

THE SPEED OF CHANGES – BULGARIAN WAY TO THE INTEGRATED EUROPEAN HRM

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Prof. Dr.Elizabeth Vatchkova

The global society of the New 21 century rapidly changes the concepts, approaches, methods and techniques of the contemporary corporate management. The place Bulgarian business holds in this society will depend on its ability to accept and to react adequately to all new phenomena, which come along with the globalization. The level and the quality of Bulgarian corporate management and in particular the human resource management is a key factor for improvement of the investment rate of the country as well as for increasing the number and the effectiveness of the joint ventures.

The focus of the paper is on the development of Bulgarian HRM practices during period 1996-2000. A group of important indicators of human resource management in Bulgarian companies during this period are studied as well as their relationship with the corporate management.

Main results and findings of the two biggest surveys on HRM in Bulgaria carried out by the International Business School “Transbusiness – E” are discussed. These surveys are performed using the methodology of the Center for European HRM at Cranfield School of Management, UK. The methodology is common for 20 European and five non – European countries – members of Cranet – G, trying to analyze HRM issues in a national, cross-national and longitudinal way. Comparative international analysis of the values and dynamics of some most important indicators is used to outline the directions of priority changes in the practice of human resource management in Bulgarian organizations. These directions are subordinated to the main convergence trends in European human resource management in terms of the future most effective Bulgarian integration to the European social and labor environment.

Bulgarian surveys of 1996 and 1999 cover respectively 88 and 149 organisations, each with more than 200 employees. Sixteen different branches and types of activities from the production and non-production sphere are presented in the survey.

On the basis of the results from the survey can be analyzed:

1. The state of HRM practice in Bulgarian companies at the end of the millennium;
2. The dynamics of the processes taking place in this area compared to their condition in 1996;
3. The qualitative character of the changes that took place;
4. The stable tendencies emerging;

5. Similarities or differences between the changes in Bulgarian organisations compared to those in the EU countries.

The analysis presented in the current paper does not attempt pretend to be comprehensive. It could be used for further detailed quantitative and qualitative studies. The gathered and primarily processed rich empirical data create prerequisites for multilateral studies accomplished by different specialists – economists, managers, psychologists, and sociologists. In the conditions of more and more limited possibilities for realisation of big sociological surveys in the last 10 years, the database that has been accumulated as a result of the current survey has precious research potential.

STATUS AND DEVELOPMENT OF THE SUBJECT IN HRM

In 1996 the survey results showed a delay in the process of constitution of the HRM subject in Bulgarian organisations compared to the EU countries. Thus, for example, in all EU countries, excluding only Finland, over 90% of the companies do have a specialised body or position in HRM, while in Bulgaria the largest share is of companies where such subjects does not function at all – 28% (3, p. 31). Instead of the expected increase, in 1999 even fewer organisations (Chart 1a)¹ declare their availability (1996 - 72.4%, 1999 – 71.6%)². Also the participation of the senior HR Managers in the Boards of Directors or equivalent managing bodies (Chart 1b) has decreased with 10 points - (1996 – 32%, 2000 – 22%). In comparison it can be pointed out that for the same period this participation in British companies remains stable, but the tendency, compared to 1992, is for an increase. In Bulgarian organisations, where there are no HR departments, there is clearly marked tendency for the HRM to be transferred from the administrative to the executive directors.

The participation of HR managers in the elaboration and implementation of corporate strategies is another indicator for their role in the corporate management. In 1999 in twice more Bulgarian companies they did not participate in this process. In organisations where the position of the HRM bodies is well established, a change can be noticed in the way they participate in the management. A positive tendency is the increase of the share of companies, which from the outset include HRM subject in their teams for elaboration of corporate strategies, instead of hiring them only as consultants or at the implementation stage. (Chart 1c). The share of companies, in which the work of the HRM department is subject of system evaluation, has increased too.

In the last ten years in Bulgaria there is a development of the consultant services market in the field of HRM. Survey on the demand for such services shows, that in 1999 35% of the organisations benefited from these services, 9% of them report increase of their demand, 26% remained on the same level, and only 6% report a decrease (1, p.24). Most of the organisations have used external consultants for the aims of training and development (23%), almost twice less often - for the needs of personnel recruitment and selection (13%), and in 11% of the examined companies – for general pay and benefits. It is not yet an established practice to look for specialised consultants in case of dismissal or

¹ “EU+” - average weighted, based on the data of: Belgium, UK, Germany, Greece, Denmark, Ireland, Spain, Italy, Norway, Finland, France, Netherlands, Sweden and Switzerland.

search of a new position of employees who were made redundant.. The majority of Bulgarian organizations still do not use external consultants for HRM purposes.

STRATEGIES AND CORPORATE POLICIES The survey of strategic management in our organisations in 1996 showed serious delay from its state in the EU countries. For example, in all European countries, excluding Italy, in the worst situation every second organisation has its written company strategy, while in Bulgaria every fourth has one. The new survey shows that the popularity of written company strategies has risen with 6 points. An interesting fact is that fact that exactly the same amount is the decrease in the popularity of the written corporate missions. In any case it can be said that a not very strong, but positive tendency for the improvement of the strategic orientations in the management of companies as a whole is now emerging. The number of companies declares that they have never elaborated written missions and strategies, has decreased with several points (Chart 2a).

At the same time a decrease in the popularity of strategies in the field of personnel is noticed (Chart 2b). Thus for example, instead of 75% in 1996, in 1999 67% of the companies have developed written strategies concerning remuneration and salaries (1, p. 25). The interest in written policies in the field of training and development of personnel has decreased, the relative share of organisations developing policies for recruitment and selection has fallen with 10 points. Extremely high is the decrease in the popularity of the organisational communication policies – instead of 46% in 1996, in 1999 only 27% of the companies developed such policies (1, p.26).

