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FLEXIBLE STAFFING PRACTICES IN BULGARIA, THE CZECH REPUBLIC AND POLAND – THE DIFFICULT WAY OF CHANGES

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Introduction

The report is devoted to comparative analysis of some important social, economic and managerial problems of three Slavonic countries being under transition from centralized planning to market economy. First focus of the work is the macroeconomic environment and its main characteristics at the end of 90s and its impact on human resource management (HRM) in contemporary organisations. Second focus is the development and implementation of flexible working practices. The third one is a critical analysis of the dynamics of these processes from the point of view of their increased importance for accelerating the creation of competitive national labour markets and their integration to Global European Labour Market.

Macroeconomic environment

The transition from centralized planned economy to market economy in Bulgaria, the Czech Republic and Poland takes place under specific national, economic and social conditions. They strongly influence the development of the national labour markets, the creation of new type of relationships between the employers and the employees and the implementation of advanced HRM practices. These processes are of a critical importance for the integration advancement of the new democracies in the Global European market.

The **Bulgarian** public and economic life is still in a crisis, ongoing for a decade now. Except for the years 1994 and 1995 when the gross domestic product (GDP) of Bulgaria marked a slight increase, this indicator is in the period 1990-1997 steadily decreasing, and its drop was remarkable in the years 1991 and 1996 (-11.8% and -10.1% over the previous year, respectively [1]). For 1997, the per capita GDP (the data for 1997 are represented in Table 1)

was 1212 US Dollars only [2]. This result was associated with high rates of inflation (338.5% for 1991 [1]), which proceeded in 1997 to hyperinflation. On 1 July 1997 the country was set in conditions of a currency board, with a fixed exchange rate against the German mark. All these processes are reflecting to the labour market, inclusive to the number of the hired personnel, the working time and the payment in Bulgarian organisations [3]. The unemployment rate is high (with its peak of 16.4% in 1993 and a level of 13.7% in 1997 [1]). The unemployment is equally affecting both women and men [4]. The unfavourable economic situation and the difficult balance between the family and the business duties of a Bulgarian woman has lead to the average annual rate of change of population during the last three years of -0.48% [5]. The relative share of the expenditure on education in the GDP is constantly decreasing [1], and the average number of years of formal schooling is increasingly falling – 12.1 years by the year 1995 [6]. In spite of the animation in the Bulgarian economy marked in 1998, the conclusion can be made that the organisations in Bulgaria are in this period realizing the human resource management in the conditions of a negative impact of the numerous environmental factors.

During the last few years, the **Czech Republic** is reporting on a constant increase in the GDP, although with variable rates. After the largest drop in 1991 (-11.5%), this country's economy is gradually stabilizing [1], and in 1997 the per capita GDP reached 5052 US Dollars [2]. The inflation rate in the country is relatively low – 8.4% in 1997 [1]. The unemployment level is also low (4.7% of the active population in 1997) and it is affecting women more (5.8%) than men (3.8%) [4]. The difficulties mentioned are affecting in the transition period the birth rate in the Czech Republic; the average annual rate of change of population in the last three years is negative (-0.13%) [5]. The relative share of the expenditure on education in the GDP is relatively constant [1], and such is the average number of years dedicated by the Czech citizens to acquire a formal education – 13.1 years by 1995 [6]. Even if the prognoses about the continuation of the slight drop in the Czech economy which began in 1998, its political and social stability will guarantee favourable conditions for realizing the human resource management in the Czech organisations.

Characteristic to the economic development of **Poland** in the 1990-ties is a quick overcome of the drop in the production marked in 1990-1991 and the achievement of an average annual growth of over 6% after 1994 [1]. The per capita GDP was in 1997 3505 US Dollars [2], and the inflation rate is progressively decreasing - in 1997 it was 15.1% [1]. The unemployment level is also marking a tendency of decreasing, but it is still having high values – 11.3% for

1997, at which the women are more affected (13.2%) than men (9.6%) [4]. From the three countries analyzed, the average annual rate of change of population is only in Poland positive (0.09%) [5]. The expenditure on education in GDP make a constant relative share [1], and the average number of years dedicated to the acquisition of a formal education was 13.1 years by 1995 [6]. The stable development of the Polish economy makes the affirmation reasonable that the country is now characteristic for its favourable environment enabling the application of the experience from the developed European countries, as regards the organisations management and especially the human resources management.

Indicators	Bulgaria	Czech Republic	Poland
Population	8 310 000	10 303 604	38 649 914
Rate of change of population (% change over previous year)	-0.48	-0.13	0.09
Per capita GDP (USD)	1212	5052	3505
Real GDP change (% change over previous year)	-6.9	1.0	6.9
Consumer price index (% change over previous year)	1082.6	8.4	15.1
Unemployment rate (%)	13.7	4.7	11.3

Table 1: Selected indicators, 1997

Summarizing the comparison of main factors determining the creation of market conditions and most representative indicators of the socioeconomic development of Bulgaria, the Czech Republic and Poland we can state that:

1. The **rates of market transformations** in the Czech Republic and Poland are much more fast, than in Bulgaria. For example, the share of the private sector in GDP in Bulgaria is the smaller 50%, compared to 75% in the Czech Republic and 65% in Poland [7], as well as the share of privatized assets.
2. The **speed of restoration** of the social and economic life caused for the crisis all the three countries suffered varies. The labour productivity rate in Bulgaria still follows a negative trend (-3.8%), while in the Czech Republic it reached 11.1%, respectively 13.9% in Poland [7].

3. The **structural reform** in the Czech Republic and Poland is getting ahead Bulgarian reform. The share of industry in GDP in the Czech Republic is as 7 times as lower as in agriculture, while in Bulgaria they are nearly equal [7].
4. The **standard of living** in the Czech Republic takes leading position. Although the indicators of the average annual salary do not vary greatly in the three countries according to the official statistic, the share of population, living in poverty in Bulgaria is as 33 times as higher, than in the Czech Republic and 2.5 times higher than in Poland [7].

