

Case study on the Bulgarian Post Plc.



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1. Introduction

This case study report, developed by ELI (up to WP3 of Diresoc project), addresses the historical national postal operator in Bulgaria – the Company “Bulgarian post PLC” (furthermore called BP). It aims at describing the position of the Company at the national/international postal markers, its current status in the light of the new technological realities, the role of the social dialogue in its digital transformation.

BP is to provide the following: postal, logistic and “social” services serving the national settings (more than 5000) and citizens (6 980 550) throughout the country. The functions it fulfils: sending and delivering letters, parcels, advertising materials; performing financial, insurance, customs, logistic and various social services defining it as a key player for the BG society in the postal services environment.

From the Diresoc project’s prospective, BP represents an interest being a true example of good partnership between social partners **in a state company**.

It is a challenging subject for studies as it:

- Is the oldest (140 years old) and still the **biggest postal operator** in the country;
- Enjoys a good reputation as a social and socially responsible Company;
- Is open for collaboration and partnership with national/international organisations;
- Intensified the implementation of digital technologies and systems in the past 2-3 years;
- Has established good collaboration with ELI and the world trade union – UNI;
- Has a very high trade union density - almost 92% of its staff is organised;
- Is the only national postal operator with a Collective labour agreement.

1.1. Methodology

The case study was performed following the recommendations of the WP3 Guidelines i.e. via:

- **Desk researches** making use of the annual financial and operational reports of the BP, the annual report of the Commission for regulation of communications’2017; published articles/news/projects etc., as well as the analysis of the Company’s Collective labor agreement, signed in 2018 and valid till 2020.
- **Interviews** with:
 - The CEO of the Company;
 - The HR responsible;
 - A member of the BD of the Company;
 - The presidents of the 2 bigger trade unions;
 - The head of the IT departments;
 - The head of the International department;
 - 2 workers;

The interviews were carried out face-to-face and via emails, including:

- Presentation of the project DIRESOC;
- Explanation of the objectives of the DIRESOC project and the aims of the case study;
- Delivery of the translated Consent form;
- Delivery of the DIRESOC Letter of presentation;
- Filling in of the case study's questionnaire.

1.2. General information

By a Decree of the Council of Ministers of Bulgaria at the end of 1992, two companies: "Bulgarian Posts" Ltd. and "Bulgarian Telecommunication Company" Ltd. were established in result of the division of the former "Bulgarian Post and Telecommunications" Ltd. Company. In March the 31st, 1997 Bulgarian Post Ltd. became a joint-stock company - Bulgarian Post Plc.

By amending the Law on privatization and post-privatization control in 2005, the Company **was included in the prohibition list for privatization** of the commercial companies with more than 50 % state participation in the capital and is 100% owned by the State.

BP is the only Company licensed to fulfil the full scope of the universal postal services (UPS), compensated by the State. It owns the biggest postal network, composed of 2 980 postal offices, from which - 240 in villages accounting less than 150 inhabitants, other 1 328 ones - in urban settings with more than 800 inhabitants.

Despite some postal operators in EU close their post offices (Ireland Posts) introducing the joint use of spaces with other functional units (stores, bookshops etc.) BP developed a new concept for optimizing the postal network in view of the sensitivity of the issue to close post offices and their social and political response.

The provision of the UPS throughout the territory of Republic of Bulgaria and of services covered by the UPS, as well as the provision of a postal money transfer service (which does not fall within the scope of UPS) are based on individual licenses issued by the CRC.

As in the previous two years, in 2017 the market share of BP Plc. continued to decrease and reached **13% of the total postal market**. The low market share is due to the growth in the revenues of the other operators, the report of Commission for Regulation of Communications (CRC) quotes. By the end of 2018, their number was 169, which represents a 6% increase over the previous year.

The staff number of BP in July 2019 was 9 680 **workers/employers**. **Its tendency shows a serious decrease** - in 2016 it was 10 508, in 2017- 10 293 persons.

The structure of the BP staff is:

- 79.50% - women; The trend is the share of the employed male workers to grow by 1%/per year, the one of the female – to decrease by 0.9% ;

- 23.35% of the workers/employees have a higher education level, 72.28% – a secondary one, 4.37 % are with a primary education;
- the number of managers is 193, from which 93 women;
- The age structure: 1 430 workers **are 60+ years old, 2 581 – in the range of 55-60 years**, 2094 – 50-55 years, 2 469 - of 40-50 years, 1 085 – 30-40 years , 354- 20-30 years, 7- up to 20 years.
- 61.31 % have labor contracts for full (8 hours) working day, 21.48% - are part time workers from which 47 – are employed for 1 working hour per day; 17.21% - have temporary employment contracts,
- The salaries in 2018: the highest (amounting to 1400 BGN) are the ones of the top level managers. The medium salary is 720 BGN. Big part of the postmen (mainly at part time) are paid close to the minimum salary for the country - 560 BGN (1 EUR = 1.95583 BGN).

