided many and diverse examples of constructive and sustainable supranational social dialogue achieved through the activities of European Works Councils. For example, the representative in the EWC of Ideal Standard International BVBA highlighted the active participation of the EWC in the taking of decisions for difficult and unpopular measures such as closing down sites, laying off staff and relocation of manufacturing sites in the context of the series of restructurings which the company has been through in recent years. Another positive manifestation of transnational industrial relations pointed out by the participants is the conclusion of various framework agreements and memoranda between workers/employees and company head offices through the initiative and commitment of EWCs. The representative in the EWC of A1 Austria Telekom Group explained the contribution of a recently signed memorandum of cooperation which condemned any form of discrimination in the branches of the multinational company, and of a memorandum for corporate social responsibility aimed at achieving a balance between the economic, social and environmental aspects of the company's business. The representative in the EWC of A1 Austria Telekom Group believes that the EWC also deserves special credit for laying the groundwork for successful collective labour bargaining at the Bulgarian branch of the company in the near future.

Amidst various arguments and procrastinations, we have been unable to sign a collective employment agreement with our employer for seven year already... Two years ago, after an EWC meeting, we made the first small step to the signing of a collective employment agreement. This is a memorandum between

the trade union organisation at A1 Bulgaria and the management teams which regulates basic aspects such as wages, healthcare, etc. This clearly demonstrates the benefits of having an EWC – the pressure from EWC to the top management and the back pressure to the Bulgarian management has led to the signing of this memorandum (member of EWC Austria Telekom Group).

Direct observations on particular EWCs and some operational aspects

The data captured through the in-depth interviews enables us to elaborate on some important operational aspects of the work of EWCs, including the resources made available to the Councils, the frequency of their meetings, the themes discussed at the meetings, the ways in which the information is cascaded to workers and so forth. The next part of the analysis summarises the most relevant observations.

Frequency of EWC meetings per year

The vast majority of the EWCs included in this study hold one or two meetings per year. EWC meetings in broad format (all EWC members) are held at Ideal Standard International BVBA and EVN AG once per year and two times per year at Aurubis Group, GEZ Group, A1 Austria Telekom Group and Solvay Sodi AD, while Mondelez International shared that they have six remote (online) meetings and one face-to-face meeting in the course of the year. Meetings in narrow format (i.e. meetings of the select (executive) committee) are held more often.

The resources made available to EWCs

Some interviewees provided information, among other things, about the resources made available to their EWCs. The representative of the EWC in Aurubis Group shared that all necessary expenses, such as those for interpretation at EWC meetings or for training of EWC members, are covered by the head office of the company. The company at which the workers' representative is appointed pays for the accommodation and other agreed out-of-pocket expenses related to the work of the EWC. During the meeting the representatives of the workers/employees are entitled to use the consultancy services of an appropriately qualified expert insofar as this is necessary for the performance of their tasks. The reps of Solvay Sodi AD and EVN AG

shared that their EWCs have an approved budget which covers all costs associated with their activity, including trainings.

In light of the feedback received from the interviewees it can be concluded that the availability of resources is not a highly problematic aspect of the functioning of EWCs.

The themes discussed

The interviewed EWCs discuss mainly issues of transnational significance (i.e. issues which concern two or more Member States) as well as any issues which are important for the European workforce regardless of the number of Member States concerned. The representative in the EWC of Mondelez International shared that EWC meetings discuss topical agendas such as restructuring, geographical relocation of sites or products within the company, layoffs, wages, etc. Most generally, the EWC discusses decisions taken at top management level which have specific implications at the company's factories in the European Economic Area. Specific questions raised by workers' representatives are also discussed and the EWC may request a reply from the top management at the company's head office. The EWC rep of Solvay Sodi AD shared that themes frequently tabled for discussion at EWC meetings include employment, incomes, working conditions, breaks/rests, trainings, motivation, social measures, etc. In CEZ Group, the thematic scope of EWC meetings includes a more pronounced focus on the company's performance and strategic development such as the current state of the company, assessment of the various international acquisitions and outlooks for their development, energy services and their development in the Czech Republic and in Europe, the business of CEZ Group, employment and HR policies, issues related to the skilled personnel, etc.