The macroeconomic and social environment, influencing the quality of labour forces is most favourable in the Czech Republic and less favourable in Bulgaria.

Comparison of flexible employment

The dynamics of the application of different models for flexible employment in the European countries is based was studied within the frames of the project for the international strategic human resource management, through the Cranet-E network (round 1996).

1.Flexibility of contracts

The use of *part-time contracts* in all three analyzed countries is shown in figure 1. One can see that this form of flexible employment is significantly more unpopular in Bulgaria, than in the Czech Republic and Poland. While 42% of the organisations in Bulgaria are not making use of this practice, this share is for the Czech Republic and Poland 4 and 9%, correspondingly. But, we can make the conclusion that in all three countries this form's spreading is far away from the level characteristic to the most European countries. We can say the same thing about the dynamics in the implementation of the part-time work as a general practice. We can observe an increase in all three countries in about one tenth of the organisations only, at which the relative share of the companies in the Czech Republic and Poland reporting decrease, is greater than the share of the ones reporting increase (fig. 2).

The *temporary or casual work* is one of the most used forms of flexible employment in Bulgaria and its spreading is close to the one in the Czech Republic, and greater than its extent of application in Poland (fig. 3). The dynamics of its introduction in Bulgaria is following the one in Europe, while in the Czech Republic and Poland there is a relative stability (fig. 4). The results shown in fig. 5 reveal the possible reasons for the increased popularity of this practice in all three investigated countries.

The *subcontracting and outsourcing* lead to the achievement of a better flexibility, through submitting the fulfillment of part of the work to external organisations specialized in a specific type of activity. This variant is less spread in Bulgaria than in the Czech Republic and Poland - 41% of the Bulgarian companies are not making use of it, and its increase is valid to a less number of companies, than to companies reporting decrease (fig. 6). In the meanwhile, 36% of the organisations in the Czech Republic have made its application wider.

The research of the use of *fixed-term contracts* shows that there is a clear tendency for increasing this form's application in all European countries. From figure 7 we can see that they are widely spread in all three countries subject to analysis, and that this form is most popular in Bulgaria. The dynamics of its use is also marking a growth (fig. 8), the reasons for which were analyzed and presented in fig. 5.

Although by the use of *annual hours contracts*, a significant decrease in the expenses for the personnel's remuneration is possible, this type of contracts is not popular in any of the three countries (fig. 9), and the dynamics of applying this flexible form is covering an insignificant share of the organisations only (fig. 10).

2.Flexibility of time

The application of this form of flexible employment is aiming at a better satisfaction of the demands for individualization of the labour conduct in time. The *flexible working hours/time* is more spread in the Czech Republic, than in Bulgaria and in Poland, where - correspondingly - 46% and 60% of the organisations are not using this possibility (fig. 11). The dynamics of its development is also not so intensive in these two countries.

The use of *overtime* or of *weekend work* can increase the organisation's efficiency, but it has significant disadvantages, as well. For example, the studies of the productivity have shown that it is by about 40% lower for the overtime hours, when compared to the normal hours [8]. The use of extra work in Bulgaria, in the Czech Republic and in Poland has slightly decreased in the last years (fig. 12), and of the weekend work has slightly increased (fig. 13).

The *shift work* may comprise of various combinations of working hours and it is mainly applied in organisations with continuous technological cycle. This practice is massively used in the Bulgarian and in the Czech companies, while 46% of the companies in Poland are not using it (fig. 14). In Bulgaria and in the Czech Republic, in every third company more than one fifth of the personnel is engaged by a shift-working contract. In all three countries the spread degree of this form of flexible employment is stable (fig. 15).

3. Flexibility of Jobs

One way to achieve a functional flexibility for the company is the *job sharing*. This practice makes it possible to use the skills of more than one person, at the most convenient time for the performance of a particular task. The popularity of the job sharing in the Czech Republic and in Poland is low (correspondingly, 69% and 87% of the organisations in these countries are not using this possibility, see fig. 16), and in Bulgaria it is not officially defined and regulated [9].

4. Flexibility of workplace

This model is offering possibilities for working outside the office - with or without the use of technologies for a remote access to the formal working place, and it is realized mainly by *homebased work* and by *tele-working*. However, the speed of this form's implementation is still slow in almost all European countries. In Bulgaria, in the Czech Republic and in Poland these forms are also with limited application (figures 17-18), and the dynamics of their use is slow - a slight decrease in the percentage of organisations having a part of its personnel doing homebased work is reported (figures 19-20).

Some critical notes on flexible staffing in Bulgaria

The deep social and economic crisis and particularly the high unemployment rate force most people in the country to start working without taking care of employment contracts, hours of work or social security. Employers find this very profitable because they do not pay taxes and social security for the employees and they enjoy much more freedom in the relationships with the employees. The employees feel more dependent and their interests very often are deeply ignored. The lack of legal framework for applying the whole variety of flexible staffing and the weak governmental control over the violations of Labour code do not stimulate the active introduction and enjoying the whole range of their advantages by the society, the employers and the employees. At present the interests of the three parts are disbalanced mainly in favour of the employers. The most applied flexible working practices during the period of transition are overtime work, fixed-term contracts, temporary employment, shift work and subcontracting. The employees do not have the real choice to use their free time and to match the work to their particular needs. Such flexible forms as: flexible working time, part-time work, annual hours contracts, compressed working weeks, job sharing, homebased work, tele-working and others are underdeveloped. To achieve greater adaptability and competitiveness

of the labour force it is necessary to develop a global national strategy on flexibility. The elaboration of legal framework for flexible working staffing is to be designed with first priority. They should be found approaches to help organisations elaborate their own socially responsible strategies on flexible employment. More publicity will be helpful and a wide national discussion on these problems, which are still underestimated.

Conclusion

From the analysis made we came to the conclusion that the flexibility of the employment in the organisations in Bulgaria, in the Czech Republic and in Poland is increasing, although more slowly than in the most European countries. At present, most popular in all three countries are the fixed-term contracts, the shift work and the temporary work. The advantages offered by the flexible working practices and their special topicality in the conditions of transition makes it necessary that these countries continue to try to compensate for their delay in respect to the United Europe. And this task could be achieved through the unidirectional efforts of the state for these forms' normative regulation, and of the experts engaged in the human resource management in the various organisations, for their practical application.

