

ANTICIPATING and MANAGING RESTRUCTURING: 27 NATIONAL SEMINARS
VC/0667/08

NATIONAL SEMINAR'S MINUTES
BULGARIA

Introduction

The minutes intends to provide the information on the implementation of the 17th event that has taken place in **Sofia** on **10th February 2010** The purpose is to highlight the key finding issues and the main results of the debate.

1. Background

The National seminar aimed to present and discuss the most important measures and tools for anticipating, preparing and managing restructuring and its effectiveness and transferability. The NBP was developed taking into consideration the need to identify and describe the relevant existing measures and tools at national and regional level, as well as significant company practices.

2. Participants

The selection of the participants has taken into consideration the need of ensuring an high level profile of the representatives from Public Authorities and Social partners at national and regional level.

The morning sessions were marked by a very active involvement of the participants .

A total of **No. 47 participants** attended the seminar coming from the following Organizations/Institutions:

- Government (**no. 5**);
- Trade Unions (national level (**no. 26**)
- Employers' Organizations (**no. 6.**);
- Others (**no. 10**)

Representatives from the DG EMPL(**no. 1**), .Eurofound (**no.1**), have joined the seminar.

3. Activities carried out

The National Seminar has developed the contents and the methods according to the model design of the Agenda .

The first part of the seminars was focused on:

1. the presentation of the EU main policies and programmes on restructuring,
2. the introduction of the overall aims of the project and the objectives of the National seminar.

3.1 Results NBP

The draft NBP served as a reference document to start the discussion between the representatives of social partners and the government on anticipating and managing restructuring in Bulgaria.

It was expressed expectations on participants contribution to the finalization of the NBP with their economic and legal insights experiences.

Anticipation as a term is not commonly used in Bulgaria and that there is no translation of it in the Bulgarian language.

The majority of Bulgarian companies have a short horizon of business planning and many companies are a part of global clusters, characterized by decision-making not taking place in Bulgaria but elsewhere in Europe and outside of Europe.

In such cases, communication flow is sometimes a problem and information and consultation is neither systematic nor timely, thus impeding participation in the decision on restructuring.

There is an increasing expectation of stakeholders to see some institutions in place, not to see workers on the street without prospects for finding new employment.

The most important effort of this project is to identify transferable practices.

The project started before the beginning of the crisis and witnessed different scenarios and massive layoffs in some EU member states. Social partners are directly involved in collective bargaining for many years.

The question is how often social partners are successful in the bargaining process.

A description was given of developments in the past 20 years; currently serious redundancies are expected in railway and health sectors.

In 1990s Bulgaria rediscovered massive unemployment due to massive layoffs. At that time, Bulgarian state administration developed. There was a big crisis 1997, with numerous cases of liquidations, intense privatization process, redundancies with compensation to the workers. In general, subsidiaries of Multi national companies (MNCs) ensured higher rights than provided in the national legislation. 2002-2007 was the period of economic growth and employment growth.

Restructuring sometimes resulted in job creation. There was a shortage of qualified workers and need to import them from other countries. Bulgarian Telecom was cited as a positive example of restructuring. The years after 2000 were characterized by the sharp fall of unemployment, while in 2008 unemployment started to increase again.

The current and the previous governments launched different measures with active involvement of social partners.

All the presentations delivered by the representatives from the EC , National Expert and testimonials from companies can be downloaded from the website of the project in the Country section - BULGARIA. (<http://arenas.itcilo.org>).

3.2 Debate

According to the need of stimulating the discussion among the participants on the effectiveness and utility of the existing measures/tools a mix of approaches and methods was applied. In particular , the participatory sessions were structured into 5 main consequent steps:

- a) debate on specific topics,
- b) open discussion,
- c) brainstorming session
- d) group work sessions (no. 2)
- e) assessment of effectiveness and transferability of the referred measures and tools.

3.2.1 Round table session (morning)

After the ice-breaking exercise the debate was facilitated during the Round Table session with the aim to discuss more in depth the following issue: TO WHAT EXTENT EXISTING MEASURES AND TOOLS ARE SUFFICIENT AND USEFUL TO ANTICIPATE RESTRUCTURING IN THE CURRENT ECONOMIC CRISIS?

The panel discussion was organized in a first debate around 4 key questions outlined by the ITC-ILO, presented by the moderator and subsequently followed by the active participation of all the attendants to the discussion on the effectiveness of the existing measures for anticipating restructuring. The main results of this first debate are summarized as follows:

1. Among the existing forecasting surveys on economic changes (AEAF, NEAP), how do you assess the existing set of measures/ tools? Which tool is most effective for better anticipating structural changes?

