



Challenges for Organising and Collective Bargaining in Care, Administration and Waste collection sectors in Central and Eastern European Countries

Bulgaria: Development of collective bargaining

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1. Methodological preface

This report is based on desk research and three interviews conducted in the spring of 2024 (data in appendix), as well as interviews conducted over the past four years as part of the author's other research projects.

2. General characteristics of the labour market and industrial relations system

2.1. Labour market performance

According to the National Statistical Institute (NSI), in the second quarter of 2024, in Bulgaria there were 2 930.3 thousand employed persons, of whom 1 553.8 thousand men and 1 376.5 thousand women. Compared to the second quarter of 2023, the number of employed persons increased by 0.5%. The employment rate for the population aged 15 years and over was 53.2%, 59.4% for men and 47.6% for women.

As for atypical work in general the percentage of such contracts is very small. There is no available data about the temporary agency workers in the country. According to the business association BEC, the proportion of foreign workers (EU nationals, third country nationals) in the overall share of TAWs is less than 1% in Bulgaria (data that we collected for an Eurofound project last year). The self-employed in the country were 198 100 people in 2023 out of 2 931 000 employed people - so about 6.7%. Platform work is increasing, but is still marginal in Bulgaria: according to a recent ETUI study, it is between 1% (full work) and 3.7% (also occasional)¹ (ETUI 2022).

¹ <https://www.etui.org/publications/platform-economy-europe>

Table 1.

Key indicators for Bulgaria ¹									
This update: 2 October 2024 Next update: 30 December 2024									
1. Output		Feb.'24	Mar.'24	April'24	May'24	June'24	July'24	August'24	Sept.'24
1.1. Industrial confidence	%	-0.4	-0.6	-0.8	-3.0	-2.8	0.0	-2.9	-6.2
1.2. Change in industrial production ²	yoy % ch.	-7.9	-7.7	-0.5	-4.9	-4.9	-2.5		
1.3. Change in construction production ²	yoy % ch.	1.6	3.4	3.5	4.1	2.9	2.5		
		22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	24 Q3
1.4. Change in Gross Domestic Product ³	yoy % ch.	2.7	2.4	2.0	1.8	1.7	1.9	2.1	
2. Private consumption		22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	24 Q3
2.1. Consumer confidence	%	-31.2	-28.7	-25.5	-22.2	-15.5	-14.0	-8.4	
		Feb.'24	Mar.'24	April'24	May'24	June'24	July'24	August'24	Sept.'24
2.2. Change in turnover in retail trade ²	yoy % ch.	3.1	0.4	9.9	1.6	4.4	6.8		
		22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	24 Q3
2.3. Change in individual final consumption ³	yoy % ch.	6.3	5.6	7.7	4.6	2.8	3.7	3.1	
3. Investment		22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	24 Q3
3.1. Change in gross fixed capital formation ³	yoy % ch.	11.0	-3.8	1.1	9.4	4.1	8.7	3.6	
3.2. Capacity utilization in industry	%	74.3	75.1	74.8	75.5	76.2	75.2	74.9	74.4
3.3. Change in stocks ³	% of GDP	4.8	5.8	-0.9	1.1	0.6	3.2	2.1	
4. Labour market		22 Q4	23 Q1	23 Q2	23 Q3	23 Q4	24 Q1	24 Q2	24 Q3
4.1. Unemployment rate ⁴	%	3.7	4.4	4.6	4.0	4.2	5.0	4.3	
Unemployment rate - male	%	3.9	4.5	4.6	4.3	4.2	5.0	4.4	
Unemployment rate - female	%	3.6	4.3	4.6	3.8	4.2	5.0	4.1	
4.2. Employment rate 15+ ⁴	%	54.0	53.1	52.9	53.9	53.1	52.8	53.2	
Employment rate 20-64	%	77.0	75.9	75.9	77.1	76.1	75.9	76.8	
4.3. Change in employed persons ⁴	yoy % ch.	3.6	2.1	0.0	-1.2	-2.0	-0.7	0.5	
4.4. Change in labour costs	yoy % ch.	15.7	15.3	13.8	14.9	11.9	15.8	15.4	
		Feb.'24	Mar.'24	April'24	May'24	June'24	July'24	August'24	Sept.'24
4.5. Shortage of labour in industry	%	36.7	36.2	36.7	30.7	30.4	31.3	29.7	30.4
4.6. Change in wages	yoy % ch.	16.9	17.8	14.6	19.4	18.1			