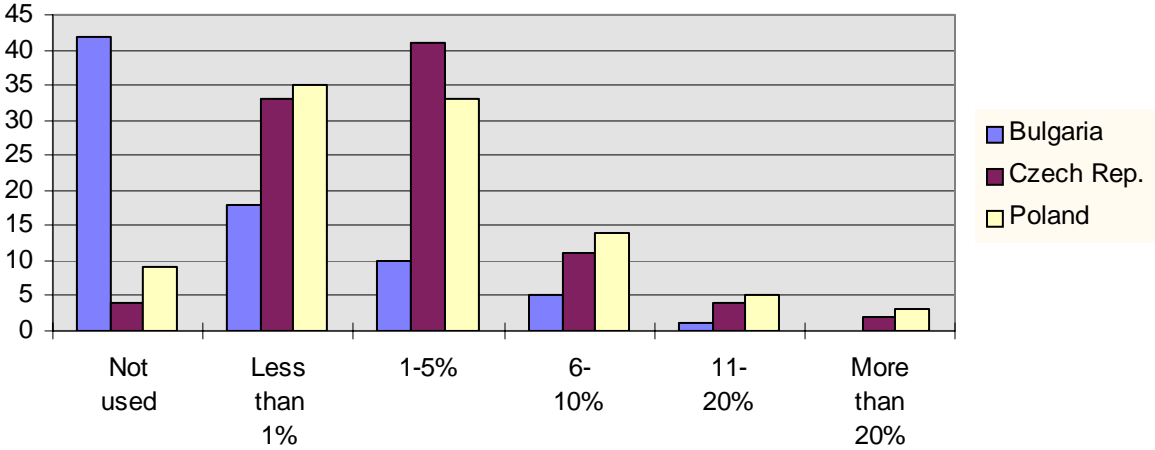


Fig. 1: Percentage of organisations indicating the approximate proportion of workforce on part-time contracts (%)

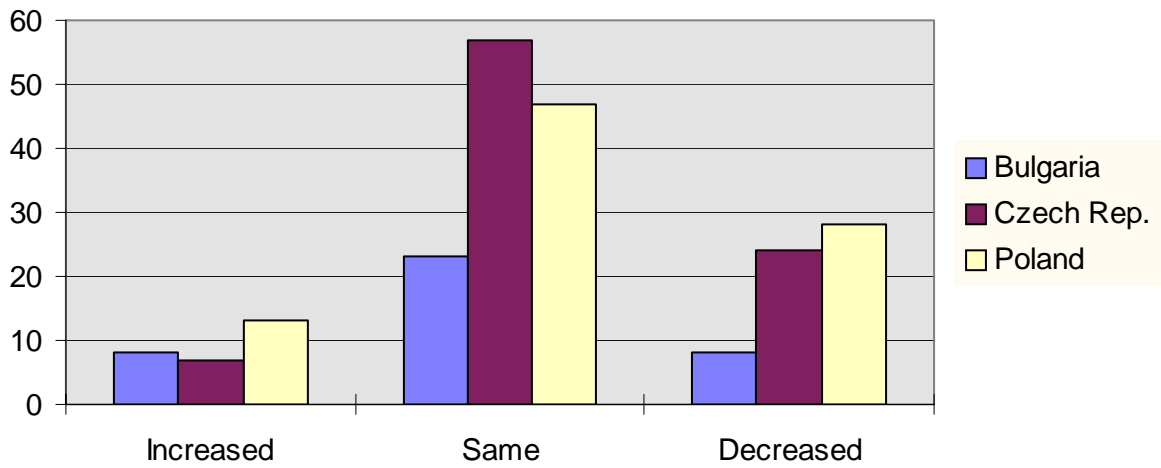


Fig. 2: Percentage of organisations with a change in the use of part-time work over the last three years (%)

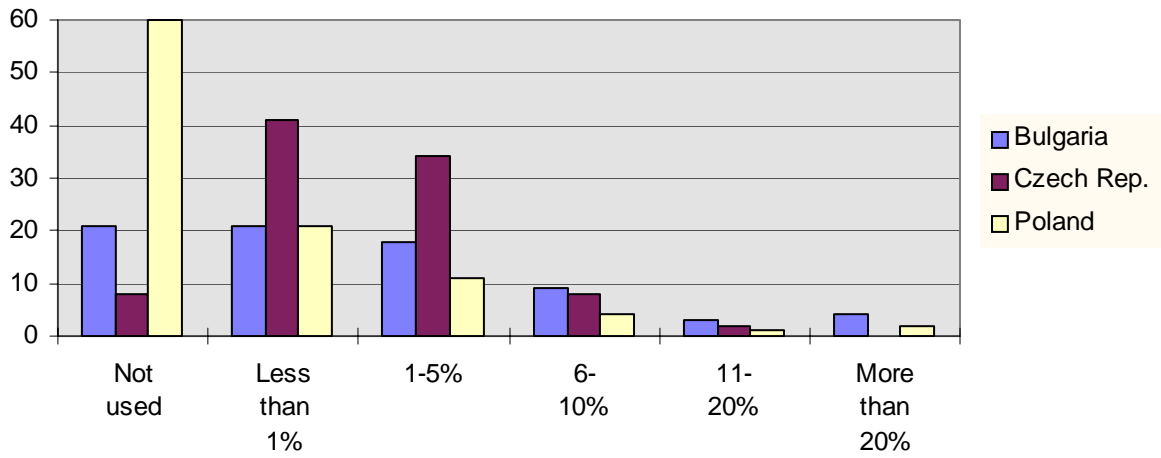


Fig. 3: Percentage of organisations indicating the approximate proportion of workforce on temporary/casual contracts (%)