The current crisis, focused on external effects of crisis, is not significant for Bulgaria; warning of overheating of Bulgarian economy, capital growing twice as fast as the GDP, high economic growth 6%; investment mostly in construction not in production; technological restructuring of industrial sector; inflation shocks, unstable payment balance; in construction and textile - huge drop of employment, they were the hardest hit after the bubble burst; need to start thinking which are priority sectors for economic development; green jobs? white jobs? what are the possibilities for Bulgaria?. To raise number of white jobs, in services etc.

Anticipating and forecasting processes : forecast should be used by the government, to overcome the consequences of the economic crisis

It should not forget the mistakes made in the past 20 years the consequences of which will be felt in decades to come; shortcomings of privatization in Bulgaria, owners without strategies of developments, results are felt today; restructuring of the labour market; restructuring everything in Bulgaria; social structures and social relations restructures. . The investments are not generating added value. There is not an effective restructuring of sectors that generate profit.

Concerning Anticipation the initial stage is the weakest in Bulgaria . No high quality studies at sectoral level on impact of restructuring on the workforce/ during the transition period, less than 10% retrained workers found employment - money wasted from the state budget. For example in France, the government is hugely involved which makes the process successful. The proposal is to establish an observatory for anticipating skills adapted to the labour market needs, for anticipating and monitoring the labour market evolution in Bulgaria/ a team of economic experts that could help the companies to anticipate.

2. Among the initiative addressing skills gaps during last years: what are the main strength and weakness

It is extremely important the use of training standards/, state education and training. In Bulgaria there are 2000 occupations , while in Hungary 830 professional standards, it is clear what people should learn in order to perform some occupations. In Bulgaria there are only 137 professional standards, the capacity to develop our standards is still weak. In Bulgaria there is not a clear idea about what standards should be, although life-long learning is applied, not necessarily linked to the requirements of the labour market. It is essential the capacity of the trainees themselves to gain new skills and knowledge to adapt to new conditions. Trainers themselves did not undergo training in new trends and in new professions. There is the need to prepare people for the requirements of the labour market after the crisis. Use of distance learning and modern methods of learning in is limited in Bulgaria. It is recognised the lack of distance learning possibilities and also training at work. Employers are not willing to send their employees to training and retraining/ national system of vocational training schools. There are 809 vocational training centres with the potential of training the entire Balkan peninsula. Only 50 are really active. The main issue concerns professional vocational orientation: their are not structure well equipped.

Over past 20 years, there were numerous cases of restructuring and privatization and massive layoffs. Restructured production was done in the name of market economy. Labour market is not properly organized in the same period. There is a shortage of qualifies workers. Well trained workers leave Bulgaria and go abroad to seek better job opportunities. Bulgaria needs a strategy of development of all the sectors, not to rely on random decisions.

3. Industrial relations can be an instrument for anticipating change?

There are some improvements on industrial relations and social dialogue in Bulgaria: Social dialogue is institutionalized. Bulgaria is one of the first new countries that launched collective bargaining and step by step extended its scope/ Social partners keep reminding the government that Bulgaria need to decide on development of all sectors and provide long term forecast for the sectors/ there is a need for a vision of Bulgarian economy after the crisis. Today's practice implemented in piecemeal fashion, without implementing proper policies . Anti crisis measures: Bulgaria needs policies and the strategy of economic development of the country including the development of each sector of economy. There is a need to focus on anticipation and forecast, which is today perceived as the greatest weakness. A part of the strategy of development should be restructuring following the crisis. Furthermore, there is a problem of non absorption of EU funds, corruption, the existing type of political conduct etc. The national background paper needs serious reviewing, serious analysis, without this Bulgaria will not be able to progress.

4. Human development strategies in large companies: how do you assess the effectiveness

In metal sector there are some biggest companies in the country/ the role of human resource development is substantial/ there are cooperation schemes with universities and vocational schools.

It is importance to have quality of workers and retaining them as well as to ensure for young people a professional career in future. Unfortunately educational standards need to be based on standards and forecasts.

Bulgarian Human resources management association is focused on implementing changes. They should be more involved in decision-making processes behind these changes. Unfortunately there is not any specific survey on the HR management needs. Measuring efficiency of strategies are not available. Restructuring practices depend on organizational culture of companies. There is a need for legislative changes when it comes to massive redundancies: HR managers face many difficulties in implementing restructuring processes. The proposal is to initiate changes and amendments to the law in order to put in place more efficient measures and change the procedures. There is the need to learn good practices from other countries & consider what can be done in the future.