An important question concerning the development of the HRM subject, as well as the above-mentioned policies, is the dynamics of the role of the line managers. Their responsibility for the implementation of all types of HRM policies increases, mainly in the field of compensation, training and staff reduction/increase. And while in the developed European countries the shared responsibility continues to dominate, in Bulgaria data shows that line managers still have the greatest responsibility for the main political decisions in the field of industrial relations (in 51% of the Bulgarian companies) and compensation and benefits (in 48% of the examined companies both in 1996 and 1999)(1, p.31). At the same time, in Great Britain for example, the main responsibility for all political decisions in more than 50% of the companies in the extremely important field of «compensation and benefits» is distributed to the whole HR department, including the HR manager, who participates with a consultative function.

From a strategic point of view, the definition of the main challenges faced by HRM in the next three years is very important for the managers, as well as for those who manage the consultant companies. They could be ranged according to the frequency with which they appear in the survey as follows:

General efficiency	8%
Managerial training	6%
General pays and benefits	6%
General recruitment	5.3%

² Valid percent

Mergers and take-overs	5.3%
Staff reduction	4.7%
Organisational development	4%
Manpower planning	4%
General Personnel	2.7%
Retention	2.7%
Motivation	2%

Priorities, defined by the participants in the 1999 survey differ from those pointed in the previous survey, where the front places are distributed between the general recruitment - in 28% of the companies, training and development – in 25% and general pay and benefits – in 12%. The new priorities could help outline the fields of greatest interest in consultant services, researches and training activities.

STAFFING PRACTICES

The dynamics of employment in the studied organisations is still relatively weak. Compared to the previous period, dominating are the organisations in which staff reduction has been carried out, but compared to other former socialist countries with centralised plan economy, these changes remain more limited. 1999 data shows that most of the organisations have had difficulties in the recruitment of managerial staff (32%), IT specialists (23%) and other specialists. Twice fewer companies have had difficulties in the recruitment and retention of physical workers, while recruitment of the administrative personnel appeared to cause problems only for 7% of the organisations.

As far as the possibilities for personnel development are concerned, the ways in which the companies form their managerial staff are very interesting. The 1996 tendency for the popularity of internal recruitment of middle managerial staff remains unchanged. Internal recruitment is more rarely used for senior managers in Bulgarian organisations and most rarely for junior managerial positions (Table 1).

Table 1 Relative share of the organisations, which filled vacant managerial positions by internal company recruitment (%)

Managerial position	1996	1999
Senior	50	45
Middle	58	53
Junior	49	41

It can be concluded that the possibilities for development of a managerial career in the organisations have decreased in the last three years. Much more opportunities, for example, offer Czech organisations to their managers – the senior and middle management positions are mostly staffed from internal sources (5,44).

As a whole, most popular in our country remain the methods for recruitment through application forms (in 31% of the cases of all appointments) and through one-to-one interviews (in 25% of the studied

companies) (1, p.41-42). Graphology, assessment centres and psychometric tests are still used seldom in the practice of recruitment in Bulgarian companies (Charts 3a-f). It is possible to observe a negative tendency of decreased using of the most popular recruitment methods.

Regardless of the expectations for more active participation of external consultants in the procedures for recruitment and selection, the results show that in 1999 compared to 1996 less Bulgarian companies had used their services for the appointment of managers (Table 2).

Table 2. Relative share of Bulgarian organisations, which have used external consultants for recruitment of their managerial staff (%)

Managerial position	1996	1999
Senior	25	16
Middle	24	17
Junior	17	13

There could be different reasons for such retreat: insufficient budget to pay for the services, disregard for the importance of the quality of the procedure, subjective criteria in the establishment of management teams, etc. An often shared opinion of foreign experts in the field of recruitment and selection is, that Bulgarian managers are still underestimating the importance of high-quality and high-qualified recruitment, which easily returns the larger expenses and increases considerably the quality of performance. To overcome this negative tendency it is necessary to make special efforts. The popularisation of the experience of the established personnel companies in the recruitment and selection could play a very positive role.

FLEXIBLE CONTRACTS

One of the most topical problems in HRM in the last decade in the world has been the increase of the flexible employment. Flexible employment contracts, the so-called «atypical employment», is gradually turning from exception to standard in many countries of the EU. Survey on the popularity of this type of contracts in Bulgarian organisations in 1996 shows considerable delay in their implementation (Charts 4a-f). The resistance of society, as well as of the employees against the increase of the range of this type of contracts is well known not only in our country. Despite the arguments and the tendencies for restriction, the flexible employment is explicitly winning popularity in all European countries. Thus, for example, in three consecutive surveys on HRM in Great Britain, carried out in 1992, 1995 и 1999, the contracts for part-time working day, fixed term contracts and temporary employment noted a continuous growth (2, p. 6). The other forms of flexible employment – work during weekends, shift work, additional work, annually contracted working hours, part-time working day, division of work, home work, work through television connection, etc. – are also increasing, although at a slower pace.

Compared to other developed European countries, in Bulgaria the dynamics of the flexible employment are characterised by the following peculiarities:

1. Slower extension of the range of these contracts;

2. Massive introduction of types of flexible employment, causing social problems, or which is favourable for the employer rather than for the employees.
3. Slower implementation of the forms of flexible employment, allowing the rationalisation of the working time and achieving better work life balance.

The characteristics of the «Bulgarian model» of flexible employment provoke active resistance in the employed and can hardly realise the positive inherent potential, which could be successfully used by companies from developed countries. The dynamics of the contracts for flexible employment in 1996 and 1999 in Bulgaria is compared to the average European level in Charts 4a-f. As evidenced by the graphics convergence trends are valid for fixed - term contracts, shift working and annual hours contracts. The potential of the part-time work and teleworking do not seem to be realized in the near future.