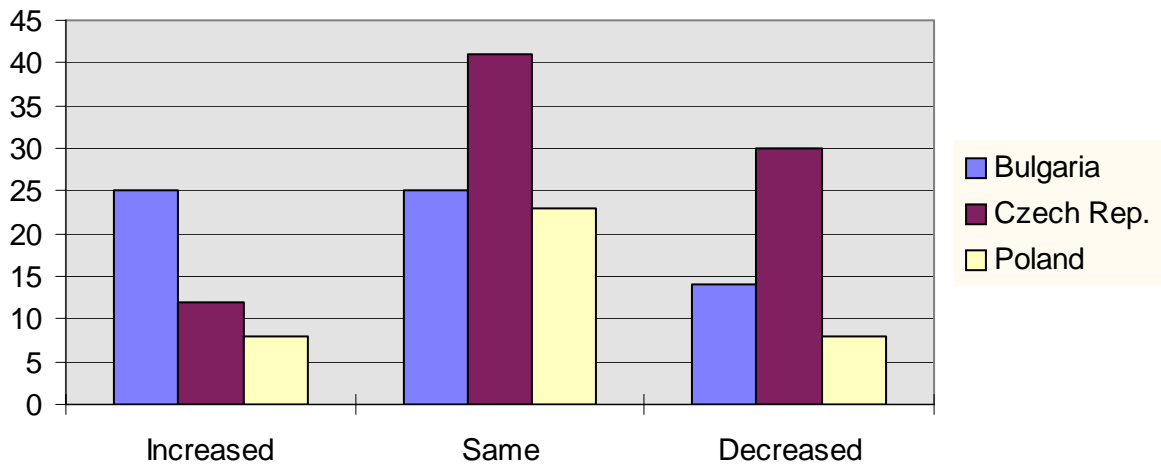


Fig. 4: Percentage of organisations with a change in the use of temporary/casual work over the last three years (%)

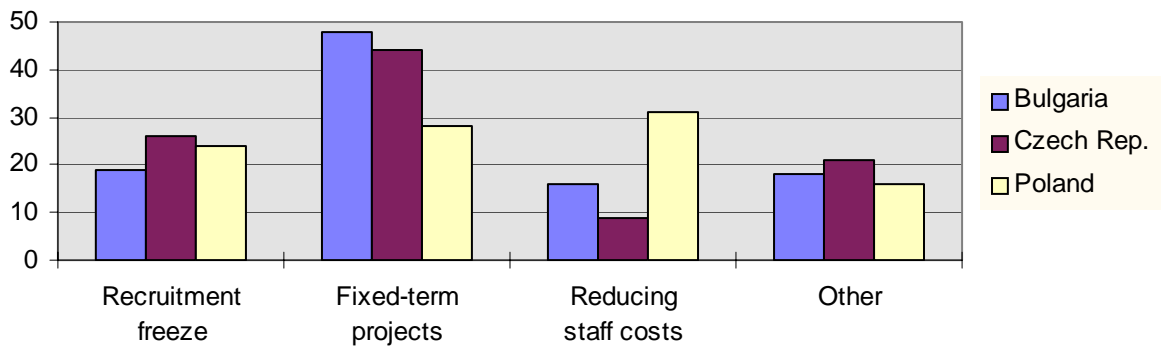


Fig. 5: Main reason for increase in the proportion of employees on non-permanent contracts (fixed term or temporary) (Valid %)

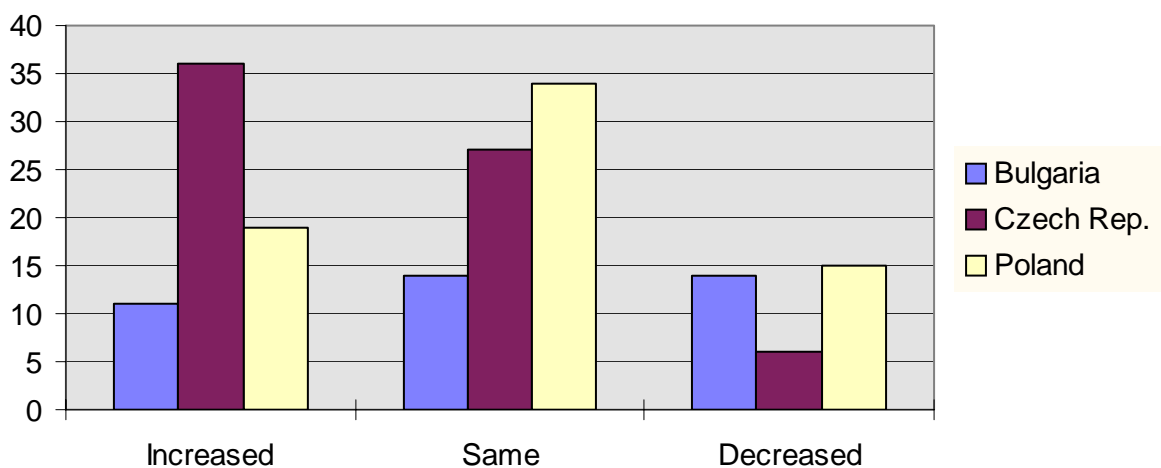


Fig. 6: Percentage of organisations with a change in the use of subcontracting/outsourcing over the last three years (%)

