



# **CASE STUDY REPORT**

## **"WATER SUPPLY AND SEWERAGE"**

### **SECTOR IN BULGARIA**

#### **on Work Package 3**

#### **Workplace-level experience in 6 Eu Member States and comparative insights at Eu level**

Task 3.2. Identification of company case studies and conduction of semi structured interviews

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## 1. SUMMARY of the project goal

The focus of the BROADVOICE (Broadening the spectrum of employee voice in workplace innovation) project is on *direct relationship between management and the individual employee or small groups of employees, in the form of teamwork, suggestion schemes, tools for information sharing, etc.* in line with the unitarist frame of employee involvement, regarding voice primary as a link to organizational performance.

The research encompasses both the pluralist and unitarist representatives of „employee voice“ *with the aim to investigate whether and how the different forms of „employee voice“ can interact at the workplace level and contribute to improving workers' wellbeing and organizational performance.*

The goal of the project is to verify whether we can move beyond the theoretical disciplines to elaborate a unique, overarching concept of employee voice that could serve both workers' and enterprises' needs.

Second concept of the research is the „workplace innovation“ described as „*an integral set of participative mechanisms for interventions relating structural and cultural aspects of the organisation and its people with the objective to simultaneously improve the conditions for the performance and quality of working life.*“

Worker's representation, direct and indirect, coexist since the unionisation has appeared as concept of worker's instrument to defend their labour rights, incomes and conditions of work. The progress of industrial relations brings changes in the forms of labour, in the organization of work, and in the types of workers representation, as well.

Workers participation implemented in „wide range of different practices for involving employees in decision making about work“ (Gallie, D) might be assessed in both opposite directions. From one hand, it is an opportunity for higher civic (workers) activity and involvement, and from another hand, it can be interpreted as fragmentation and „Divide et impera“ approach against strong trade unionization and consolidation of social dialogue as political instrument. Finally, the two types of workers' representation have the same goal, namely to improve working conditions. **When we talk on overarching concept of employee voice, we actually talk on culture of communication, because good communication skills build trust in between management and employees and between social partners.** This thesis is approved by all the respondents in the case study for public/ water / sector in Bulgaria, who agree that the two types of representation could only complement, cooperate and support each other.

When encompassing the whole process of design and implementation of changes on the workplace, the second determinant, besides worker involvement, is the economic condition of the enterprise to invest financial resources in innovations on the workplace.

For the purposes of this study we will consider that „direct worker participation“ - „encompassing practices and procedures which allow workers to exert some influence in decision making about work and the conditions under which they work, without the mediation of representatives“ (Della Torre et al., 2021).



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It is important to note that direct workers' representation, in the form that is understood in the context of BroadVoice project, does not exist in the Bulgarian labour legislation, but in practice there are various cases, that could be considered as direct representation.

**Table 1 Types of representation at the workplace under Bulgarian Labour Code**

	National level	Transnational level
1.	General assembly of workers and employees - art. 6 and art. 7 (2) Labour code (LC)	Directive 2009/38/EO European work councils – permanent employee representation bodies at enterprise level that facilitate the information and consultation process focused on transnational issues.
2.	Representatives for Information and Consultation of workers – art. 6 and art. 7a LC	
3.	Trade union organizations art. 4 LC <ul style="list-style-type: none"> <li>The general assembly (GA) of workers can also provide information and consultation functions to representatives determined by the trade union organization or to the representatives of workers elected by the GA.</li> </ul>	

## 2. INTRODUCTION of public sector case study company

Water supply sector in Bulgaria, is a branch of the economy, dealing with the supply of water for various needs. In The Statistical Classification of Economic Activities for the European Community, it is called collection, treatment and supply of water, sewerage, waste management and remediation.

The water supply covers the collection of groundwater, surface and rainwater, its treatment and its transmission to consumers - domestic, industrial and agricultural. Water resources in the country are formed mainly by external inflows and are unevenly distributed throughout the country.

The main pillars of the Water sector are the branches "Water Supply and Sewerage", "Hydropower", "Hydromelioration" and "Prevention of Harmful Effects of Water", and this Case study report – the interviews represents only the water supply and sewerage industry. The trade union density in this branch is about 2/3/ of the employed.

According to NSI data as of 30.06.2023. Employed in water supply, sewerage, waste management and remediation amounted to 19,452 persons, of which 16,000 are engaged in the water supply and sewerage industry and the remaining about 3,000 in waste management. [Number of employed persons | National Statistical Institute](#)



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According to NSI data, the total number of employed persons in Bulgaria as of 30.11.2023. is 2,188,285 persons. [Number of employed persons | National Statistical Institute](#)

The regulatory framework governing water policy in Bulgaria is based on compliance with European Community and national legislation. In Bulgaria, there are currently 44 water and sewerage operators with different forms of ownership: 14 of them are 100% state-owned, 11 are 100% municipal property, 14 are 51/49% state-owned, 4 are 100% private property and 1 is 77/23% private-municipal property. A form of concession exists only in one of the enterprises in Bulgaria - Sofiyska Voda AD. The concession contract was signed for 25 years. until 01.01.2025, but with an annex from 2023. The concession was extended for another 7 years.