The part time contracts in 1996 are used to different extend in 34% of Bulgarian organizations. Their average using in all the other countries is 88% in 1996 and 82% in 1999. Obviously the popularity of this type of work is far from the level, typical for the majority European countries as well as its dynamics. Its increase can be observed in 8% of Bulgarian companies in the preceding three year period before 1996 and in only 5% in the next period. The average European speed of its change is relatively five times higher. Temporary/casual contracts are one of the most widespread forms of flexible employment in Bulgaria, but still less popular than in Europe as a whole. The rate of change of their application is slower, compared to the average in other European companies for both observed periods. In each of the survey rounds fixed term employment in Bulgaria exceeds nearly by 5% the average European usage. It is the only flexible form which dynamics is in compliance with the other countries. Flexible working hours continue to be in a clear minority, being three times less popular in Bulgaria. Shift work has always been a common practice, but it has seen less growth, compared to the average growth in the other European countries. Other arrangements, such as annual hours contracts, home based work, teleworking and job sharing have not moved considerably.

TRAINING AND DEVELOPMENT OF PERSONNEL

In the last ten years it becomes more and more clear that training and development of personnel are a main competitive advantages of modern organisations. There is a strong tendency for increase of the investment in training, for dynamic development of new forms and methods for qualification and requalification of personnel, for improvement of the organisation of these processes. One of the most important conclusions, made after the analysis of the results of an HRM survey, made in 1996, was that Bulgarian companies show a delay from developed countries in respect of the implementation of the system approach to management of company training. New data gives reasons for optimistic expectations. The following positive tendencies are noticed:

- Increasing the share of organisations, which analyse the training needs – from 42% in 1996 to 44% (See Chart 5a);
- Increase of the popularity of the systems for performance assessment, in 1999 23 % of the organisations used such systems, while in 1996 only 18% used them;

- The efficiency of training is also very often evaluated – while in 1996 it was done by 53% of the examined companies, in 1999 their share was 60% (see Chart 5b).

MANAGEMENT OF CHANGE

The priorities in company training are relatively stable in the studied three-year period. Impressive is the unexpected increase of interest towards the problems of the management of change. The understanding of the extreme importance of these problems and the necessity to prepare the personnel in this aspect is growing. Compared to 1996, in 1999 twice more companies consider the management of change as an important part of company training (Table 3).

Table 3. Relative share of Bulgarian organisations, according to which management of change is an important part of the company management

Degree of importance	1996	1999
Strong	28	40
Sufficient	24	25
Average	15	13
Not much	8	4
Not at all	2	3

Organisational changes are imposed in particular through change of the job descriptions; of which decisive significance have those of the managers. And while in the developed countries they are getting more and more dynamic, in Bulgarian organisations position characteristics of managers and the requirements for them do not change sufficiently having in mind the extremely dynamic external and internal changes in the company (Table 4).

Table 4. Relative share of organisations, in which essential changes were made in the job description of the managerial staff in the last three years

Type of change	1996	1999
Jobs made more specific	26	30
No major change	42	30
Jobs made wider/ more flexible	21	26

ORGANISATIONAL COMMUNICATIONS

Democratisation of company management and rise of its quality is impossible without development and improvement of organisational communications. In 1999, compared to the previous survey, an increase in the number of methods, which are used for company communications, is noticed (Chart 6a-1, Chart 6b-1)

The popularity of direct oral methods, computers and e-mail has increased twice. These are definitely positive tendencies, creating prerequisites for democratisation of management. Relatively slow is the growth in the popularity of communications through representative bodies of the employees; team briefings are used seldom. The survey from 1999 gives serious reasons to conclude that in Bulgarian organisations the intensity of the feedback from the employees to managers increases quite slowly

(Chart 6b-1), compared to the developed European countries (Chart 6a-2, Chart 6b-2). During the second period twice fewer organisations studied their employees' opinion, the development of: team-briefing usage, communication through regular meetings, through workers' councils, through the direct manager is slower. The popularity of the feedback with the senior manager also increases very slowly. As a whole, certain deviations are made from the progressive development of company communications and hesitation in the process of their improvement. Another proof of this is the decreased interest to using organizational communication policies pointed out in the beginning of this paper.

MAIN FINDINGS

Before summarising the results of the second survey the expectations about the development of HRM practices during the period between 1996 and 1999 were as follows:

1. The influence of the HR function on corporate decision making increased over time:
 - Improved formal HR department position
 - function better represented at the key decision making forums
2. HR department and specialists more actively involved in medium term and in strategic level decision making:
 - grater influence over strategic management
 - advanced strategic orientation of the company
 - more popular HR strategies
3. Wider range and greater variety of selection methods used
4. Increased range and variety of ways in which work is organized
5. More democratic communication models followed.

Unfortunately these expectations turned to be too optimistic.

On the basis of the extract surveys made in 1996 and 1999 of the practice of HRM in Bulgarian companies, the following conclusions can be made:

- Positive tendencies in specific Human Resources Management activities are observed in Bulgarian organisations. They are connected mainly with the progress of training and development of personnel and the management of changes.
- The strategic orientation in HRM is still not developed enough; there is a delay in the development and stabilisation of HR department .
- Some retreat is observed in using the most popular recruitment methods.
- The progressive forms of flexible employment are imposed slowly, the speed of changes in the field of organisational communications is unsatisfactory.