Source: NSI, 2024

2.2. Industrial relations at a glance²

The Bulgarian industrial relations system includes various tripartite structures (Iankova, 2000; Kirov, 2019) for national and sectoral social dialogue and collective bargaining at the sectoral, industry and enterprise levels, and in some cases also at the territorial level (municipalities). National tripartite cooperation takes place within the National Tripartite Cooperation Council (since 1993), the Economic and Social Council (since 2001) and various tripartite management or supervisory bodies within the employment and social security administration. Industrial tripartism takes place in (sub-)industrial councils under the auspices of the relevant ministries (in about 50 councils). Although trade union density and the impact of collective bargaining have declined since the 1990s, collective bargaining coverage is still substantial in a number of industries and companies.

During the transition the Bulgarian trade union movement was dominated by two large confederations (Kirov, 2019). The main actors in the development of industrial relations on the trade union side have been the reformed old social partner structures and the newly created organizations. Two trade union confederations are of lasting importance. Two trade union confederations are of enduring importance. The Confederation of Independent Trade Unions of Bulgaria (*Konfederatziata na nezavisimite sindikati v Balgaria, KNSB*) is the largest confederation in Bulgaria. The membership of the confederation stood at 271,312 in 2016 (Eurofound, 2019, on the basis of self-reporting). The Confederation of Labour (CL) 'Podkrepa' (*Konfederatziata na truda 'Podkrepa'*) was formed on 8 February 1989 by a small group of dissidents. After the political changes in 1989, CL Podkrepa rapidly became the second largest trade union confederation in Bulgaria with a strong presence in all sectors and regions. According to the latest available data CL Podkrepa had 79,567 members in 2016 (Eurofound, 2019, on the basis of self-reporting).

While union density was very high in the early transition period, figures from the ILO Industrial Relations Database suggest that it was only 13.7% in 2012 and 14% in 2016. Behind the overall density figures, however, there are large differences between industries. In general, trade union presence is higher in the public sector (education and health care) and in some manufacturing industries, such as metals, chemicals, and mining, where existing enterprises have been privatized, but very low in the rest of manufacturing, services, and construction (Kirov, 2019).

² This section is based on the publications Kirov 2019 and Czarzasty, J., & Kirov, V. (2020).

Compared with the trade union movement, pluralism is much more prominent on the employers' side. Since the last social partners Census of 2016, five organisations have been nationally representative (Eurofound, 2019b). The successors of the old structure of managers of state-owned companies, the Bulgarian Industrial Association (*Balgarskata stopanska kamara, BSK*) and the Bulgarian Chamber of Commerce and Industry (*Balgarskata targovskopromishlena palata, BTPP*) co-exist with the more recently established organisations, such as the Confederation of Employers and Industrialists in Bulgaria (*Konfederaziata na rabotodatelite i industrialzite v Balgaria, KRIB*), claiming to represent a significant part of GDP and employment, or the Association of Industrial Capital in Bulgaria (*Assoziatiata na industrialnia capital v Balgaria, AIKB*), representing the former mass privatisation funds. From early 1990 until 2012, two organisations of small businesses, the Union for Economic Initiative (*Saiuzat za stopanska initiative, SSI*) and the Union of Private Employers 'Renaissance' (*Saiuzat na chastnite predpiremachi 'Vazrajdanie'*) were active employers' organisations and recognised as nationally representative. Since 2016, SSI has again been recognised as nationally representative. Until 2012 a company could be a member of more than one employer's organisation, but the rules were changed, and now only one membership is permissible (Eurofound, 2019).

2.3. Collective labour agreements

At the industry level both the organisational structure and the attitude of employers' organisations make collective bargaining difficult. This is because, in some industries, there are no employers' organisations with which trade unions can negotiate. In other cases, employers' organizations exist at the industry level but are unwilling to negotiate and, as in other countries in the region, their role is limited to business representation and lobbying. In recent years, the prevailing attitude of employers has been not to join employers' organizations or not to authorize them to conclude sectoral/industry agreements. The latter is the case not only among local employers, but also among large multinational companies, often from countries with a strong tradition of collective bargaining, such as Germany or Belgium (Kirov, 2019).