The estimation of the funds for investment in water infrastructure show amounts in the range of more than 12 billion Lv. to cover minimum needs up to over 43 billion Lv. to bring it to a state approaching European standards.

**The institutional framework** of the sector includes:

**1. Ministry of Environment and Water** - The state policy on water management aims to achieve and maintain good status of all groundwaters, surface waters and marine waters, as a vital resource for life on the planet, limiting the harmful effects on human life and health, environment, cultural heritage and business. At a national level, the policy on water management is carried out by the Ministry, assisted by Directorate Water Management and at a basin level – by 4 Basin Directorates and 16 Regional Inspectorates of Environment and Water, that monitor and control waste waters within their respective territorial scope.

**2. Energy and Water Regulatory Commission (EWRC/KEVR)**, established in 1999 as structure with main powers for regulation of water supply and sewerage services. KEVR is an independent specialized state body of the Republic of Bulgaria. The Commission plays an extremely important role in the control and management, ensuring fairness and transparency in the relationship between energy and water suppliers and consumers. KEVR also approves the business plans for investment of the companies in the sector and defines the price policy of the water in Bulgaria.

**3. Water Supply and Sewerage Associations**, which manage the ownership of assets owned jointly between by the local government and the state. They are the main management and planning body for the development of water supply and sewerage systems and the services provided through them to the population of these separate territories. Members of the Association are the state and the municipalities. The state is represented by the regional governors, and the municipalities of the respective region are represented by their mayors.

**4. "Bulgarian WSS Holding" EAD** was established in May 2020 in respond with the implementation of The strategy for the development of the water sector and the commitments undertaken by the Republic of Bulgaria in connection with the „Plan for Development and Sustainability“ and the fight against climate change. It is a consequence

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of the realized need for the preparation and implementation of consistent policies and the Government's efforts related to increasing the quality of water supply and sewerage services in Bulgaria.

**5. Union of Water Operators in Bulgaria**, which unites 42 water and sewerage operators out of a total of 44. The main objective of the Union is to support the implementation of the state policy on water supply, sewerage, treatment of drinking and waste water. The Union participates in negotiations with the representative organizations of workers and employees - the trade unions F CIW - "Podkrepa" and NBS "Water Supplier" CITUB for the signing of collective agreements at branch level and participates in councils for the development and updating of sectoral legislation.

**6. Bulgarian Water Association (BWA)** which is non-profit organization that unites about 250 individual and 95 collective (legal entities) who have interest in related to water supply and sanitation, construction and installation, production, export, import and other companies. BAV is responsible for ensuring integrated water management in the interest of society, health of population, application of scientific and technical achievements and supporting the interaction and partnership between government bodies and the stakeholders in the sector.

### 3. CASE STUDY DEVELOPMENTS

**Table 2 Selection of companies and respondents in the sector**

Company - Public sector - Water supply		
4. Water supply and sewage (ViK OOD Gabrovo)	1. Manager of company	Company representative
	2. Trade union leader in company	Worker representative
	3. Vice president of national branch trade union Vodospabditel CITUB	Representative of trade unionist operating outside with consultative role
5. Water and sewage ( ViK EOOD Blagoevgrad)	1. Manager wastewater treatment	Company representative
	2. Trade union leader in company and HR	Worker representative
	3. Bulgarian Water association	External consultant

#### **CASE STUDY 1 Water supply and sewage (ViK OOD Gabrovo)**

- **Company characteristics and state of innovation**

In the 50s, the enterprise was a unit of the municipality. Subsequently, the Water Supply and Sewerage Company was established, which was national and had divisions in each regional city. At the moment, it is public property, which is divided 51% ownership of the Bulgarian Water Supply and Sewerage Holding, and the remaining 49% ownership is distributed among the four municipalities of the district (Gabrovo, Dryanovo and Tryavna). As a supply position on international markets, the company is a monopolist at regional level for the service of supply, drainage and treatment of water. In terms of

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innovation, the company is trying to introduce digital technologies and new organizational methods - digitalization and process management systems, software, new technologies for water purification and sludge recovery.

