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Human Resource Management in Greece and Bulgaria

Elaborated by the University of Macedonia
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Introduction

Current Situation of the Human Resource Field in Europe

A core task is to distinguish European approaches to Human Resource Management (HRM) from those taken in the US. In the same way that mass production, marketing and corporate strategy were adopted as standard business school teaching topics based broadly on the American experience, there is a temptation to assume that having “invented” management, all other specialisms (including HRM) can be extrapolated to other countries, analyzed and made the subject of generalization. Although it is widely acknowledged that much of the business and HRM literature within Europe is rooted in US thinking and HRM is largely seen as an American invention, sophisticated application of personnel management and concepts has a long and often ignored history in European countries. Paternalistic personnel management, in the early period of European industrialization, comprehensive welfare politics, and integration of personnel management as a teaching topic in general business administration makes it clear that HRM should not be considered as a purely American invention.

As attention has shifted to development in Europe, the American models of HRM have come under increasing criticism. Lawrence (1992) argues that HRM is essentially an Anglo-Saxon construct that has been “grafted on” – rather than ‘taken root’ – in Continental Europe. However, classic HRM functions such as recruitment, socialization, training and development are determined by different conceptions of management in Europe, and underpinned by a related set of values. Historically, HRM has not had the same elan in Europe and in part it has been socially and culturally bypassed. When compared with American concepts of HRM, a more European model needs to take account of a number of factors (Sparrow, 1994).

Table 1. In relation to American concepts of HRM, continental European concepts suggest...

<p>1. More restricted employer autonomy:</p> <ul style="list-style-type: none"> ■ Hiring and firing decisions ■ Lower geographic and professional employee mobility ■ Stronger link between type of education and career progression 	<p>4. More emphasis on workers rather than managers:</p> <ul style="list-style-type: none"> ■ Raison d’etre for managers derived from people ■ Less emphasis on decisive managerial heroes. ■ Management effectiveness dependent on workers
<p>2. Less stress on market processes:</p> <ul style="list-style-type: none"> ■ Human social life not viewed totally as an economic transaction ■ Lower emphasis on the contractual sale of labor by an employee. 	<p>5. Increased role of ‘social partners’ in the employment relationships:</p> <ul style="list-style-type: none"> ■ Role of trade unions’ influence in the setting of HRM policy ■ Collective bargaining at the state and regional level ■ Direct co-determination at the company level
<p>3. Less emphasis on the individual, more emphasis on the group:</p> <ul style="list-style-type: none"> ■ Strong sociological rather than psychological traditions ■ Less importance on interactions between individuals ■ Lower importance given to controlling individuals through competition. ■ Have to hire only entry level 	<p>6. Higher level of government intervention or support in many areas of HRM:</p> <ul style="list-style-type: none"> ■ State role in educational through public schools and university systems ■ Formal certification systems influencing personnel selection and careers

- Comprehensive welfare policies

*

Source: Brewster and Hegewisch (1993); Hofstede (1993); Guest (1990); Pieper (1990)

1

Current Situation of the Human Resource Field and Issues Concerning the Working Environment in Greece

1.0 The Strategic Role of Human Resource Management in Greece

Human Resource Management (HRM) refers to the policies, practices and systems that influence employee's behavior, attitudes and performance. These practices include:

- determine HR needs
- attract potential employees
- teach them how to perform
- reward them according to their performance
- create a positive work environment

These practices can help the company gain a competitive advantage over its competitors.

Competitiveness and effectiveness are determined by the extend to which the company satisfies the needs of stakeholders. Stakeholders include:

- stockholders (who want a return on their investment)
- customers (who want a high quality product or service)
- employees (who desire interesting work and reasonable compensation)
- the community (which wants the company to contribute to activities and projects of the community and minimize pollution)

Creating a positive environment for human resources involves:

- linking HRM practices to the company's objectives and strategies
- ensuring that HRM practices comply with the laws
- designing work that is motivational and satisfactory to the employees (French).

The activities that focus on the HR management can provide a direct contribution to organizational performance. Contribution can be positive or negative, depending on the effectiveness of the design and implementation of the HR policies and systems. The design

of HR activities can affect the effectiveness and efforts of employees by influencing their jobs, skills, and motivation.