The channels used for communicating the results from the work of EWCs

The EWCs included in the study have developed various channels for communicating their decisions and other aspects of their work to the other workers. The representative in the EWC of Ideal Standard International BVBA explained that keeping the workers informed is responsibility of the EWC in the relevant country or of the select committee. Moreover, there are good conditions for two-way communication since the national representative bodies of workers and employees are also encouraged to propose

themes for discussion by the EWC. The EWC rep of Mondelez International explained in more depth that the EWC decisions are documented and published in a dedicated section of the corporate intranet site. Particularly in the Bulgarian division (the factory in Svoge), the EWC decisions are communicated to the workers by all available methods, including email, information boards or at the trade union meetings conducted by the two trade unions in the factories. The representative in the EWC of Solvay Sodi shared that they maintain a mechanism for information/consultation before and after the meetings. The participants in this mechanism are the information and consultation representatives of workers and employees, together with trade union representatives from all companies. At these forums workers can obtain information about the agendas and raise questions to be discussed at the forthcoming EWC meetings, as well as obtain reports on the outcomes of the meetings, including the opinions expressed and the results. The practice of the EWC at CEZ Group is to communicate the results of EWC meetings via the trade unions. The practice at the EWC of A1 Austria Telekom Group is such that the decisions taken at the EWC meetings are published in a newsletter prepared by the corporate head office in Austria. The publication describes the objectives of the meeting, the opinions expressed and the decisions taken. The newsletter is published both in paper form and online, and is also posted on a dedicated EWC page ('Work Council News') in the corporate Facebook space.

EWCs and relations with social partners

Part of the interviewees expressed the opinion that where the EWC members are not representatives of trade union organisations, there arises a risk of opposition and confrontation between the two separate structures for representation of workers which in turn may affect the quality of social dialogue at both local and European level. The majority of the interviewed EWC representatives consider that the relations between their councils and the trade unions are positive and constructive, and enhance the local trade unionist activity.

We aim to maintain good relations and work together with trade union representatives in order to uphold the interests of workers and employees. We try to collect from them relevant questions to be discussed at EWC meetings and

report back to them what we learnt at these meetings (member of EWC Ideal Standard International BVBA).

I would say that Mondelez and in particular the Chocolate Factory in Svoge is an excellent example of fruitful cooperation between the trade unions present in the factory and the EWC. My personal background as a representative is related to trade unionist work. EWC members are elected by the workers' representatives many of which are trade unionists, but the decisions are communicated to everyone. Trade union representatives are involved in solving problems at the level of our factory, while the EWC member intervenes when support at a higher level is needed. Thus, representation at EWC level enhances the trade unionist activity at a local level (member of EWC EPC Mondelez International).

The views expressed by the representative in the EWC of A1 Austria Telekom Group were more critical in light of the fact that in some post-socialist countries, including in Bulgaria, one can still observe practices where management nominates 'its candidates' for EWC members in an attempt to 'embezzle' this tool of worker representation. The A1 EWC rep believes that the loophole for 'co-optation' stems from imperfections of the national legal framework and often leads to inaccurate functioning of the EWC and to controversy between the two organised representations of the workers, only one of which is authentic.

Essentially, in most European countries a division between appartenance to trade unions and membership in works councils does not exist. In Bulgaria there are imperfections in the legislation which lead to pitching the two organisations against each other – the trade union organisation which consists of people elected by the workers against the works councils which can consist of a few persons 'singled out' by management... This is what they tried to do in Bulgaria, but we expected this pressure because we had established a clear channel [of communication] with the trade union organisations in Vienna. I know that this is exactly how EWCs in other companies were formed – works council reps are people from HR departments. This could hardly be a properly functioning EWC (member of EWC A1 Austria Telekom Group).

The relations with representatives of other divisions of multinational companies were also discussed in the framework of the in-depth interviews. The prevailing opinion is that the interaction among the various EWC reps is based on solidarity, collectivism and commitment to mutual support. In this backdrop, there is also awareness that although differences between the social systems, standards and working conditions continue to exist among the divisions of multinational companies, the deepening transnational social dialogue definitely supports the overarching process of convergence of the various 'local' realities.

Each rep is there to represent his or her country in the best possible way, however, standards of communication and 'social fair play' must be respected. The relations between members are entirely subordinated to solidarity, partnership and support (member of EWC Aurubis Group).

In my work in the EWC so far I have not encountered opposition by reps from other countries. Conversely, I have had the full support of all representatives, even for issues related to incomes, which others might interpret as 'social dumping' (member of EWC Solvay Sodi AD).

The contact with colleagues from other countries is based on solidarity, maybe because all EWC reps come their trade union structures (member of A1 Austria Telekom Group).

The interviewees' comments in respect of the collaboration of their EWC with the top management at central level are also positive as a whole. The representative in the EWC of Ideal Standard International BVBA pointed out that communication with senior management reveals mutual respect and commitment to an open dialogue on the important topics on the agenda. In many instances the EWC received more information than provided for in the agreement or in the legal framework. Similarly, the EWC rep of A1 Austria Telekom Group stressed the professional and collaborative attitude and the deep engagement of senior management at EWC meetings. It is recognized that the collaborative approach is based on knowledge and understanding of the European framework of industrial relations, the central role of the EWCs in that framework and

the likely consequences of any attempts to ‘bypass’ this vital structure for transnational representation of workers.