An example is offered by the case of LIPHER, Plovdiv in vocational training. They invested in training centre with required equipment and facilities, they contacted association of employers, set up a team, struggle with legal obstacles, registration of the centre, acquisition of knowledge and skills/ Legislation needs to be amended and liberalized

During the debate open to all the participants the following Strengths and Weaknesses points have been raised:

Round table no. 1

- Almost all remarks about anticipating the restructuring in Bulgaria were critical, negative, with reflection on some aspects of economic and social change in Bulgaria after 1989, and the impact of global economic crisis.
- The restructuring is more global than is analyzed in Bulgaria, with different aspects - in all public and economic areas – production, industry, healthcare system, labor market, management, etc. The weak point in these processes is ANTICIPATING of the restructuring. An example was given about the weakness in analyzing economic indicators before and during the crisis. There is no global view, no national-wide strategy. It seems that the present strategy is for survival, but it should be for development. All stakeholders must think about the time after crisis, not just to “survive”.
- There is no clear vision and mechanisms for anticipating and managing the restructuring. Working on a partial basis – reaction only in case of a problem, not in advance trying to avoid it.
- Many weaknesses in initiatives addressing the skills gaps, qualification and HR potential were pointed. No adequate instrument for adapting the knowledge – Bulgaria has only 137 educational standards, related to professional education, compared to Hungary with 830 professional educational standards; Problems with qualification of the lecturers and professional teachers; Educational forms that are used in Bulgaria, are very traditional, not flexible. From 809 vocational training centers, only 400 are working according to legislative requirements, no more than 50 centers work actively. Just two centers are specialized on professional orientation – which is one of the recommendations – to focus the efforts on constructing structures that could provide services in orientation of the worker according to the demands of the labor market.
- In some cases the social dialog works perfectly well as social partnership, but in some companies there is a “fight” between trade unionists and management, communication difficulties and problems. The work should be focused on perfection in industrial relations through the instruments of social dialog.

- Two examples of outsourcing – successful (KCM Plovdiv) and unsuccessful (Kremikovci) – where the key of success is the real autonomy and corporative freedom.
- Some Human development strategies in big companies are related to organizing some special educational centers. There is necessity of establishing national “observatory” or “research analytical center” that will be in direct contact with stakeholders and will provide and distribute analyses and expertise for anticipation and management restructuring.

3.2.2 GROUP WORK Session (nº 1)

The objective of the Group work session was to obtain information on the selected measures and tools described briefly in the National Background paper, in order to reach a common understanding and consensus on their efficient and positive effect for anticipating or managing restructuring and mitigating the social impact.

For reaching this objective, a number of selected **case studies** was briefly introduced as an example of experimented measures and tools.

The participants were divided into small groups (maximum no.5 for each session). Materials and information concerning the case studies selected (fact sheets, PPT presentation, testimonials from companies) summing up the basic data available on the experience presented were illustrated, as well as the instructions for managing the discussion within the Group.

Specific questions were proposed to each Group in order to better understanding the objective of the discussion and to define the context of the analysis to be carried out.

The results of this session are summarized in the following table:

Case study	Success factors	Main problems	Areas of improvement
The Training Programmes for Unemployed People, financed by the EU structural funds	<ul style="list-style-type: none"> - Programme is designed to retain employment and prevent unemployment - External funding is very important because companies in crisis do not have extra funding for specialized training in different sectors - Need for development company-s business plan and business strategy - Operational programme itself is targeted at macroeconomic needs, some proposals come from individual companies and employers can formulate their needs - Availability of substantial financial resources from the EC - It's a very convenient type of training for employers - Quality of human capital will be improved - Indirect positive effect on social dialogue because social partners will be 	<ul style="list-style-type: none"> - Requirement for co funding which can prevent many employers from submitting projects because they cannot finance - Training centres that do not comply with the needs of the labour market, but rather provide general training/ Often projects are not coordinated with trade unions/ only personal development, no broader consultation of social partners - Positive effects unfortunately not yet visible; Discrepancy, inconsistencies of skills and competences offered by the training centres and the needs of economic actors - Need for alignment of licensed curricula with employers- needs, employers- 	<ul style="list-style-type: none"> - EU member states with good practices of absorption of structural funds would transfer experience to Bulgaria through training, papers - use and availability of fellowships during the training, covering travel costs etc. - all the measures strengthening restructuring process should be used to strengthen social dialogue as well - In order to overcome this gap, more efficient procedures should be in place to connect the needs of the market and the supply of the training - Need for more accelerated process of educational changes and occupational standards - Bodies such as