At the heart of the evolution of HR management is the fact that there are two major roles associated with the management of human resources in organization: its strategic role and its operational role. Most Greek companies are familiar with only with the operational role of HR management which deals with a variety of activities typically associated with the day-to-day management of people in organizations. Aside from that, there is the strategic role of HR management that has the biggest effect in the bottom line of the company. The strategic role of HR management emphasizes that the people in an organization are valuable resources representing a significant investment of organizational efforts. Human resources can be a source of competitive strength if they are managed effectively. However, instead of performing both roles, many Greek HR practitioners are, unfortunately, continuing to perform only the operational role. This emphasis exists in most Greek organizations partly because of limitations and partly because of top management's resistance to an expanded HR role (Ball, 1992, Kanellopoulos, 1990, Kufidu, 1993, Nicolaou, 1974, and Papalexandris, 1993 and Vouzas, 1998).

1.1 The current environment of HR Management in Greece

Greek firms are characterized by a dualism that includes two extremes of the spectrum:

On the one side there are the subsidiaries of multinationals and a class of professionally managed firms.

On the other side there are mostly family-owned companies whose Chief Executive Officers (CEOs) are usually their founders or their owners.

The first type of firms is managed in a very similar way to those in advanced countries. The second type of firms with a few exceptions, are managed in a autocratic way, their managers have no exposure to management practices in firms outside Greece. They usually see nothing wrong with their management style their firm is organized and operating. The biggest problem with the owners and CEOs is that they want to be involved in practically all decisions. Family owned firms are usually customized with a strict hierarchy and they are authoritarian. There is little real empowerment and willingness to reward seniority and devotion (Makridakis, Caloghirou, Papagiannakis, and Trivellas, 1997).

The environment in which HR management in Greece takes place is very much as state of flux especially at the doorstep of the Economic Monetary Union (EMU). This route towards a common currency has its consequences mostly in the issues of salaries, unemployment, and the standard of living. It is expected that Greece's induction in the EMU will change radically the conditions and terms, both in the context of production as well as in the formation of a new economic and social system. Changes are occurring rapidly across a wide range of issues. Some of the most visible changes in the past, present challenges to HR management and are discussed next.

- Several economic changes have occurred that have altered employment and occupational patterns in Greece. A major one is the shift of jobs from manufacturing and agriculture to service industries and telecommunications. Additionally, pressures from global competitors have forced many Greek firms to close facilities, adapt their management practices, increase productivity and decrease labor costs in order to become more competitive. As a method of downsizing, Greek firms use hire freezing in contrast to most European countries that offer competitive packages to “suggest” resignation. Unemployment in Greece since 1980 has been constantly increasing showing an average of 11.3%. More specifically, 58% of the unemployed force in Greece are long term unemployed (12 months and more) and 59% of these unemployed are young, in the ages between 15-29 (Roboly, 2000).
- The poorest 10% of the Greek population relishes the 2.2% of the gross income (2.6% for the other E.U member countries) and the wealthy 10% of the population relishes the 26.3% of the gross income (24% for the other E.U. member counties) (Roboly, 2000).
- Unemployment benefits in Greece as a percentage of minimum wage of an unskilled worker was 67% in January 1982 and has decreased to 46% in January 1999 during a seventeen year period of continuous fluctuations (Roboly, 2000).
- Fifty percent of the pensions given out in Greece, are considered as minimum amounts of pension (up to 120.000 grd./month). When the pension comes from the National Insurance System (IKA) it is observed that 69.9% of the people receiving pensions are classified in the lower end of the pensions spectrum (Roboly, 2000).

1.2 Work Flexibility

1.2.1 The Challenge of Work Flexibility

There is a growing body of literature on how individual organizations in advanced economies are restructuring employee relations along the lines of workplace flexibility.

Performance-based pay, flexibility of working hours, employee involvement and commitment schemes have emerged as management's main priorities.

This package of new labor relations techniques, constituting the core of human resources management, the centralized form of collective bargaining which has been dominant in the post-war Fordist production systems.

Two major reviews of industrial relations developments in advanced countries confirm a tendency for enterprises to seek labor flexibility and decentralization in the midst of high unemployment and declining strike activity.

Despite the different labor market arrangements and cultural traditions, there is a clear trend among European companies to start taking initiatives in terms of flexible working practices in order to increase competitiveness.

The pressure for labor market reform in the European Union countries has been acknowledged and stressed by the European Commission in the White Paper on “Growth, Competitiveness and Employment: The Challenges and Ways Forward into the 21st”

Century". Recently, the European Commission has moved forward in inviting Management and Labor within the framework of the European social partnership, to reorganize the workplace as a step towards the new form of FLEXIBLE FIRM. The main idea is that high-performance flexible work practices will encourage the introduction of new technologies, raising the competitiveness of European businesses in global markets (Kufidou and Mihail, 1999).