CONVERGENCY AND DIVERGENCY

The two surveys give reasons to state, that the way of HRM changes in Bulgarian organisations is complicated and controversial. The initial expectations for stable trends to convergency are not confirmed. There are a lot of evidences of getting Bulgarian HRM nearer to the common practices of the developed European countries in the following directions: the increased role of the line

management in personnel function, more active application of the system approach to training, positive attitude to management of change and others. In the same time divergency tendencies continue, some of them become deeper. The lack of strategic approach remains one of the most dangerous. The status of the HR department is an other significant difference.

FUTURE DEVELOPMENTS

It is obvious that even more insistent efforts should be made to achieve a stable progress in the Human Resources management of the modern Bulgarian organisations. The speed of change is to be accelerated in the next years. The fast reactions of the corporate management to the challenges of the united European market economy do not have alternatives. The focus of the attention should be on:

1. Mobilization of the larger set of modern methods for strategic management and its active application;
2. Ensuring legal conditions for introducing different forms of “socially responsible” forms of flexible staffing and elaboration of mechanisms to control its using;
3. Encouraging further development of the system approach to the corporate training;
4. Overcoming the negative trends in the development of corporate communication process – enlargement of different forms of business communications, strengthening the feedback, accelerated improvement of the technical equipment, overcoming the resistance to introducing contemporary information technologies;
5. Development of the managerial abilities to cope with the organizational changes and their constant training in this field.

Acquiring, adapting and introducing the advantaged HRM experience of the developed European countries to Bulgarian managerial practice could considerably shorten the efforts to find right decisions for increasing the quality of corporate management.

The process of creating the common European labor market and the future broaden of its boundaries additionally increases the need of international comparative HRM studies. The accumulation of more experience in this field contributes to the recognition of the international character of the Human Resource management in the New Millenium.

Chart 1a: HR department/ manager
(% organisations)

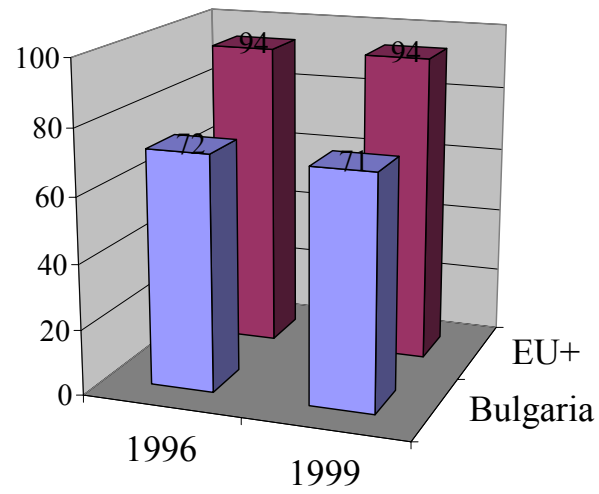


Chart 1b: HR function - place on the board
(% organisations)

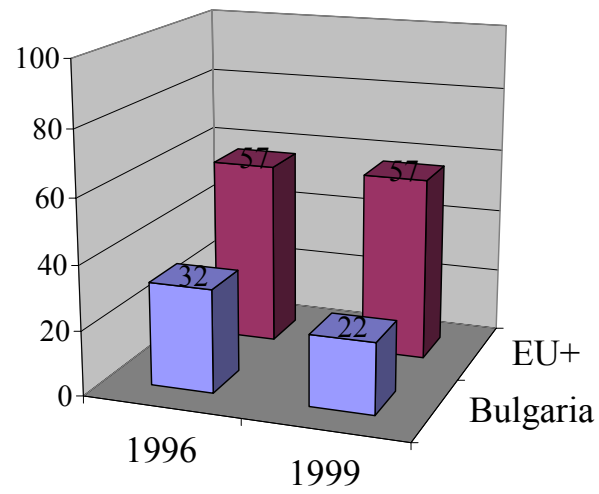


Chart 1c: HR involved in corporate strategy from the outset
(valid % organisations)

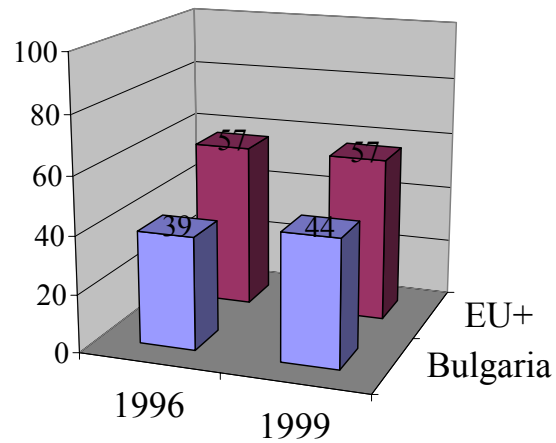


Chart 2a: Written corporate strategy
(% organisations)

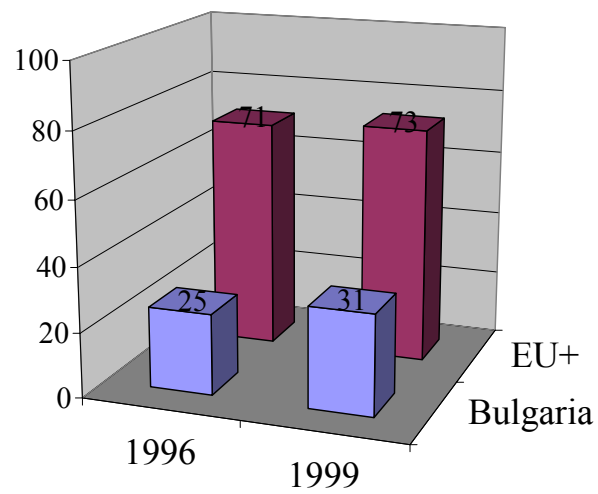


Chart 2b: Written HR strategy
(% organisations)