	<p>involved in the process and will pursue the common interest.</p> <ul style="list-style-type: none"> - Different types of target groups can benefit. - Possibility to access by a large number of beneficiaries - Considerable funding available - Diversity of training offer. - The program is implemented with external for the enterprise financial resource; - Gives opportunity to wide range of trainings, including professional trainings for the individual sectors; - Planning future needs of enterprises in an average term. - More flexibility and adaptation in periods of crises. - Training at the working place according to the particular needs of employers. - Indirect result - the social dialog is getting better; - Competitiveness - Financial aid (high rate 100% - 70 %) - Diversity of profiles of target groups. - Varied skills and qualifications. - Access to the program for more beneficiaries. - High intensity on the basis of mutual aids, resources; - Diversity in the training. 	<p>associations have a role to play in this</p> <ul style="list-style-type: none"> - How to connect the needs and requirements - 150 project proposals considered and implemented, a relatively insignificant number compared to the number of companies who could apply and benefit - no proper dissemination of good practices, no communication of good practices on either the regional or national level - information flow is generally lacking. - There are examples only of large enterprises - Cumbersome application procedures - Unclear partnerships, unions not involved in the process, insufficient information and consultation - Lack of access for SMEs - SMEs are the majority of the economy - There is a need to target SMEs - Sometimes low quality of training - No feedback from the partners - This was the first measure of this kind, no final assessment of outcomes and achievements. - Differences between knowledge and skills offered by the Center for Vocational Training and the needs in an average time plan; - Use of external training centers, which do not know the particular sphere; - The training do not bring to increase of social status (payment of the employers) and it is not coordinated with the trade unions, i.e. there is no social dialogue; 	<p>Observatory would be very welcome to bridge and resolve such discrepancies</p> <ul style="list-style-type: none"> - Employers should be able to influence training curriculum, possibility of tailor made training, this should in fact be a part of application procedure - need to improve the quality and access to information/ - by the programme - SMEs need to benefit as well from such programmes - Need to measure achievement - Invest in sectors that can achieve better net effect - Guaranteed participation of social partners - Procedures have to be facilitated and streamlined - Need for monitoring at all the stages, to give possibility for adaptation and change if needed - Facilitate enterprises to draft such projects and workers should be able to choose - Need for greater flexibility in implementation of such schemes - More often and quick update of the List of occupations for vocational training and education; - Similar measures to be combined with others (to make use of scholarships during trainings) with the aim for more flexibility and adaptation; - Projects concerning restructuring, should encourage the social dialogue; - Improvement of the access to particular publications; - Improvement of the
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		<ul style="list-style-type: none"> - Insufficient information and access to Internet; - Insufficient trainings for the beneficiaries; - To what extent the finance is assimilated; - Unclear criteria for trainings; - The small companies from the indicated examples hardly manage with the participation in the program; - Heavy procedures of interaction; - Often unqualified training – the needs are not well-known. 	<ul style="list-style-type: none"> - effectiveness of the training; - Guide to facilitate financing; - Clear evaluation criteria of candidates and the effectiveness; - Equality of all enterprises and sectors (there have to be priorities); - Slowly procedures; - Adaptation.
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3.2.3 Round Table session (afternoon).

The second Round Table session aimed to discuss more in depth the following issue : MANAGING RESTRUCTURING IN BULGARIA : LESSONS LEARNT FROM THE PAST EXPERIENCE AND FUTURE PERSPECTIVES

The panel discussion was organized in a first debate around three key questions outlined by ITC-ILO, presented by the moderator and subsequently followed by the active participation of all the attendants to the discussion on the effectiveness of the existing measures for managing restructuring. There was a smaller participation than in the first round table. No representatives of employer's organizations and associations.

The main results of this first debate are summarized as follows:

1. Among the existing active measures adopted to redeploy, to reorganize working conditions (working time, training, transfers, negotiation on wages and benefits): what are the main strengths and weakness of each measure?

Situation on the labour market has changed dramatically in the past year, unemployment is still growing and all sectors were affected. There were redundancies in all sectors. Unemployment growth is highest in services, followed by industries and agrarian sector. Greatest share of unemployed are unskilled workers who do not have any occupation. Employers are taking decisions about redundancies relatively quickly, when it comes job creation, decisions about opening new workplaces are taken with a lot of caution. A "Yellow paper" about different measures is available on the web site of the Ministry. There are funding available through the operational programme but the rules are very strict and it is very difficult to use it. For example is very complex to fulfil the requirements for the so called voucher system on the basis of which a person has a right to receive 2 vouchers for the training. Vouchers are administered by the training institutions. People receive the vouchers and freely decide on what they would like to be trained. There are guidelines. This training should be used to retain the present job and to increase employability,

including foreign language training and training for mastering computer technology. There is intention of the ministry to implement regionalization, design a guidebook for municipalities to design their own programmes implemented locally.