1.2.2 Flexibility in Greece

The need for Greek firms to compete effectively in the single European Market and in increasingly global markets has raised the issue of labor market flexibility and has challenged post-war industrial relations arrangements.

The rationale for flexibility views rigid pay systems determined at a centralized level, restrictive working time practices and high protection of employment as institutional obstacles.

Different forms of working schedules exist throughout Europe, but some trends can be sketched out. Many employers are getting informed about the various types of working schedules, whereas the traditional schedule where employees work full time, 8 hours a day, 5 days a week at the employer's place of operation consists the minority from the working schedules offered.

According to data collected from 1996, in most European Union countries definite time contracts and shifts are becoming more popular. Most businesses today use some form of flexibility in the working environment, ranking as their first choices free working hours, seasonal contracts, fixed term contracts and shifts in contrast to telecommuting which is ranked last.

Previous research has shown that Greek companies have become more acceptive of this flexibility and have even adopted new forms of working schedules. This has led to a radical change in the picture of the Greek working environment. Especially, the method of subcontracting has gained the highest acceptance and has become most popular in the Greek industries. Subcontracting has a twofold gain. First it gives the opportunity to new entrepreneurs to create new small service businesses and second, it gives companies the option of choosing the quality and status of work they wish or can afford to pay.

Table 2 shows the proportion of the Greek labor force that engages in some form of flexible working schedule according to data collected by Labor Force Survey, EUROSTAT in 1994.

Table 2. Percentages of the Labor Force in Greece and the Rest EU Members engaging in some sort of flexible working schedule

	Total		Men		Women	
	Greece	Eur12	Greece	Eur12	Greece	Eur12
Total	100.00	100.0	100.0	100.0	100.0	100.0
1. Shifts	10.3	11.6	11.4	13.2	8.3	9.5
2. Night work	13.6	14.8	16.4	18.7	8.4	9.3

3. Saturday	62.9	49.7	65.5	52.8	58.3	45.4
4. Sunday	32.2	26.5	34.0	29.0	28.7	22.8
5. Working at home (telecommuting)	4.7	11.8	3.7	12.0	6.4	11.5

Source: EUROSTAT, Labor Force Survey, 1994

Looking at the chart, Greece slightly lags EU's average in shifts and night work for both sexes. This difference can be explained by the difference in the structure of industries among the countries where Greece has a significant primary sector (which doesn't present the need for shifts and night work) whereas it's secondary sector isn't so strong (which presents the need for shifts and night work).

Greece presents notably higher percentages in work during weekend days. In all the EU countries, as well as Greece, people working Sundays are half as many as those working Saturdays. Women especially, working during weekends are less than men in all countries. This increased percentage during weekends may reflect the fact that Greece has a great dimension of primary sector, and work during Saturdays and Sundays is accustomed.

Employees that work at the comfort of their home are rare in Greece. The difference in this category between Greece and the rest EU members is far larger by what is accustomed in the rest EU countries. This alternative work schedule of working at home on job-related tasks, is not popular in Greece based on the assumption that companies do not offer the needed technology and equipment required for this kind of operations (Karantinos, Ziomas, Ketsetzoglou, and Mouriki, 1997).

Some of the highlights of the flexibility issues in Greece are mentioned below:

- Flexibility in the work place and work time to be successful, has to consider not only the operational needs of the companies but also the personal needs of the employees, giving them the possibility of balancing their work and family responsibilities. This should be true for all sectors of the industry and especially for public services that derail from the new trends of the working schedule.
- Greek organizations, theoretically, have at their disposal different possibilities for changes in the work environment but the least innovative are being used by them. There is a strong preference in the usage of shifts, whereas the rotating and free working hours is in seldom use. On the other hand, nowhere has there been an instance of Greek companies using pioneering forms of flexible working schedules such as job sharing, sabbaticals, etc. Changes of this nature require some major adjustments for organizations, which must be embraced by all the levels of the company realizing that ultimately everybody benefits – the employer, the employee, and the society at large (Karantinos, Ziomas, Ketsetzoglou, and Mouriki, 1997).