- **Workforce characteristics and labour relations**

The total number of staff is about 400 people, organized in different areas (municipalities) and different departments. The main activity of the enterprise engages engineers, water supply and sewerage technicians, specialists in the field of natural and domestic waste water treatment, as well as auxiliary activities such as accounting and project activities. Staff turnover is not very pronounced, it is small percentage, but the average age of employees is growing and currently is about 50-55, the average age for the sector is 53 years of the employed. It is difficult to attract and retain young specialists because of the unattractive salary and the shift work, although the organizational climate is relatively calm. The average salary is 1350 BG lv. ( 690 Euro), which pay is absolutely impossible to support a household of four people. For 2024 the average salary for the country is 2 293 and for 2025 the poverty line in Bulgaria will be 638 BG lv. The annual turnover is about 5 %. About half of the employed have secondary education and about 20% have university degree. There is a lack of candidates for enrolment in plumbing specialist at the schools and in the universities, and there is a lack of new academic specialists in these fields.

The enterprise has a national-branch collective labour agreement, as well as a collective labour agreement at the enterprise level. Over 90% of the employees are trade union members. There is a good social dialogue with the two existing trade unions - CITUB and Confederation of Labor PODKREPA and between both of them as well. There are no other forms of workers' representation in the enterprise, such as information and consultation bodies or representatives of a general assembly of workers. The enterprise provides resources for the implementation of association by providing premises for holding meetings and bears the costs of workers when participate in trade union events, as well as the costs related to commitments under an effective collective labour agreement. Participation in trainings for professional qualification improvement, workers' sports and recreation, etc., is perceived very positively by the employed and contributes for good organizational climate. Unfortunately the upskilling do not brings to rising the wages but contributes for the confidence of the workers and for developing the collegiality.

- **Direct worker participation practices and the interplay with industrial relations**

The management is in constant, daily, direct dialogue with the workers and there are proposals for innovations or for improving the work from the smallest things, *"from the tools, to the introduction of such technological things, which, according to the financial resources we have, we assess whether we can afford or not."* Each innovation is aimed at easing some of the work of the staff. In this regard, trainings are sought and conducted as a priority for the development of internal expertise and then external consultants are resorted to. The staff supports the collaboration between the direct and the indirect workers representation in achieving best working conditions for the employees.



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According to trade union representatives / indirect representatives/ the innovation of the workplace should rely on the sense of fairness in the employees, so the role of representatives for direct participation goes through the values of justice.

- **Overall impact of the practices and future prospects**

The relationship between direct and indirect participation is in the direction of cooperation, but the management expresses the opinion that employees can be more engaged and proactive. The biggest challenge is related to finding and retaining highly qualified workers. The relationship between direct and indirect participation is in the direction of cooperation, but the management expresses the opinion that employees can be more engaged and proactive. The biggest challenge is related to finding and retaining highly qualified workers.

### **CASE STUDY 2 Water and sewage (ViK EOOD Blagoevgrad)**

- **Company characteristics and state of innovation**

The company covers a large region in southwestern Bulgaria. The enterprise is 100% state-owned. The main activity is water supply, water supply, purification and repair works. The company operates five wastewater treatment plants and four drinking water treatment plants. The total number of staff is about 550 people. There are organizations of the two nationally representative trade unions - CITUB and Confederation of Labor "Podkrepa". Some of the employees who are not trade union members benefit from the existing Collective Bargaining Agreement as affiliated under the Collective Bargaining Agreement, against payment of the respective joining fee. The last CA was signed in March 2023 for two years.

- **Workforce characteristics and labour relations**

The company complies with the provisions of labour legislation. The average age of the staff is over 50 years. The nature of the job implies a larger number of men. (140 of 550 are women) Social benefits are provided in the form of financial incentives, for example, for the Water Day. In order to ensure the staffing of the water supply service, the Collective Bargaining Commission provides a financial bonus for employees to whom it leaves 1/3 of unused paid annual leave, which is transferred to the next calendar year. Financial resources are paid for glasses and when there is provided medical documentation to workers, the costs of treatment in hospital are covered as well. Upskilling activities are provided for pipe gluing skills, for legal advisers procedures, Despite these privileges, it is difficult to find qualified personnel for the remuneration that the enterprise offers. The shortage of personnel in strategic positions such as plumbers, smugglers, excavators and microbiologists as well. The people do not feel that their labour is appreciated.

- **Direct worker participation practices and the interplay with industrial relations**

There is initiative and some of the employees give innovative suggestions to their line managers. In these cases, it is at the discretion of the head of the department whether to refer the proposal as relevant to the manager of the enterprise. Other suggestions for innovations come from trainings through external companies. The company invests in

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improving the qualification by providing resources in the form of leave or participation in training. There are "no conflict points" between direct and indirect workers' representation. „*We work in symbiosis, because the human factor is really decreasing, more and more businesses are leaving without labour.*"

- **Overall impact of the practices and future prospects**

The most common workers representativeness in the company are the trade unions. There are formed by employers Working Conditions Committees, but the employees do not recognize them as representatives and as activities.