2. In the current economic and financial crisis to what extent could the role of the collective bargaining change?

Where there is a collective bargaining agreement, the situation is much more transparent and solutions are better. Bigger problem involves state administration and political circles. There is a strike going on in one of the mines. There's a big problem of corruption/ Early retirement as a measure/ Ratification of ILO conventions

Bulgarian postal service, telecom etc., lots of training activities together with employers. Looking for funding for training initiatives. European social adjustment fund, application by Kremikovci. It was drafted by the Ministry of labour. The condition is that the enterprise should be affected either by globalization or by the crisis. Kremikovci was only hit by the crisis but there were other factors involved.

3. Among the existing passive measures (several payments, early retirement, disability pension) what are the main strengths and weakness of each measure?

Analysis of current labour market measures and developments was run in the past few years. Some measures are minimized, funds considerably reduced, Economic and Social Council has all the data. A large number of people with poor qualifications cannot find their place on the labour market. More attention should be given to graduates from secondary schools, insufficient qualifications and reduced opportunities. Record of self employed people in Bulgaria is very poor. Bulgaria is one of the few countries does not allow crediting from other institutions outside of banking system, as a consequence of what happened in 1996, 1997. Western experience relies on cooperatives that help people who have no resources to start their own business or apply for credits. Social crediting is not implemented in Bulgaria due to the rigidity of the policy of the Central bank.

Subsidiaries of international automobile companies in Bulgaria. Massive layoffs during the crisis. Reduction of working hours and reduction of salaries. Measures were excessively applied. Finally, 400 more workers were hired/ Result of poor analysis and business planning. Crisis was used as an explanation behind dismissing workers. No proper analysis and no proper management of restructuring. The attitude is very negative. No proper dialogue in Bulgaria, no trust among the sides. Bulgaria is miles away from the policies and measures applied elsewhere in the EU.

A case of a company taken over by a multinational enterprise. Workers received substantial compensations, severance pays. Another example, a few years ago, restructuring in time of a very prosperous period of a large company, the management replied that they preferred to dismiss when they can afford to do so.

There is a problem with unpaid overtime. Mobility of schedule of working hours, changing schedules, discrimination among the workers. Some workers are informed accurately on their

working hours, others have to accept flexibility at all times and never know when they have to work and when they can rest. They they cannot reconcile work and family life. Recommendation: introduce annual assessment of the efficiency of the measures

During the debate open to all the participants the following Strengths and Weaknesses points have been raised:

Round table no. 2

- Ministry of Labor and Social Policy has changed the policy according to some evaluation of effectiveness of some measures. The financial resource in 2010 is 3 times smaller than last year which is significant limitation already.
- Voucher system is new national measure – 2 vouchers – 1 for professional training, 1 for key competences that could be used by choice of the unemployed person. The principle is “Money to follow the people”. The people show interest in learning computer skills and foreign languages.
- Suggestion – to improve the system of exchanging information about the restructuring and related challenges with local authorities, and more flexibility in communication.
- In Mining industry – collective bargaining is an instrument and the representatives of the trade union try to spread Collective Bargaining from one company to the entire branch. Their aim is to minimize sector grey economy. Also in Mining industry insist for ratification of Convention 186 of International Labor Organization.
- Initiative to prevent health troubles are not in use among the Bulgarian companies, but the topic has been discussed on several events. The conclusion has been made that the “health” of the company as a whole in a socially responsible way of restructuring means good health for every worker. Trade Unions are more informed than the Employers how to make social responsible restructuring.
- European measure “Globalization adaptation” is in progress of approval – especially for companies that take negatives because of the economic crisis and/or globalization processes. The problem with this measure is how to prove that the negative effects for the company are caused not by management or other problems, but globalization and economic crisis.
- Some suggestions: Regionalization of the measures according to the needs of local authorities. Special attention on young people – just finishing education – developing trainee programs for minimum length of service. Evaluation of the social impact of active measures should be done every year.
- The measure “Start-up of owner business” is not very popular – only 5% from the unemployed people have strong intentions – their profile is 30-45 years of age, with some resources, not long-term unemployed. The suggestion here is to open more possibilities of giving credits outside from the Bank system – cooperation funds, etc.
- An example of good practice in motor industry was mentioned – about the experience of AURUBIS Company, former MDK “Pirdop”- Multinational foreign company which has been followed program for voluntary leaving the work paying 17 wages compensation. 100 people were dismissed when the company had excellent economic results with the motive that “now we can make this painless”
- Not enough regulations about the flexible working time.
- If there is no clear communication and co-operation between local, regional and national level the restructuring processes won't be managed successfully with maximum actors involved.