2 Digitalisation/ restructuring

The CEO of the Company shared: *“In recent years, the behavior of the BP towards the digitalization of its processes and services changed a lot. As per our financial capabilities we are trying to introduce new and upgrade the existing software systems in our Company. The aim is - first to increase the efficiency of the Company in order to meet the growing demands of the clients in the increasingly competitive national environment, second – to improve the working conditions by reducing the manual workload operations, finally to increase the digital competence of the personnel and by improving it – to higher the salaries and thus to make the Company attractive for the young workers”.*

The factors influencing the decision of the Company’s management are:

1. The strong competition on the national postal market and the decreasing market share of BP - the conclusions regarding its the digital status (in the annual report of the Company);
2. The regulation of the financial support from the government (up to the new postal Law regarding the UPS compensation);
3. **The press ion of the Trade unions for starting preparing the personnel for the digital transformation of the Company;**
4. The information regarding the trends for the development of the postal services, the best working results and the good practices exchanged with advanced EU postal operators (through the international projects and fora);

Review of the digital innovations in the Company:

1. An operational system for collecting and managing the big statistical data coming from different levels of the Company’s hierarchical structure with the task to ease the preparation of the internal reports and the ones for the state institutions.

Result – 2 sectors of the accounting department were closed and 6 jobs - cut, relevant training for the remaining personal was organized.

2. A new digital system launched for analytical control of the daily traffic.

Result – personnel trained for the new job requirements.

3. A new mail sorting machine installed in the BG exchange center for letters and small packets with a smart software allowing to process between 6,000 and 10,000 shipments per hour.

Result – improvement of the working conditions easing the heavy workload and the manual work, decrease of the time for loading/unloading, increase the opportunities for contracting with international companies to deliver e-commerce items. A tailor-made training was organized and a bonus system implemented. The remunerations related to the newly implemented bonus system are controlled jointly by the Company’s management and the trade unions. Negotiations are going for appraisal of the acquired skills.

4. A system for automated control of the money transfer and the risk management is being introduced with options for preserving the “money laundry” and the “terroristic money” exchanges.

Result - 17 jobs cut in the Department “Control of the money transfer and payment operations”. The respective personnel was trained accordingly.

5. By the end of 2018 г. BP. and the Customs Agency started a common project for a digital customs treatment of the postal parcels with the aim to:

- Unify the technological process and the communication with clients in customs clearance of the shipments across the country;
- Optimize the staff processing activity of international postal consignments subject to customs clearance in the country by concentrating prepared, trained and highly profiled staff for the purposes of the customs clearance one place;
- Increase the services’ quality for the customers and make them trusting in the trans-borders e-commerce.

Result – a new customs’ services department was created in the Sofia sorting center consisting in

3 professional groups: Contact center, Customs treatments, Customs representation. A specialized training was organized for the new job positions. **This is the first successful effort of the company to create new jobs** resulting from its digital implementations.

6. The latest digital innovation (still in preparatory stage) is implementation of the system “**Postal services**” – an integrated system for the front desks. The system will allow to perform all payments to the public services providers on on spot. It will cover as well the whole delivery process of the letters, the parcels and the other consignments except the ones provided by courier services. The system is linked to the national Track and Trace system via on-line portal for monitoring the path of the consignment. At receipt, a notification on delivery via SMS have been introduced. It is as well connected to the international tracking system “International Postal System”.

Result - selected groups of the personnel are trained for the new software requirements.

The training is delivered in the following way: experts of the IT department train the staff of the regional offices. The last ones train the personnel of the postal offices in the smaller towns and the villages. The training encounters some problems in view the aged Company’s staff and its low computer literacy.

7. The management of the BP Plc. is in a process of negotiating the creation of a large shipments’Portal with IBM playing the role of a sales Platform for the use of the Company’s

clients. The objective is, by entering the site of BP Plc. or via the system “Postal Services”, the client to fulfill the shipments by himself. A tailored-made training will be organized as soon as the Portal is ready for launching.

The opinion of BP IT manager: *“We know that BP falls behind the most EU postal operators in its technological transformation, but primarily, we have to fulfil our social mission which is not profitable at all. In fact, the automation of the process needs considerable investments and is additionally complicated by the physical nature of most of the postal operations. With its obligation for fulfilling the UPS, the Company is dependent from the state compensation which is always delayed”.*

In view the above BP looks for additional financial sources to increase the skills and competences (incl. the digital ones) of the BP staff by partnering in national and international programs and projects. Their implementation is supported by a specially created Focus group with representatives of the Trade unions.