Overall assessment of the efficiency of EWCs, gaps and recommendations

On scale of 1 to 5 (where 1 is ‘least satisfactory’ and 5 is ‘most satisfactory’), the efficiency of EWCs as a tool of industrial relations received an unanimous rating of 4 by all interviewees. In order to demonstrate the overall contribution and added value of EWCs, the participants referred to achieved improvements and development of the level of industrial relations, including unification of economic and social objectives in the framework of the single market, reduction of ‘social dumping’, improvement of compliance with basic employment standards, increased competitiveness of their companies in the international markets, improvements in terms of working conditions and compensation/wages, and establishment of new channels for resolution of labour disputes and for exerting ‘pressure’ on management.

EWCs provide the environment for a dialogue which ensures social peace in multinational companies and assures workers that their interests are protected in a competent manner. EWCs are an important element of the European social model as they contribute to the involvement of workers in the management of the company through the institutional organisation which represents workers at a transnational level (member of EWC Mondelez International).

European Works Councils enable the conduct of a good transnational dialogue and create an environment for honest and open discussion between employees and their employers (member of EWC Aurubis Group).

The interviewees did not stop short of identifying certain weaknesses of EWC practices in Bulgarian context. The representative in the EWC of Ideal Standard International BVBA acknowledged that due to the lack of sufficient practice and experience sometimes EWC reps from Bulgaria are not fully prepared to efficiently participate in the process – they ‘learn on the move’ when faced with the high standards of performance which the more experienced EWC reps expect from them. The recommendation is to address this deficiency by providing more resources and expertise

in support of the work carried out by EWC members. In turn, the EWC members are encouraged to be more proactive in respect of their own awareness of the current state of their company and of the pressing issues or problems, and put an end to the sometimes observed approach of ‘activating the members’ only on the eve of EWC meetings.

The representative in the EWC of Mondelez described the collaboration between Bulgarian EWC members as insufficient. She pointed out that in addition to closer cooperation between the Bulgarian colleagues in the EWC, there is a need for intensive offering of training and professional development opportunities. The representative in the EWC of Aurubis Group emphasized, among other things, the need to raise the overall awareness of both employees and company managers about the EWC as a structure for worker representation, the underlying principles as well as the functions and powers conferred to the EWC. It was also stated that information and consultation, as key EWC concepts, need further development at the level of their practical implementation at many companies in Bulgaria.

Part of the interviewees believe that the appropriate implementation of EWCs and the overall improvement of information and consultation processes require certain changes of the Bulgarian legal framework, especially as regards the separation of the information and consultation functions of workers’ representatives from those of trade unions. The representative in the EWC of A1 Austria Telekom Group stressed that the most needed improvement of the national legal framework is to put an end to the vicious practice where ‘managers nominate candidates’ to the EWC which essentially compromises gist of the EWC as a structure which represents the workers. In this backdrop the EWC rep of Ideal Standard International BVBA expressed the view that the legal framework per se cannot ensure the success of EWCs as a vehicle for supranational social dialogue if the companies do not recognize their utility and do not possess the organisational culture which nourishes an EWC.

My personal opinion is that no single legal framework would be sufficient per se to make this tool a working one unless there is a good corporate culture, commitment to dialogue and recognised responsibility on the part of all stakeholders (member of EWC Ideal Standard International BVBA)

II. Conclusion and recommendations

The study on EWC in Bulgaria shows that there is a need to intensify and deepen the debate on the role to be played by EWC in the system of European industrial relations. It will also be valuable to identify practices that have proven to be useful. It is necessary to move towards strengthening participatory industrial relations models where information and consultation of workers' representatives are integrated into the overall strategy of cross-border trade union cooperation aimed at ensuring a strong social dimension to the strategic decisions of the MNCs. Only in this way can the 'competition or solidarity' dilemma between workers in cross-border European companies be solved in favour of solidarity.

In order to make full use of the EWC mechanism, some more specific recommendations could be made.

1. The study clearly highlighted the importance of introductory and continuing training for EWC members. In many cases, training is provided in selecting an EWC member, but this should not be limited to these efforts. They need to be coherent and built upon in order to achieve full workers' representation. The recommendation is addressed to trade unions at the level of sectoral federations and national confederations. They are sometimes accompanied by specialised educational structures that can develop standardised learning materials for the needs of EWC members.
2. Another important issue is the formalism in the work of EWCs, which some of their members share. Cases of late and subsequent communication of substantial decisions already taken at the top level of the companies are allowed. Most often, it is only information and much less frequent – consultation of employees' representatives. The activity presumed to have been selected for EWC participants does not meet the understanding and support of the company's management. This recommendation is addressed to employers in order to give due consideration to the EWC tool in order to seize the possibilities it offers to coordinate and make mutually acceptable decisions.

3. EWC members themselves need to be more active and insisting on their commitments to avoid accusations by their colleagues of poor work and their accusations of backlash collusion.



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