3.2.4. GROUP WORK (n. 2)

During the afternoon a case study was analysed . The results of the Group work session are the following:

Case study	Success factors	Main problems	Areas of improvement
<p>The Restructuring of Ideal Standard Vidima and Ideal Standard Bulgaria in the town of Sevlievo</p>	<ul style="list-style-type: none"> - The consistent partnership in the process of restructuring, for finding the best possible solutions - Flexibility in restructuring - Reduced working hours and taking advantage of state subsidies - Lay offs spread over time, not all at once - Formal requirements have been met - Proper consultation with trade union - Selection was applied according to objective criteria - Some of the workers were transferred to another factory belonging to the same company - the company succeeded in retaining some of the jobs by flexible working arrangements; throughout the restructuring; - good communication with local authorities; - company applies policy of corporate social responsibility. preserve jobs; - employers redeployment; - good collaboration with the Government; - Soft measure has been applied; - Transfers; - Strategy for mobility. 	<ul style="list-style-type: none"> - Unclarities concerning compensations - Absence of alternative employment in the region since the company in question absorbed the entire local workforce, so the lay offs mean the lack of alternative - 2nd challenge has to do with the justification for the lay offs, it is inconsistent with the measures used - duration of the crisis was foreseen from the beginning, the company should have taken advantage of reduced working hours and state subsidies - if the problems are of internal nature, this hasn't been made explicit in the case description - no assessment of any training measure or measures for self employment - very small compensations were paid to the dismissed workers, not in compliance with the labour code - small city, workers couldn't find other job and had to move to another town. - minimum benefit according to the Labour code for the dismissed employers; - active employment measures of the unemployed are not applied; - Lack of alternative employment; - The reason for dismissals does not correspond enough to the applied measures; - Ambiguity of the received benefits; - Lack of completely assessment of the process management; - Crises of identity as an employer of Ideal Standard; - Lack of plan for people at 	<ul style="list-style-type: none"> - Keep databases and commit to re-hire workers whenever possible - make better use of the measures proposed by the ministry of labour; employment office and employment agencies; - more training and retraining; - Pro-active measures for redundant workers - options need to be diversified; - to be anticipated active measures for the dismissed employers; - benefit schemes (early retirement 1 – 2 years); - Possible measures to be used to the very last; - Destruction of social networks – is it a new social network coming into the community; - Restructuring of the economic structure of Sevlievo municipality

		<p>the end of their carrier;</p> <ul style="list-style-type: none"> - Are there dismissed from the employers working on reduced working time. 	
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3.3 Evaluation session on effectiveness and transferability of measures/tools for Anticipating – Managing Restructuring

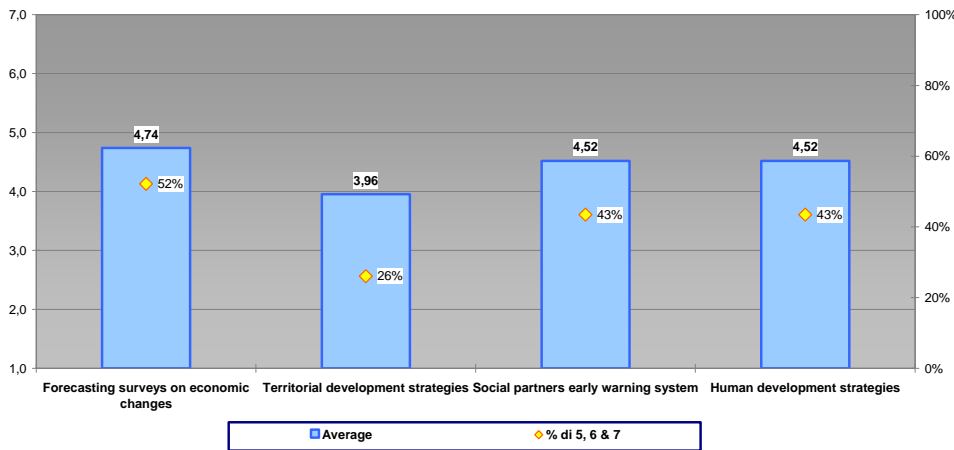
The aim of this exercise was to identify the priority themes according to the effectiveness and transferability criteria concerning the measures and tools discussed during the seminar.

The graphs show that amongst the Anticipatory measures/tools the “*Forecasting survey on economic changes*”, is considered the most effective, while the “*HR development strategies*” is considered the tool with an high level of transferability.

Comment: Please state the number of responses received to questionnaires.