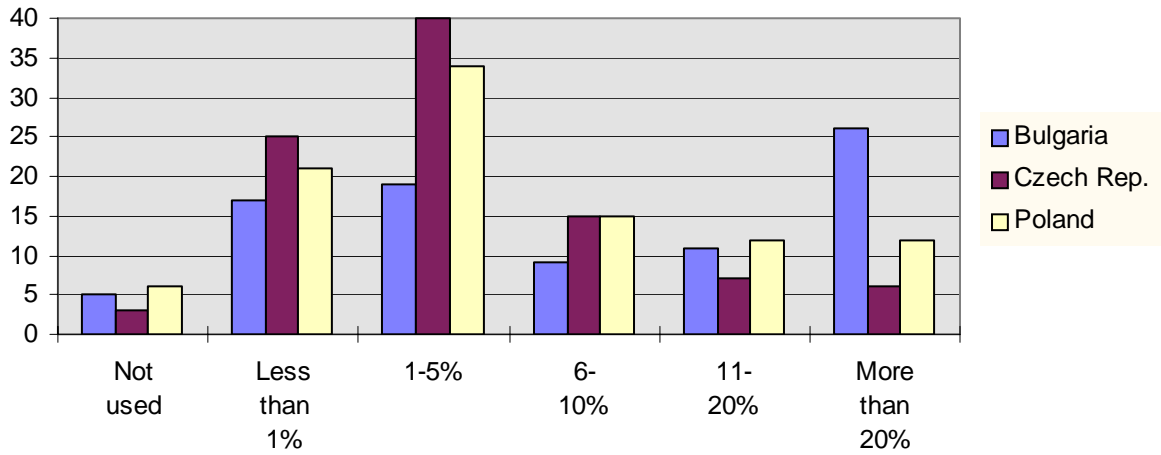


Fig. 7: Percentage of organisations indicating the approximate proportion of workforce on fixed-term contracts (%)

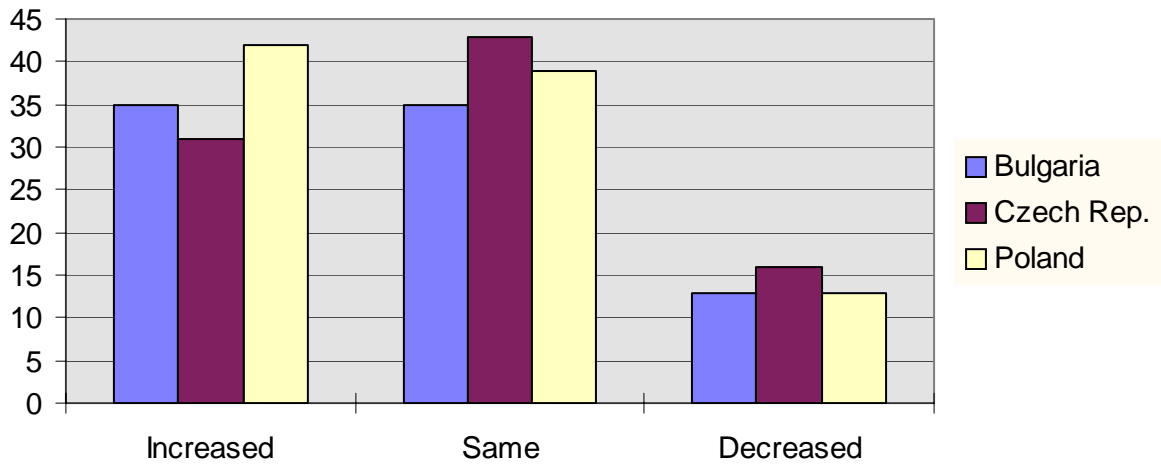


Fig. 8: Percentage of organisations with a change in the use of fixed-term contracts over the last three years (%)

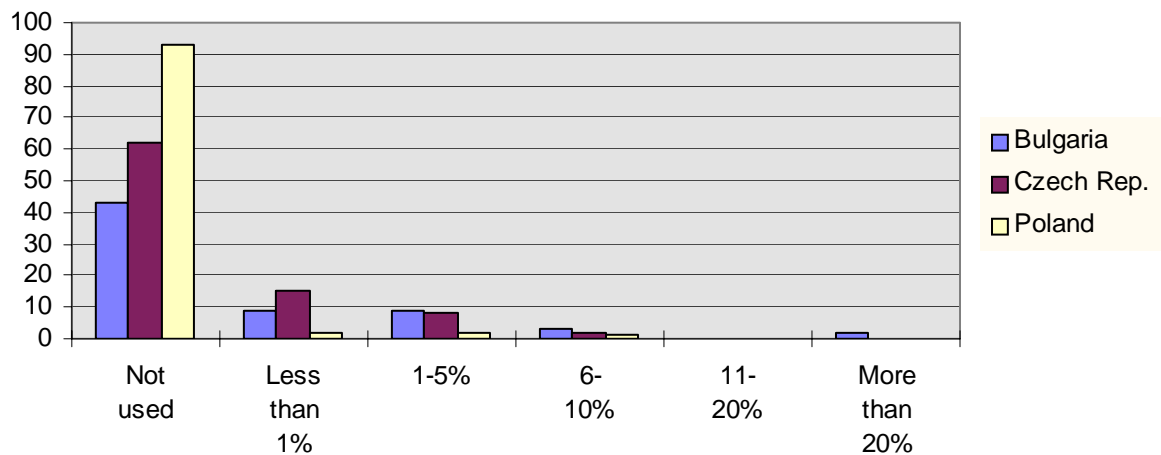


Fig. 9: Percentage of organisations indicating the approximate proportion of workforce on annual hours contracts (%)

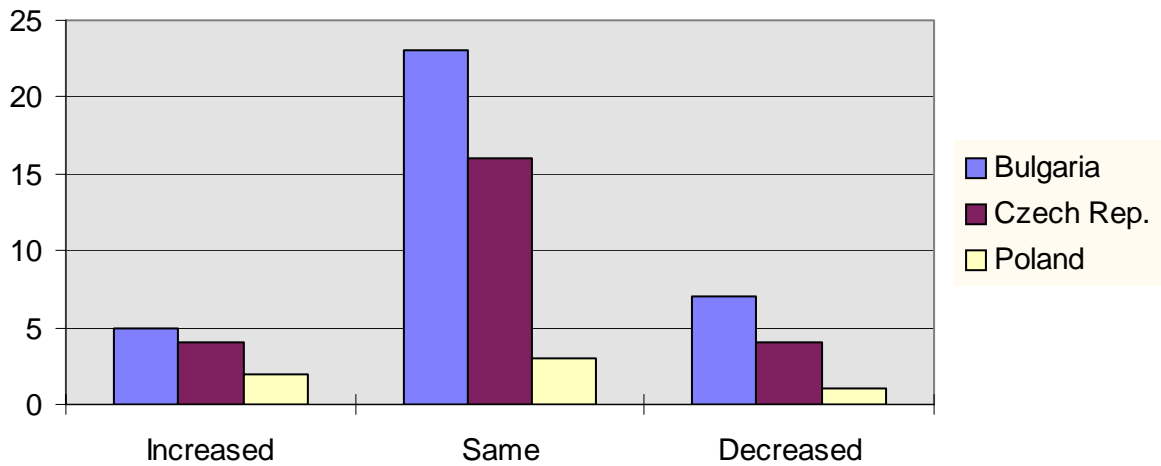


Fig. 10: Percentage of organisations with a change in the use of annual hours contract over the last three years (%)