BP is a partner in:

- “Newpost” – a project aiming at upgrading the EU postal sector with new skills”, coordinated by ANONIMI EKPAIDEFTIKI ETAIRIA. The project aims at providing a modern Curricula to support the development of the postal sector by adjusting skills and qualification of the current and future workers in the postal sector.
- “E-Insurance training”- a project for developing an innovative training program to strengthen the knowledge, competences and skills of the employees through an e-learning platform in line with the new challenges in the sector;

3. Industrial relations/social dialogue:

Following the historical traditions, a well-established social partnership has existed and still exists in the Company. For its functioning specific structures have been created:

- **Joint council for social partnership** – a body working at a national level. Its work is based on regular meetings for issues of general interest and is composed of: the CEO of BP, Directors of different Company’s departments and – the representatives of the trade unions. Main issues discussed in the Council are: ways to raise the salaries of the different groups of workers, social topics, optimization of the BP structures, lately - implementation of the bonus systems and its appraisal in order to motivate financially the staff in the sorting center to improve its skills;

Joint commission for working conditions – treating problems related with the safety working environment, the ways to decrease the workload and the stress composed by experts on health and safety from both social partners’ side.

Four trade unions are present in the Company:

- Trade Union Federation of communications (TUFC) with members representing at about 70% of the BP Plc. Staff. TUFC is a corporate member of the Confederation of independent trade unions in Bulgaria (CITUIB);

- Federation of Communications “Podkrepa” (FC Podkrepa), a member of the Confederation “Podkrepa”;
Both Confederation are nationally representative and are participants in the tripartite Social dialogue with the employers’ organizations and the BG Government.
The above Federations are members of the world Trade Union – Uni Global Network representing postal trade unions in more than 130 countries all over the world.
- Democratic trade union of the communications;
- Trade Union “Zashtita” (Defense), created recently which is not a member of the Joint Council for social partnership.

The **social dialogue** in the Company has a decisive role while discussing and solving issues regarding: the improvement of the working conditions, the social benefits for the staff, the setting of lay-offs etc. The most problematic discussion points are those related to the increase of the salaries. A new topic in the last year is the definition of the remunerations up to the bonus system,

The existing CLA does not address topics like: digitalization, changes in forms of employment, digital training, data protection, ICT mobile work, outsourcing, platform work etc. following the traditional way of negotiating.

Initiatives of the Trade unions addressing the digitalization of the Company

1. The trade union Federation of communications organized an info-day in the frames of its regular training agenda by including the topic: “Benefits and challenges of the 4th industrial revolution for the postal sector”. More than 200 trade union presidents of trade union councils and committees all over the country took part in this specialized training.
2. In mind the forthcoming re-design of the CLS in 2020, TUFC started collecting and analyzing innovative CLAs of advanced postal operators (Posta Italian, Estonian Post). The draft of the CLA amendments (especially concerning the digital training of the workers and its appraisal already has been included in the discussions Agenda with the management of the Company and has a preliminary approval.
3. Both trade unions - TUFC and Podkrepa initiated a working meeting with the CEO of the Company for organizing a national Workshop **on digitalization** issues. The idea is to invite representatives of EU trade unions and postal operators to share information on their practice for the digital transformation of the postal operators and the digital of the staff.
4. Social partners - the trade unions and the management of BP are participating jointly in UNI’s projects, as follows:
 - “Trends for the development of the postal services till 2020 – creation of scenarios for the further postal market’s status-quo”;
 - “Promoting European Social Dialogue in the postal sector in an enlarged Europe”

Result: As per the digital initiative of the trade unions and the recent change of the Postal law, **the management of the Company declared its intention to create a long-term vision for the intensive digital restructuring of the Company’s processes and services. It declared as**

well to put special attention of the digital training of the staff and the further increase of the salaries as well as to realize the above in collaboration with the representative trade unions.

4. Conclusions:

1. The relative delay in the massive digitalization of the company is due to its financial problems. The new government policy concerning the UPS compensation and the national operational programs for improving the qualification of the professionals in the country are important prerequisites for the positive decision of its management towards its digital restructuring.
2. The implemented digital systems were accompanied by training of the respective personnel. Only limited number of jobs were cut, but conditions for new ones are created. Stimuli for the increase of the digital skills of the personnel have been invented as per the initiative of the trade unions.
3. The management got a decision and declared its readiness to put a special attention on the further technological innovation of the company, the training and re-training of the personnel. The improvement of the working conditions is to be realized mainly by implementing automation and robotisation of the of the processes, renovation of the logistic park and the postal offices.
4. The results from the study (analyzing the outcomes of the interviews and the personal meetings) showed that both social partners are aware of the necessity for innovative re-equipment of the Company. They are empowered with useful knowledge on the digitalization trends topics, the practice in the other postal operators, the collaboration between the social partners and the role of the social dialogue;
5. As in the past the role of the social dialogue shows its power for the restructuring of the Company incl. its digital innovation - the digital issues have entered in the agenda of the negotiations of the social partners and are to be strengthened with the new CLA.
6. Both social partners expressed their will to collaborate with UNI and the Universal Postal Union for methodical support and rely on the EC for financing the digital initiatives of the Company.

References:

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