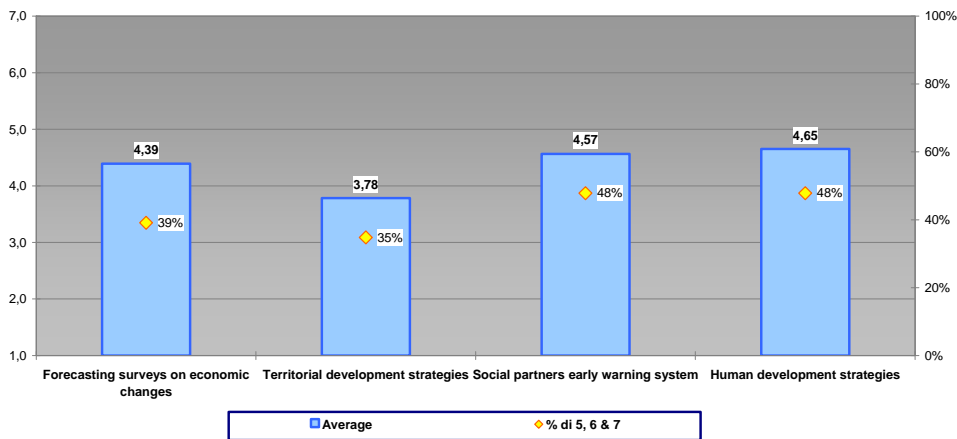
ANTICIPATING RESTRUCTURING

Effectiveness



ANTICIPATING RESTRUCTURING

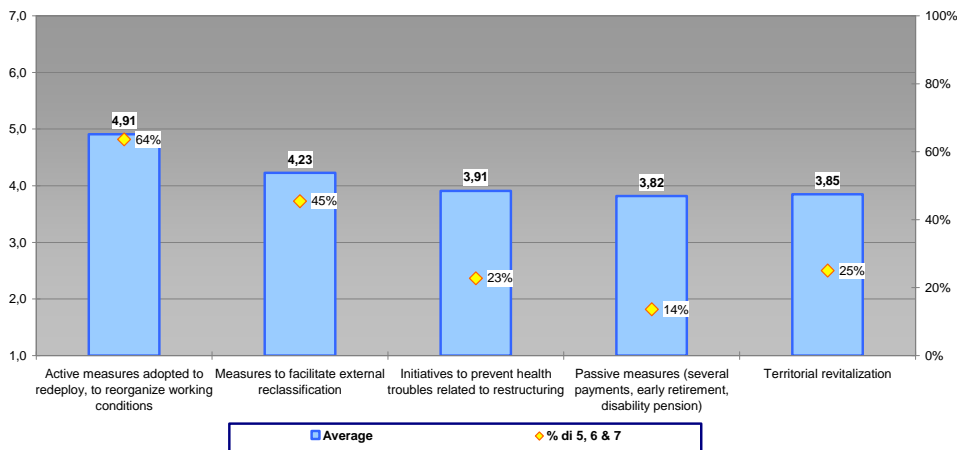
Transferability



Regarding Managing of restructuring the graphs show that the most effective measure/tool is the *“Active measures to redeploy workers”*, that is also perceived as the measure with an high level of transferability.

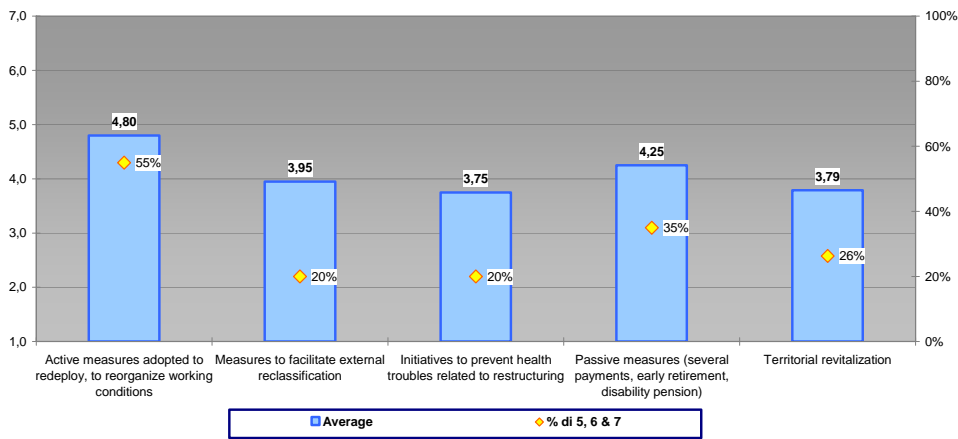
MANAGING RESTRUCTURING

Effectiveness



MANAGING RESTRUCTURING

Transferability



4. Conclusions of the debate

The seminar has highlighted the different points of view and interpretations about the effectiveness and transferability of the existing tools to anticipate and address restructuring in Bulgaria. In general, it is possible to summarize that traditionally the restructuring processes in Bulgaria are generally considered to be mainly about job losses. Only few cases of responsible restructuring were observed in the 1990s, mainly in subsidiaries of MNC. It is worth mentioning the existence of good practices such as the relocation of the activities of *InBev* from Pleven to Haskovo and Plovdiv, the programs of companies such as *Solvay* and *Cumerio*, etc. However in these cases the initiative belonged to the management, often because of the company's traditions in the country of origin.