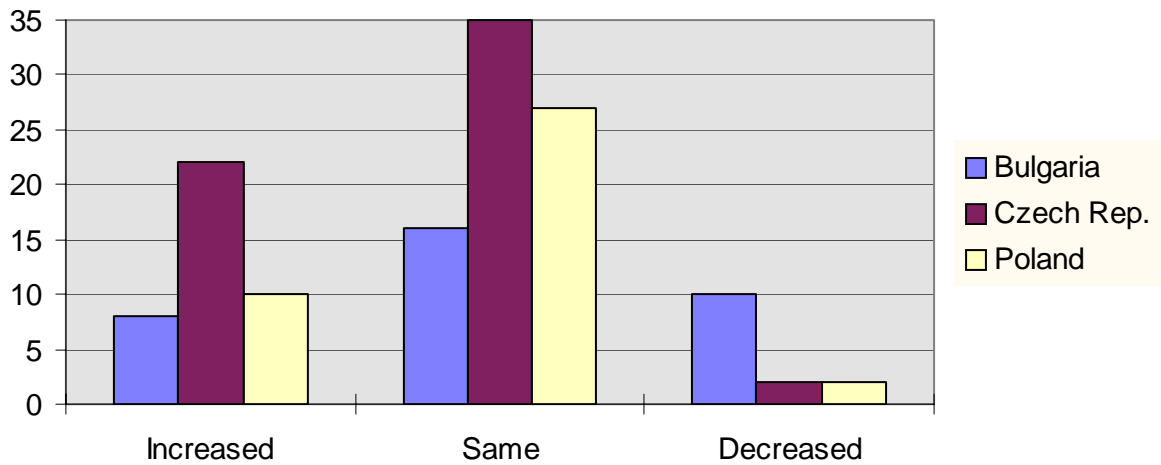


Fig. 11: Percentage of organisations with a change in the use of flexible working hours/time over the last three years (%)

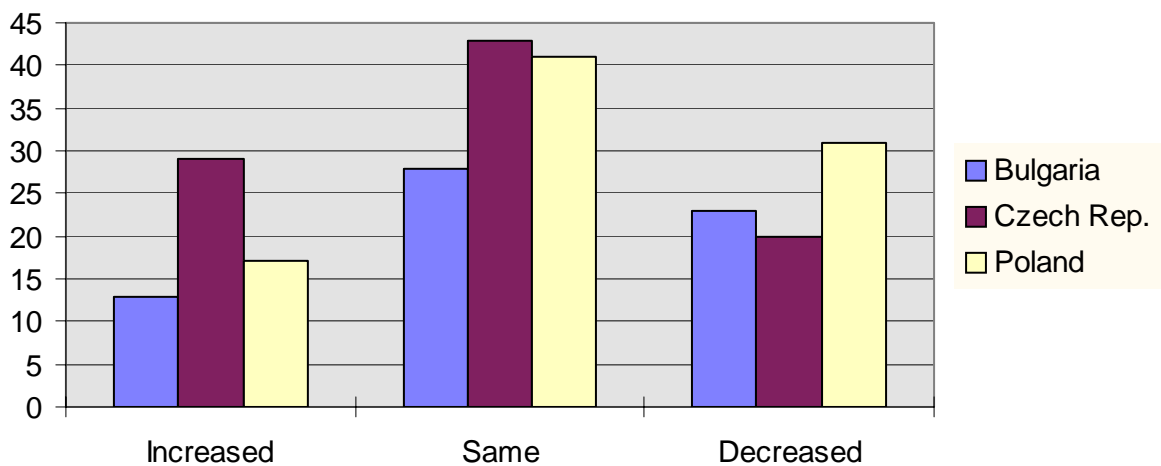


Fig. 12: Percentage of organisations with a change in the use of overtime over the last three years (%)

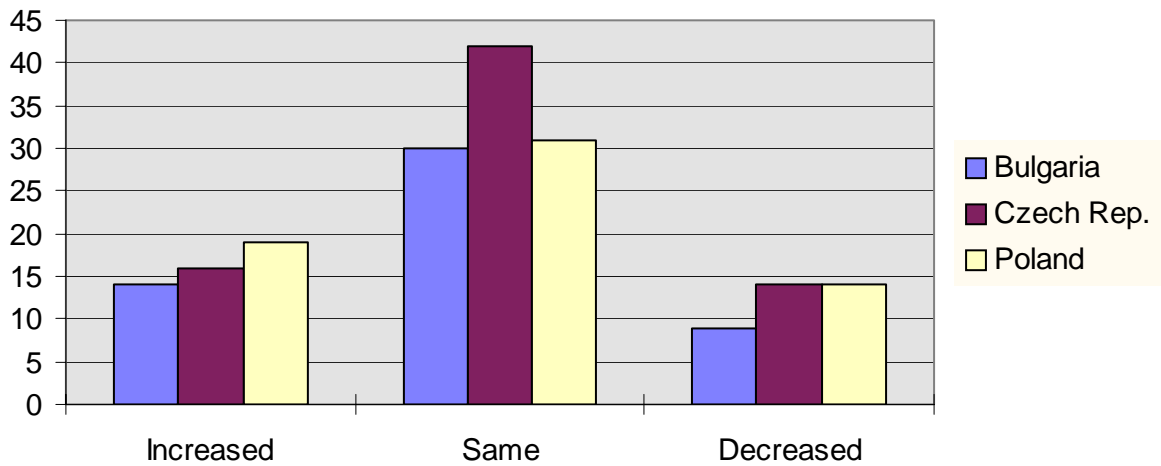


Fig. 13: Percentage of organisations with a change in the use of weekend work over the last three years (%)