Collective bargaining in Bulgaria takes place between trade unions and employers' organizations at industry and company level. However, the most important level of collective bargaining is the company level. Although collective bargaining coverage fell by 11 percentage points in the decade

between 2002 and 2012, it is still relatively high compared with other CEE countries, at 29%. An important factor explaining the decline in collective bargaining coverage is the decline in union density from 26% in 2002 to around 14% to 15% in 2012. On the employer side, no figures are available for 2000, but in 2012 the density of employer organizations was around 50%. Overall collective bargaining coverage in Bulgaria is relatively low compared to the EU average or even the EU-15 (Visser, 2019), but it is still among the highest in Central and Eastern Europe. There are different estimates of collective bargaining coverage, ranging between 20% and 30% (ETUI, 2016) for recent years. Probably the most reliable data come from the Structure of Earnings Survey for 2014 (NSI, 2017), which estimates the coverage of collective bargaining in 2014 at 27.55%. The latest data from the National Institute for Conciliation and Arbitration suggest that not only coverage, but also the number of collective agreements has been slowly declining in recent years. In 2016, there were 1,658 active collective agreements at company level, covering a total of 247,426 employees, which corresponds to a coverage of around 11%. Most agreements were signed in the public sector. Only 12.2% of all collective agreements active in 2016 were in the private sector, covering 32.1% of all covered employees.

Effective CLAs by bargaining level at year end, 2011–2022

Bargaining level	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Company level	2,084	2,209	2,142	2,026	1,972	1,881	1,820	1,667	1,682	1,539	1,522	1,424
Sector/branch level	21	24	25	24	21	22	18	19	19	20	19	13
Municipal level	48	57	63	58	61	55	55	52	54	56	55	50
Total	2,153	2,290	2,230	2,108	2,058	1,958	1,893	1,738	1,755	1,615	1,596	1,487

Source: NICA, 2022.

According to the Labour Code, collective agreements in Bulgaria are concluded at the enterprise, industrial/sectoral, and municipal levels. At the first two levels, only one collective agreement can be concluded. Industry-level agreements usually only provide a general minimum floor, which in most cases is not higher than the legal provisions. The social partners at the company level can negotiate more favourable clauses for better working conditions in a company-level collective agreement. At the municipality level, collective

agreements are concluded in areas financed from municipal budgets, such as education, health care, and social services (Kirov, 2019).

If a collective agreement is concluded at the sectoral or industry level between all representative organisations of employees and employers within the sector/ industry, since 2001 the Labour Code provides that, upon their joint request, the Minister of Labour and Social Policy can extend the agreement or certain individual provisions thereof to all enterprises in the sector or industry. Between 2001 and 2011 the option to extend collective agreements was not used because of employer-induced government opposition to the principle of extension. This situation changed in 2011 when the trade unions campaigned to promote extension in anti-crisis agreements. Hence, after May 2011 five agreements were extended in industries such as mining, beer brewing, and water supply (Kirov, 2019). Since 2016, however, the extension mechanism has not been used often.

2.4. Opinions on the state of collective bargaining

The Bulgarian social partners have a complex view of the overall development of collective bargaining. There is an understanding that in some sectors collective bargaining is well developed and functioning, but there are other sectors where there is no collective bargaining at all. While trade unions are dissatisfied with the general situation, employers' organizations are in most cases unwilling to engage in industry level bargaining beyond negotiating some framework conditions.

3. Collective bargaining dynamics in recent years

In recent years, there have been no significant changes in the dynamics of collective bargaining. However, in general, there were moments when social dialogue was intensified, e.g. in 2020-2021, social partners were active in supporting measures and social dialogue on COVID-19 and the refugee crisis due to the war in Ukraine. In order to address the multiple challenges posed by the pandemic, the Confederation of Independent Trade Unions of Bulgaria (CITUB) and the three employers' organizations - the Confederation of Employers and Industrialists in Bulgaria (CEIBG), the Bulgarian Industrial Association (BIA) and the Bulgarian Industrial Capital Association (BICA) - initiated the signing of bipartite social partner memoranda for the prevention

of COVID-19, the preservation of jobs and the adaptation of the skills of the workforce to the digitalizing world of work.