After years of economic growth and job creation the current economic and financial crisis has an impact in Bulgaria, even with a delay compared to countries in Western Europe. This fact allowed to the public authorities to confirm that the country is less exposed to risks in the autumn of 2008 and the spring of 2009. However the crisis quickly was moved at the centre of the societal debates before the July Parliament's election and in the programme and concrete measures of the new Bulgarian government.

In particular, regarding the Anticipatory strategies, the main results of the debate are the following:

- The anticipation measures and tools are poorly developed in Bulgaria. The business forecasts are developed but they are not translated into meaningful employment forecasts. However the current economic and financial crisis raised the question of the need of such mechanism/s. At the present moment there are projects of the employers' organizations, supported by trade unions, to develop such mechanism. The support of anticipation mechanism and measures to forecast future skills and people is crucial for the preparation for restructuring in Bulgaria. The state administration fully understands the challenge of the anticipation and declares that they will carefully examine the data about the potential restructuring in order to formulate suitable public policies to face these challenges¹.
- Training definitely is the instrument to adapt skills of employed persons to stay competitive at the labor market and skills of unemployed to be integrated again. However the country's CVT system needs further reforms to address fully these challenges. The professional orientation and the individualized help to the persons could be used more frequently, with or without public support.

Concerning Managing restructuring measures, the conclusions of the debate are the following:

- The existing measures in order to manage restructuring in case of mass redundancies are envisaged in the labor law after its alignment with the European *acquis*. But if in the cases of mass redundancies there is a period of time for information of the employees, the labor administration and the local authorities, all the other cases of restructuring are not communicated in advance.
- The cases examined in the present NBP reveal that companies adopt few of the available measures. However even the respect of the legal requirements and of the dignity of the people is worth mentioning in the Bulgarian case, because there are employers that do not follow legal imperatives. The use of the good practices but their use needs to be generalized.
- The efficiency of the existing measures in the country could be evaluated positively in a number of cases. However the main challenge is what to do in the majority of restructuring

¹ A recent declaration of the vice-minister of Labor (http://www.dnevnik.bg/intervju/2009/10/21/802878_krasimir_popov_stremim_se_da_ogranichim_bezroboticata/) that there is a need for a search of decisions at the level of the municipalities, at the level of the territory because of the serious differences of the unemployment levels sends a new signal.

cases where enterprises seem to follow and pursue economic logic, where there are no efforts to diminish dismissals or to care about those who are laid off.

- Several elements are important for a responsible restructuring: good knowledge of the measures and tools to be used and awareness of the need to do so; well developed social partnership that could envisage mechanisms of restructuring management before and could involve employees representatives in the selection itself; promotion of partnerships with all stakeholders; good communication in the companies; taking into account the health risk; dissemination of good practices; development of evaluation techniques and follow up in order to see what was done, etc.
- There are some measures such as the voluntary departures, the early retirement schemes, the better compensations, etc. could be used in cases of large companies that could pay for them.

5. Main Results

The National Seminar has contributed to the capitalization and systematization of the knowledge and practice on Restructuring in Bulgaria.

From the organizational/methodological side the following key elements came out:

1. The Seminar put in evidence the key aspects of the Restructuring schemes in the country.
2. The Seminar has created the opportunity to analyze strengths and weaknesses of specific measures and case studies .
3. The synthesis on key concepts (i.e. Anticipation, regional development policies, social dialogue, SMEs implications) was considered very useful.
4. Some suggestions on the future role of some Active measures, arrangements of the current legal framework , further challenges on demographic change and training for accompanying change , were put in evidence.

From the technical side, the seminar offered the opportunity for:

1. knowledge sharing of the main experiences in Bulgaria,
2. agreeing a common definition on Anticipation as “an on going process for accompanying the change”.
3. considering the Anticipation to change as a well conceived strategy without a specific implementation.
4. highlighting the relevance of more investments on ALM policies
5. putting in evidence the need to strengthen the role of Collective bargaining
6. drawing the attention on more investments in training.

Finally, with reference to the Evaluation results based on the questionnaires filled in by the participants at the end of the Bulgarian Seminar the average of 3,98% was reached , that compared to the ITC-ILO's activities benchmark of the participants' satisfaction [4, 26%] represents a quite good performance.