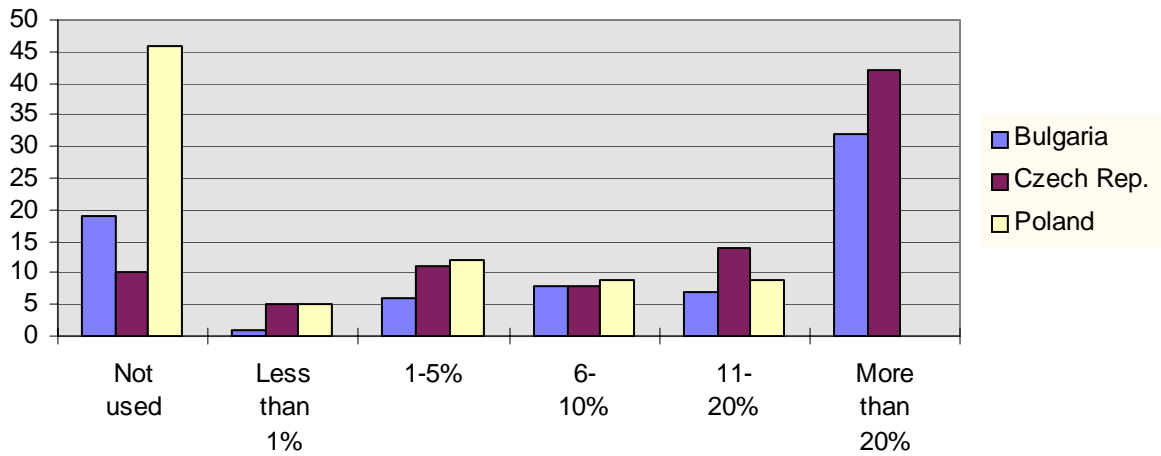


Fig. 14: Percentage of organisations indicating the approximate proportion of workforce on shift-working contracts (%)

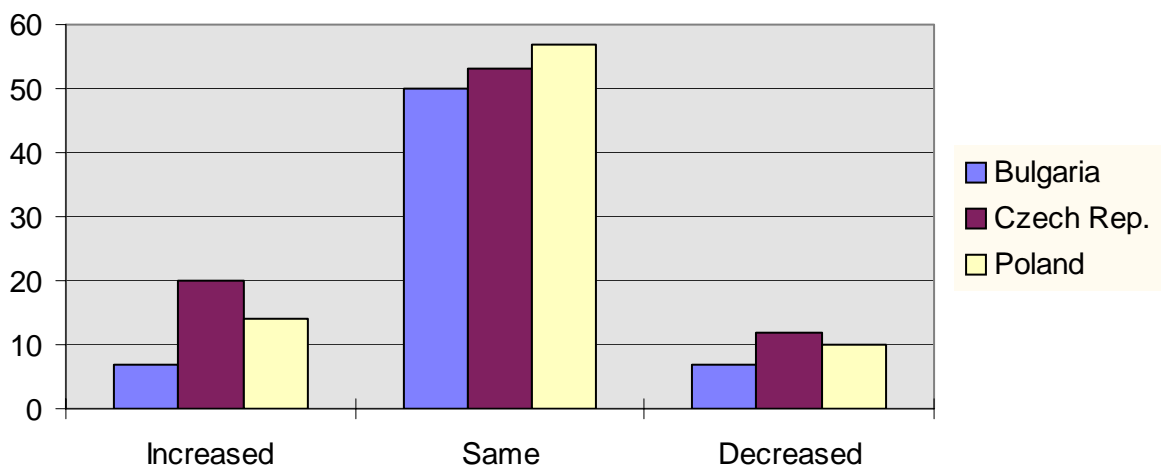


Fig. 15: Percentage of organisations with a change in the use of shift work over the last three years (%)

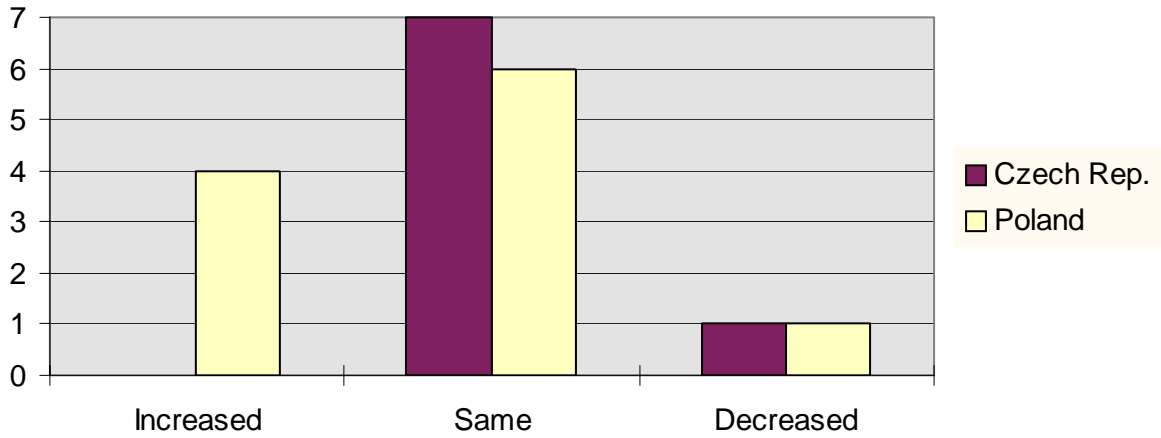


Fig. 16: Percentage of organisations with a change in the use of job sharing over the last three years (%)