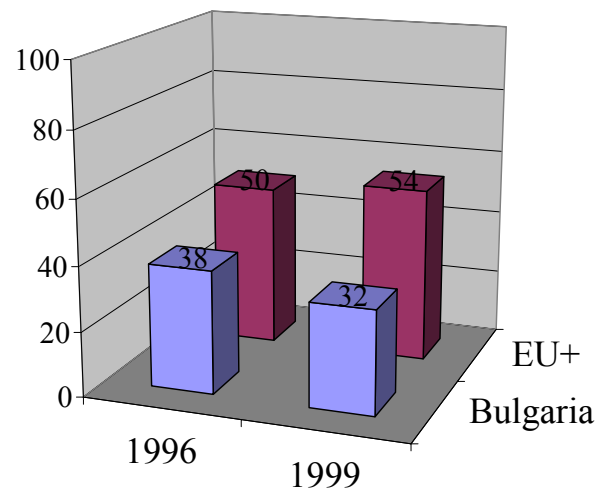


Chart 3a: Interview panels
(% organisations)

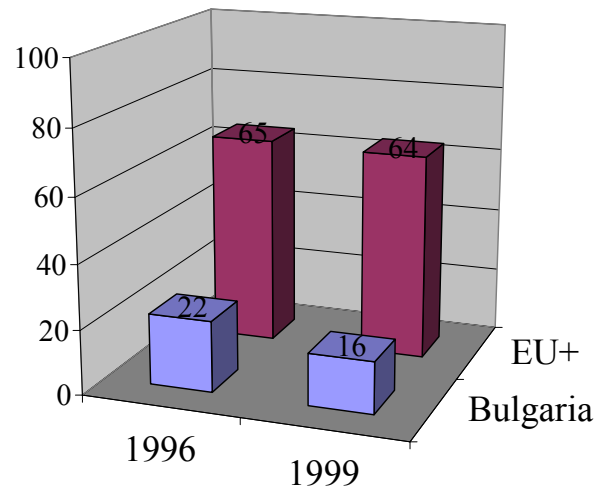


Chart 3b: One-to-one interviews
(% organisations)

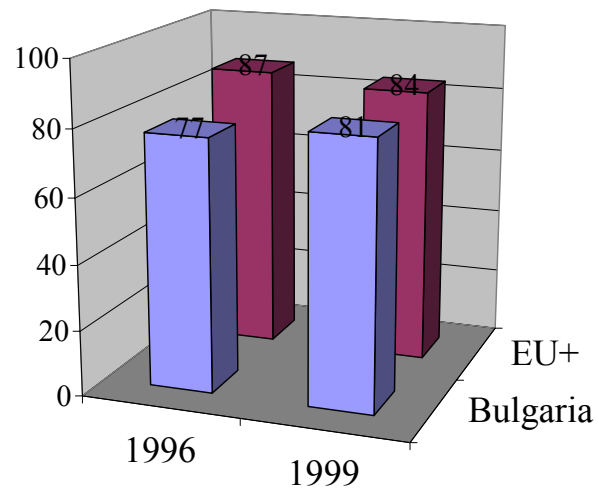


Chart 3c: Application forms
(% organisations)

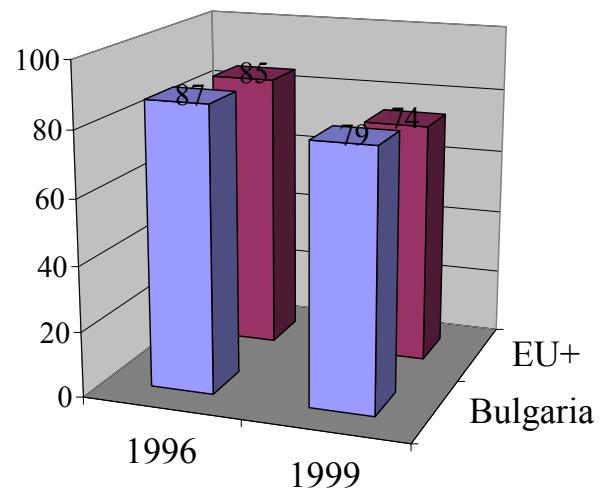


Chart 3d: Aptitude tests
(% organisations)

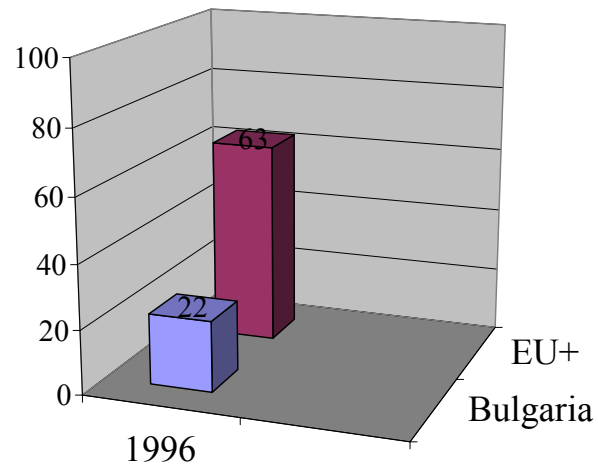


Chart 3e: Psychometric tests
(% organisations)