- The collective bargaining of unions – both in Greece as in other European countries- for establishing 35 hours as the official weekly working schedule without adjusting accordingly compensations, doesn't seem to gain support. Employers fear that this measure will destroy the international competition of Greek firms, and the government is questioning its feasibility. There is still some room of selective application of implementing the 35 hours schedule in some sectors of the economy with high profitability. This decrease of the working hours is positively correlated with a respective decrease in salaries (Karantinos, Ziomas, Ketsetzoglou, and Mouriki, 1997).
- Greek labor legislation has for many years supported a highly centralized multi-employer bargaining structure in Greek industrial relations which has not only regulated wages but also defined terms and conditions such as working hours, holidays, and overtime pay.
- The liberation of Greek industrial relations started in the late 1980s. Within this new framework, unions target single-employer formal agreements on wage setting and working conditions.
- Wage setting at company level is conditioned by more centralized types of agreement. In fact, National Agreements bind all private sector employees in respect of the minimum wage increases.
- There is some scope of flexibility in working hours arrangements which can be an issue of collective bargaining in company level.
- Part time employment is established by law but is still used rarely.

According to a survey that was conducted among manufacturing firms that employ 200 or more people (Kufidou and Mihail, 1999), the issues under collective bargaining are the following:

Collective bargaining and issues of collective bargaining: The results of the survey showed a considerable degree of centralization in pay and other related industrial relations issues. In Greek manufacturing sector over 59% of employers still negotiate at industry level. The results reveal that over 35% of the surveyed organizations have implemented collective settlements either in the form of company/plant-level settlements or even in the more decentralized form of special agreements. Decentralized bargaining is not confined merely to pressing remuneration issues but is also growing in importance in dealing with issues related to training, health and safety, employment protection and employee evaluation. Bargaining at a company level is assuming a greater role vis-à-vis industry-wide bargaining for the whole spectrum of relevant issues.

Pay systems under collective bargaining: In the attempt to catch up with their foreign competitors, Greek firms have not only promoted bargaining at a decentralized level but have also started introducing performance-based pay systems. The basic finding indicated a marked shift towards systems that link pay to performance. At least 20% of the respondents have in recent years introduced one or more of the pay systems included in the survey: job evaluation, merit pay plans, individual and collective bonuses and profit-sharing schemes for their managerial staff. The main conclusion that can be drawn, is that flexibility pay emerges

at professional/technical and above all at management level, and there is evidence of merit pay and profit sharing schemes being applied in more moderate forms to workers and clerical staff.

Flexible employment arrangements: Apart from flexible pay, Greek firms have been seeking “atypical” working patterns derived from full-time open-ended employment contracts: for instance, fixed-terms, subcontracting, and part-time contracts. These non-standard contracts have been used intensively in the case of workers and office employers. Manufacturing companies make a heavy use of fixed-term contracts and subcontracting as primary leverages for reducing labor costs and adjusting labor resources to fluctuations in demand. Subcontracting and fixed-term contracts emerge as the most common forms of non-standard employment. Part-time contracts are used less than 5% in Greek firms. This marginal use of part-time contracts in Greece could be attributed mainly to its direct connection with conditions stipulated by the Greek labor law.

Employee involvement: The channel of upward communication, involving quality improvement teams, is used as a specialized suggestion scheme, showing about the same participation for managers and professional staff, whereas due to the skills required this channel is not used in practice by other work groups. Quality circles are virtually unused. Arguably, the most popular means of employment involvement is the formation of staff teams to work on particular projects. Participation in team work seems to extend to clerical employees in only a small percentage. However, team working appears to have been established rather on a consultative basis; semi-autonomous or autonomous groups, involving only managers, have been recorded in a few cases. The use of attitude surveys has a high rate, provided that attitude surveys require considerable resources and so their use must be attributed mainly to the relative large size of the companies

Work council function: The level of participation in a work council varies over a series of issues including training, new technology introduction, company relocation, labor force reorganization, employment/lay-offs, health/safety and production. Legislation, in this case, appears to be the major determination of marked variations across issues. Issues decisively supported by legislation, involvement is relatively high. In general, the participation is of an informative type with the exception of lay-offs and health/safety (Kufidu and Michail, 1999).

Globalization and intensified competition in the European Union makes flexibility imperative for corporate Greece and other European countries. To achieve this, emphasis has been given on company level bargaining.

1.3 Salaries

1.3.1 The Labor Force in Greece

The total number of the labor force in Greece, according to data of 1997, is 4.294.000 people, 3.854.055 of which are employed (2.439.000 men and 1.415.000 women) while the number of unemployed is 440.400 (173.000 men and 267.300 women). From those

employed, 2.111.468 are indicated as salary earners that consist approximately the 55% of the total Greek labor force.