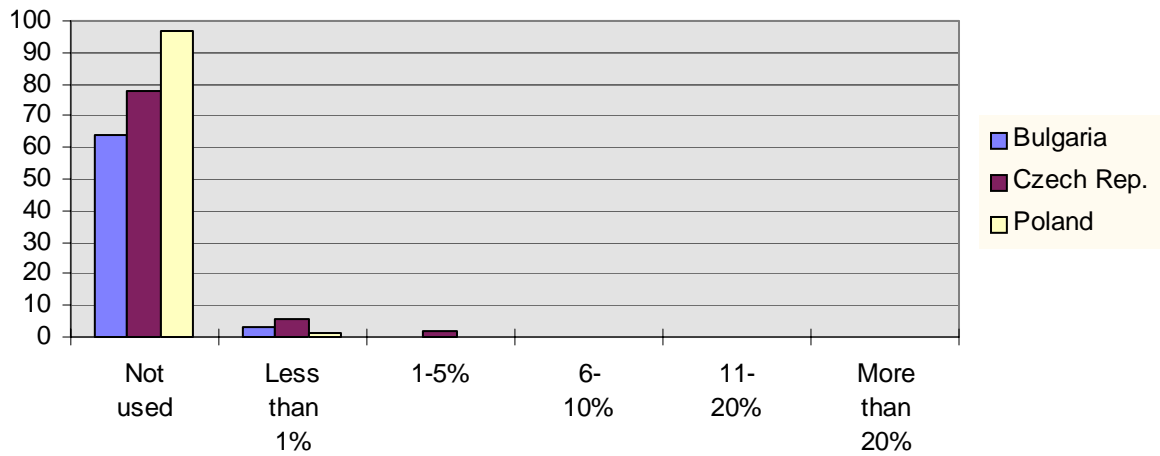


Fig. 17: Percentage of organisations indicating the approximate proportion of workforce doing homebased work (%)

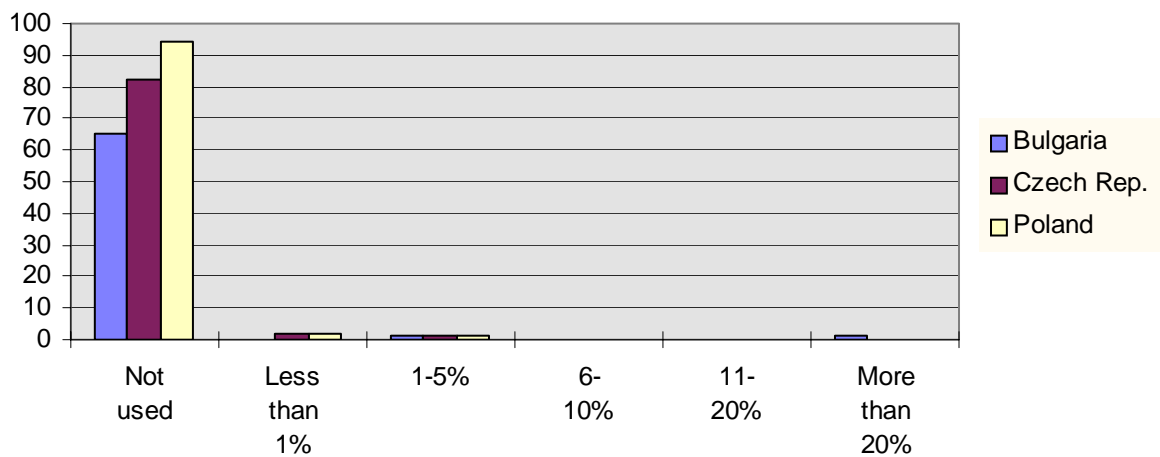


Fig. 18: Percentage of organisations indicating the approximate proportion of workforce doing tele-working (%)

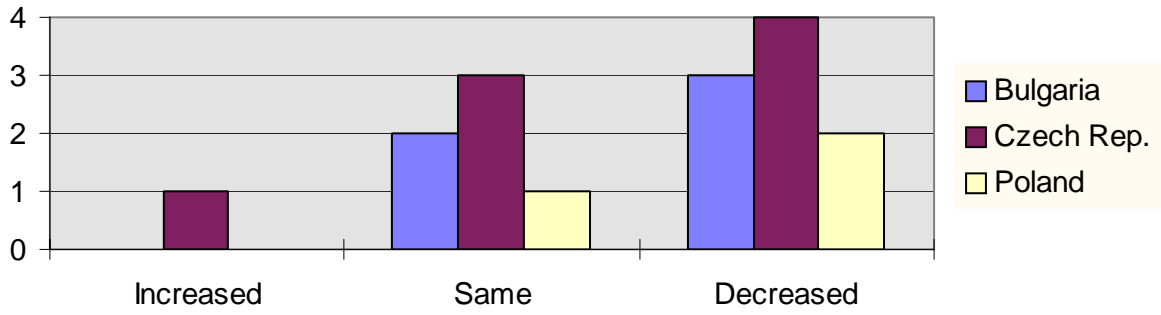


Fig. 19: Percentage of organisations with a change in the use of homebased work over the last three years (%)

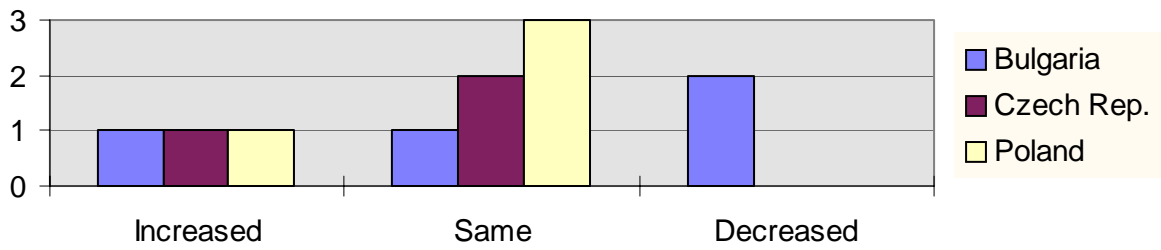


Fig. 20: Percentage of organisations with a change in the use of tele-working over the last three years (%)

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