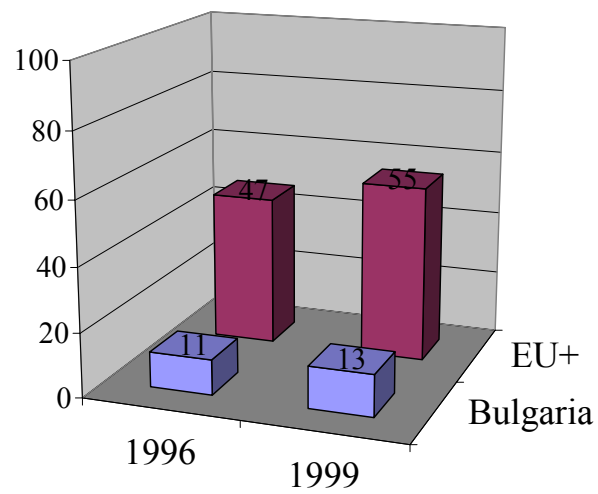


Chart 3f: References
(% organisations)

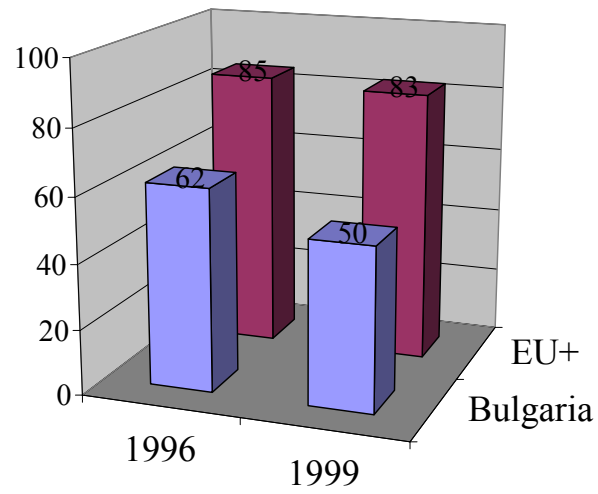


Chart 4a: Part-time contracts
(% organisations)

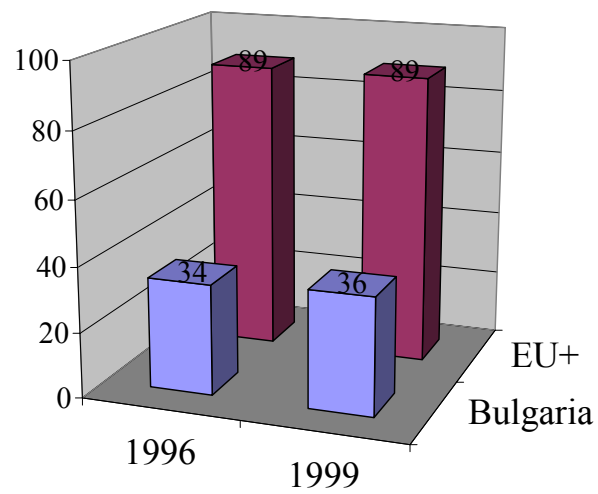


Chart 4b: Temporary/ casual contracts
(% organisations)

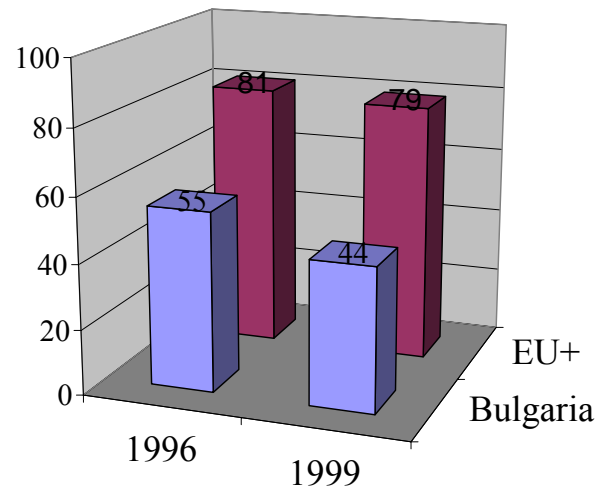


Chart 4c: Fixed-term contracts
(% organisations)

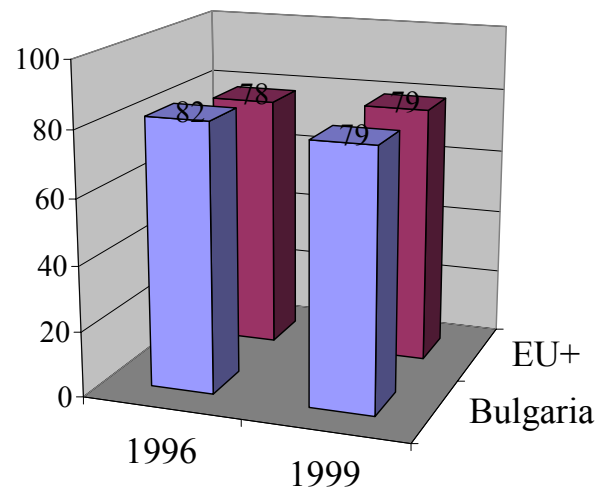


Chart 4d: Teleworking
(% organisations)

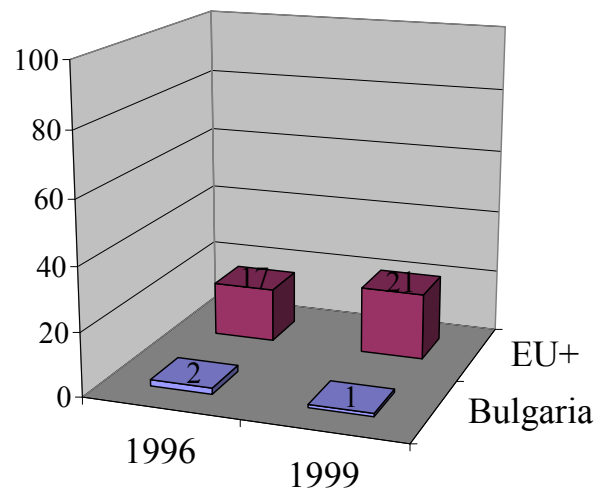


Chart 4e: Shift-working contracts
(% organisations)