There were also some minor changes that made it possible to increase the interest of employers to engage in sectoral social dialogue, as explained below in the quote from the interview with the MLSP representative:

“For example, we have introduced in 2020 the possibility to negotiate in a collective agreement at branch or sectoral level overtime up to 300 hours. Because at the moment it's limited by law to 150 hours... And there are a few concluded and it's really specifically for that they did it in the sectors. I think energy had it, as well as mechanical engineering and the chemical industry”

4. State of play after the adoption of the Directive

4.1. Discussions and legal preparations

Since the adoption of the Directive in 2022, the government has initiated the creation of a specific tripartite working group in charge of negotiating the concrete aspects of the implementation of the directive. The process is very complicated, because since 2022 the country has been governed by caretaker governments, which are not willing to deal with this issue, because setting the minimum wage is a very serious part of any economic policy. But the interviewees agree that the second reason, a serious one, is the serious disagreement between the social partners on the concrete aspects of the implementation of the Directive.

The working group consists of about 60 participants, from the Ministry of Labour and Social Policy, from the nationally representative organizations of trade unions and employers, and a few people from each of these organizations. This is because the directive itself is divided into two main topics - one is collective bargaining, the other is minimum wages. In addition, there are representatives from the Ministry of Finance, the NSI, because there's a lot about statistics. The working group has intensified its work since the summer of 2024.

According to the interviewed representative of the state administration, the representatives of some organizations are more involved in the process than others.

With regard to collective bargaining, the Ministry even presented a draft amendment to the Labor Code. The CITUB has also presented a written proposal, but it has not yet been able to gain support. However, both documents have not yet been made public.

4.2. Any trade unions activity dedicated to promotion/familiarize audience with the Directive

As mentioned above, CITUB elaborated a proposal about the implementation of the directive, but this document is not public. Earlier in 2024, CITUB launched a survey³, explaining that “the approval of the legal framework on collective wage bargaining is one of the main priorities in the CPSU's Agenda, in conjunction with the transposition of the Adequate Minimum Wages Directive in the EU. We therefore ask you to participate in this consultation for your opinion on the formation of the proposed changes to the Labour Code to be proposed and defended by the CPSU to the public authorities”. In numerous other declarations CITUB insisted on the urgent transposition of both the Adequate Minimum Wages Directive and the promotion of collective bargaining,

The representatives of the other major trade union confederation, the CL “Podkrepa”, also used numerous occasions to underline the need of urgent implementation of the Directive. For example, at a recent conference, its President Dimitar Manalov stated⁴:

“This directive gives the European trade union movement a historic opportunity to rebuild and strengthen its influence by improving and strengthening collective bargaining. We are about four months away from the deadline set for harmonising our national laws with this directive. The deadline is 15 November. After that date, all European countries will be legally obliged to protect and develop collective bargaining, especially where it covers less than 80% of workers and where active national action plans will have to be put in place. This implies the need to strengthen and increase the capacity of trade unions for CBA, remove existing barriers to

³ <https://knsb-bg.org/index.php/2024/03/12/anketna-karta-neobhodimi-stapki-kam-efektivnoto-transponirane-na-direktivata-za-adekvatni-minimalni-rabotni-zaplati-v-es/>

⁴ <https://podkrepa.org/%D0%B4%D0%B8%D0%BC%D0%B8%D1%82%D1%8A%D1%80-%D0%BC%D0%B0%D0%BD%D0%BE%D0%BB%D0%BE%D0%B2-%D0%BF%D1%80%D0%B5%D0%B7%D0%B8%D0%B4%D0%B5%D0%BD%D1%82-%D0%BD%D0%B0-%D0%BA%D1%82-%D0%BF%D0%BE%D0%B4%D0%BA%D1%80-30/>

unionisation and protect against anti-union practices, including facilitated access of union leaders to workers, resource allocation by company managements”.

5. Action plan

There were no concrete steps to discuss the establishment of the Action plan, but according to the interviewees, the proposal for legislative changes should include such a plan to be adopted by the Council of Ministers for a five-year period.

According to the interviewed representative of the MLSP:

“It is in the Directive itself and in the opinions of the European Commission that the plan should be ready by the end of 2025 and should be submitted to the European Commission. That is to say, we must do it next year. Now, of course, we have some ideas for a plan, but we are waiting here, and indeed the social partners must also play a very active role”.

6. Summary and conclusions

Industrial relations in Bulgaria developed in the context of the post-communist transition, with two major players on the trade union side and a more fragmented landscape on the employer side. Collective bargaining coverage has declined over the years but is still present and strong in certain sectors of the public sector and industry.

The process of implementing the Directive in Bulgaria has been hampered by the difficult and unstable political situation in Bulgaria and the difficulties of the social partners to find an acceptable solution.

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