There were not mentioned areas for future direct participation from the respondent. One of the respondents shares that is difficult to evaluate, if both forms will compete or complement each other as we are state company. „*I would rather say that individual initiative is not allowed.*" The people are distrusted and initiative is rarely taken. The activity of civil society is currently absent.

- **Summary of the case studies**

In addition to the two nationally representative trade unions, in some companies there are base organizations of other trade unions that are not nationally representative. As a form of indirect representation, there are Working Conditions Committees (KUT) and Working Conditions Groups (GUT). Sometimes the representatives in KUT and GUT are trade unionists. Another form of indirect representation is Information and Consultation Representatives. These forms are less used by trade union representation activities.

All of the respondents share the opinion that all these groups represents the interests of the workers, they complement each other, they can also support each other in from of the employer and, figuratively speaking, „*pass the ball according to the different situation*". „*There is no objective reason for them to be against each other or not to help each other in their work.*"

The innovation processes depend on the financial abilities of the companies and the employers perspective for the future of the employment quality.

## 4. GENERAL CONCLUSIONS

### The main challenges characterizing the sector under study

6.1. The unstable political environment (internal political dynamics, in which 8 caretaker and 5 governments are replaced for the period 2013 – 2023) is accompanied by regular competition for "political" appointments in the public sector, part of which is the water supply and sewerage sector and regulatory authorities.

6.2. The water supply crisis and the introduced water regime 2022-2024 are the result of the weak management of the sector over the past 30 years.

6.3. Fragmented institutional apparatus and ownership of the water supply and sewage companies.

6.4. Lack of strategic policy and national vision for the development of the sector.

6.5. Lack of effective communication between the Energy and Water Regulatory Commission, the Ministry of Regional Development and Public Works, the Water Supply and Sewerage Holding and last but not least the civil society;

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6.7. Crisis of social dialogue at tripartite level - non- functioning sectoral council on sectoral issues; closed National Water Council at the Council of Ministers, closed Technical Expert Council on Water Supply and Sewerage at the Ministry of Regional Development and Public Works;

6.8. Depreciated infrastructure - the majority of the operating water supply assets were put into operation before 1980. The water supply network is corroded and poses risks to the quality of drinking water. Presence of large water losses from physical leaks.

6.9. Permanent underfunding of the sector – lack of European funds for water supply in the water supply and sewerage sector.

6.10. Lack of staffing of the sector - both of basic specialists of engineers, technicians, plumbers, excavators, collectors, and administrative employees - payroll, IT, public procurement specialists and lack of strategical staff preparation for the needs of sector;

6.11. Low wages of employees in the sector - below the average salary for the country. (NSI data)

6.12. Institutional defining of the water price policy.

## GENERAL CONCLUSIONS

As a result of the different forms/ systems of industrial relations in the Eu member states, the different levels of industrial democracy and the different tools for integrating industrial democracy in the workplace - we can summarize that it would be difficult to give a common „overarching concept of employee voice that could serve both workers’ and enterprises’ needs“.

There is no doubt that there is a connection between the structural and cultural aspects in each organization, as well as their leading role in improving the quality of working life, but joint efforts - the positive collaboration between employees and employers is the milestone in workplace innovation process. Direct or undirect forms of social dialogue have been existing, but how to increase the active listening, integrity, respect and positive attitude between both parts is an issue firstly of personal culture, secondly of team culture and last, but not least up of organizational culture.

\*„workplace innovation“ described as „un integral set of participative mechanisms for interventions relating structural and cultural aspects of the organisation and its people with the objective to simultaneous improve the conditions for the performance and quality of working life.

**The Strategy for the development of the sector does not contain separate part dedicated to human resources.** The development of personal potential among the objectives of the companies in the sector is not affected, which is surprising as the HR management strategy should be part of the overall strategy for the sector. **This lack excludes an assessment of the risk and opportunities related to one of the two significant production factors - the labour.**

*„There can be new machines, we can also change the pipes, but in the end the processes are managed by people, these people must be qualified and motivated, and even the best Directive need qualified engineer to be executed.“*

## 5. RECOMMENDATIONS



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- Revision of wages in a sector that is structurally important for the well-being of the population. And the increase in the minimum wage from January 2025, about 90% of the employed will fall into this category.
- The lack of a unified personnel policy in the sector largely stems from the heterogeneous ownership and the difficult consolidation in the direction of human resources security;
- Lack of functional commitment of "Bulgarian WSS Holding" EAD in the direction of personnel policy of the sector.
- Lack of promotion and promotion of the profession and employment in secondary schools as a major step in the acquisition of human resources.
- The statements of the KEVR that the available human resources in the water supply and sewerage sector are being used inefficiently and its recommendations for reducing the number of employees should take into account, on the one hand, the social function of the service, and on the other hand, should be based on objective measures and arguments.
- Improving the corporate culture to motivate employees to search for innovative solutions that improve the working environment.

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