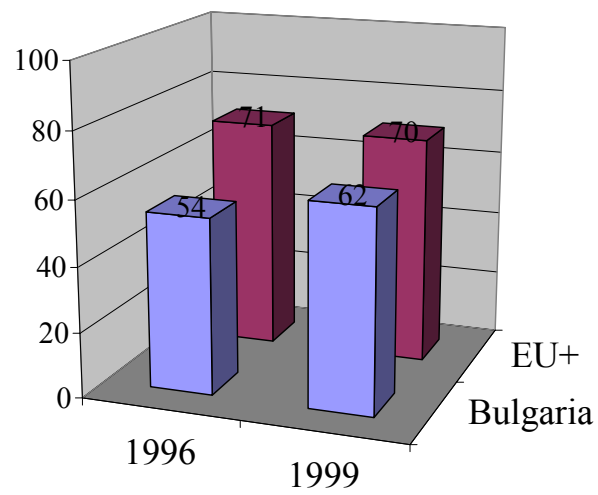


Chart 4f: Annual hours contracts
(% organisations)

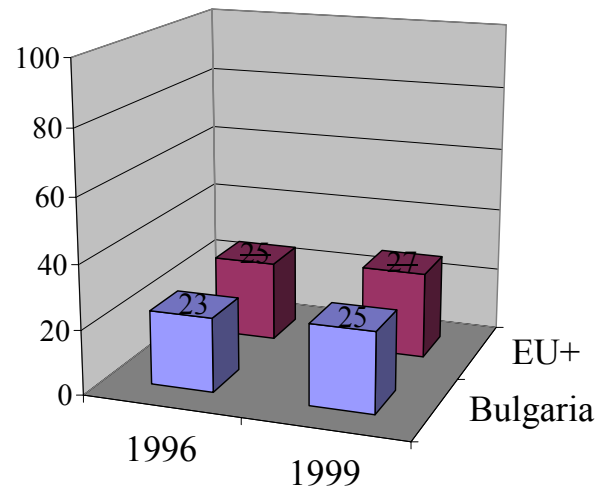


Chart 5a: Training needs analysis
(% organisations)

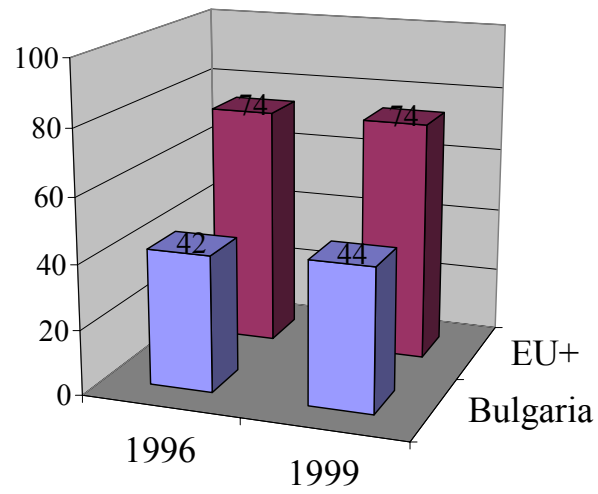


Chart 5b: Training effectiveness
(% organisations)

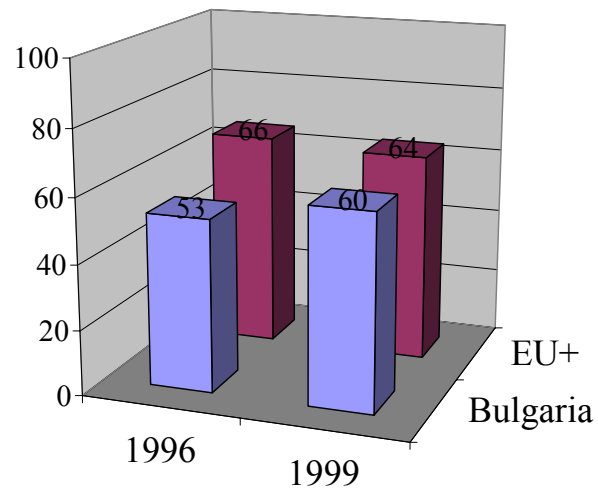


Chart 6a-1: Relative share of organisations in Bulgaria, in which the following ways of communication with the staff on important problems has increased for the last three years (%)

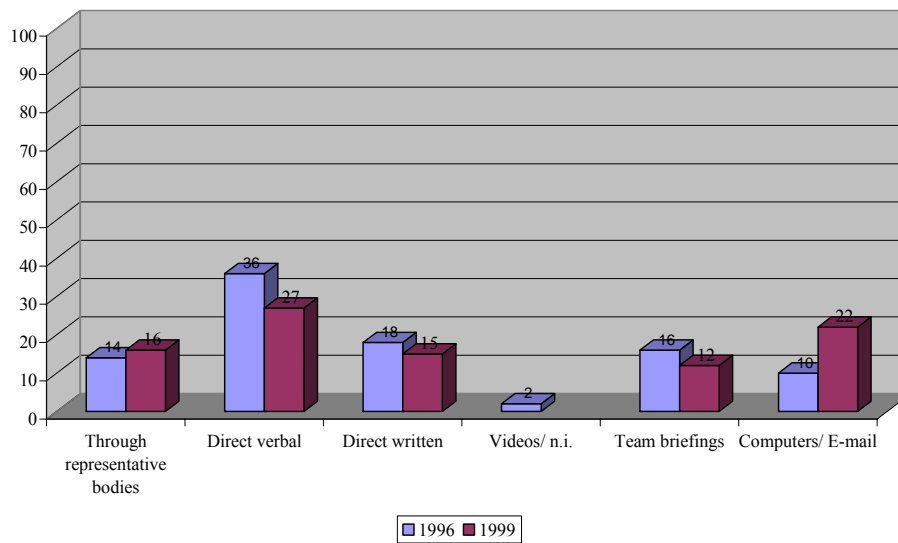


Chart 6a-2: Relative share of organisations in EU+, in which the following ways of communication with the staff on important problems has increased for the last three years (%)

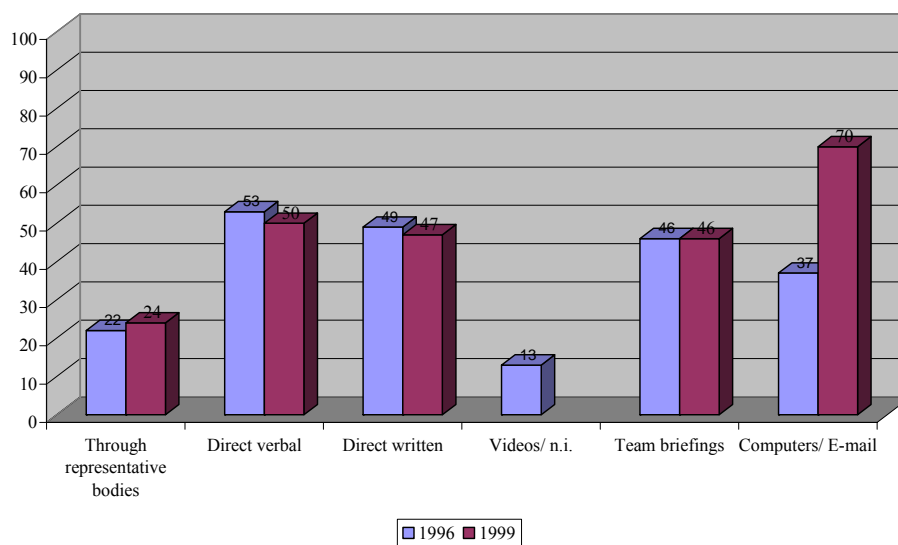


Chart 6b-1: Relative share of organisations in Bulgaria, in which were increased the following ways, in which employees share their opinion with the managers on important problems, in the last three years (%)

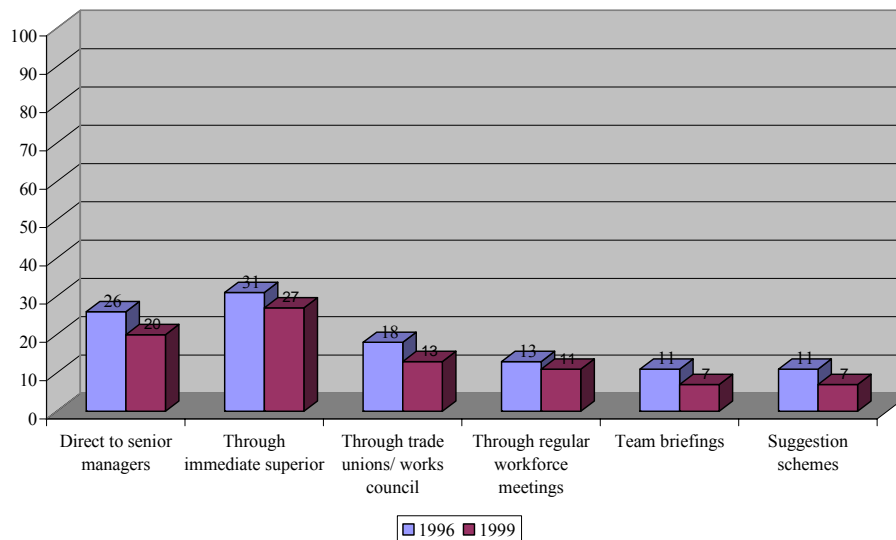
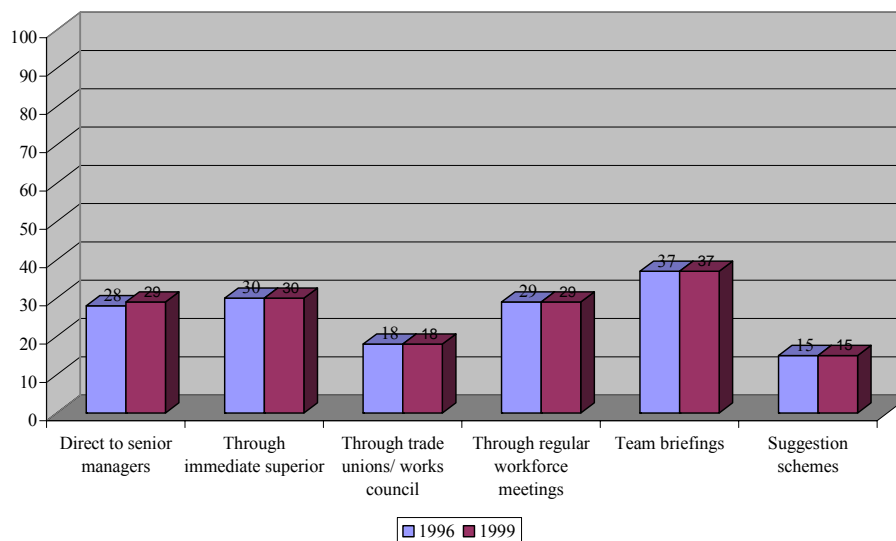


Chart 6b-2: Relative share of organisations in EU+, in which were increased the following ways, in which employees share their opinion with the managers on important problems, in the last three years (%)



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