Summarizing the results of the study on the labor force in Greece by ΕΣΥΕ, the majority of employed personnel in relevance to their duty and their occupation are salary earners (with a salary or wage) which consist the 55% of the labor force. Twelve percent (12%) are working in the family business and don't have a fixed salary whereas the 26% are working without the support of personnel such as self-employed, and the rest 7% are employers. As far as the industrial sector is concerned, most of the labor force is employed in the manufacturing industry and small industry followed by trade, education, transportation, communication services, public services, construction companies as well as tourism services. Last, as personal occupation, the majority of employees are listed as clerical personnel (321.739 people or 17.3%) followed by instructors and professors (180.739 people or 9.7%) and rendering personal services (134.086 people or 7.2%). The rest of the labor force is distributed among all other occupations (Katsoridis, 2000).

1.3.2 Salaries in Greece

Salaries are set from the National Employment Policy or the specific sector's policy. In private companies, employers have the liberty to negotiate salaries on a private level and agree on a salary figure that is satisfactory for both the employer and the employee. Some indicative salaries offered at present are presented below:

Table 3. Indicative Salaries of Greece

Category	Years of service	Salary in Grd.	Salary in Euro
Salesmen	0-2	191.640	562,41
Office clerk	0-2	176.634	518,37
Secretary	0-2	187.673	550,76
Bank	0	215.069	631,16
Worker (daily wage)		7,220 (per day)	21,2 (per day)
Chemical engineer	0-3	305.701	897,00
Tutor of secondary education		253.000	742,4

Source: www.ergatiki-asfallistiki.gr

The lowest salary in Greece as of 1-7-01 is that of the office clerk with a gross salary of 176.634 grd. From the above mentioned salaries, some deductions are being made. On a general note, without getting into specific details for deductions according to occupation, salary earners have a deduction from I.K.A. 12,9% ,a deduction from I.K.A. TEAM 3% and a deduction from stamp 0,6% for a total deduction of 16,5%. The employer is obligated to "pay" to IKA an extra percentage of 27,6% of the gross salary of the employee. After all deductions are made, the final salary is determined.

- Compensation systems have drastically changed since the time salaries were directly tied to seniority or flat compensations were dictated by the headquarters. Increased and intense competition and pressure to cut down administrative costs have drawn attention in linking pay with performance. Meanwhile some specialized workers pursue a differentiated compensation plan. This has led, in the early 1990s, to a trend of differentiated compensations systems regardless of national negotiations and dictated

compensation laws. Only blue collar workers continue to bargain through their labor unions regarding their salaries (Karantinos, Ziomas, Ketsetzoglou, and Mouriki, 1997).

1.4 Pensions and Social Security

1.4.1 Pensions

1.4.1.1 Full – age Pension

1.4.1.1.1 Usual Cases

Days of insurance	Age of males	Age of females
6,500	65	60
10,000	62	57

- For the insured persons who until 31.12.1991 had reached the age limit of 63 years for men (born until 31.12.1928) and 58 for women (born until 31.12.1933), a minimum of at least 4,050 days of employment is required.
- Not being an old age or invalidity pensioner from the special scheme of civil servants or of employees of legal entities under public law or of any other main insurance fund (excluding the Agricultural Insurance Organization OGA) (www.ika/pensions.gr)

1.4.1.1.2 Employed in heavy and hazardous to health work

Conditions for pensions and social security of person's employed in heavy and hazardous to health work:

- Age 60 years for men, 55 for women
- Days of employment: At least 4,500, 3,600 of which should be in heavy and hazardous work. 1,000 of these days should be during the last 10 years before the application for pension or before the age limit. For those insured that until 31.12.1991 had reached their 58th (men, born until 31.12.1933) or 53rd (women, born until 31.12.1938) years of age, 4050 days of employment are required, 3,240 of which should be in heavy and hazardous work. 1,000 of these days should be during the last 10 years before the application for pension or before the age limit.
- Not being an old age or invalid pensioner from the special scheme of civil or of employees of legal entities under public law or of any other main insurance (excluding the Agricultural Insurance Organization OGA) (www.ika/pensions.gr).

1.4.1.1.3 Mother of under age children

Conditions for pensions and social security for mothers of under age children:

- Age: 55 years old
- Days of employment: At least 5,500
- Have a child under the age of 18 (natural or adapted one year before the application for retirement) or a child of any age, incapable of any kind of work

Not being an old age or invalidity pensioner from the special scheme of civil servants or of employer of legal entities under public law or of any other main insurance funds (www.ika/pensions.gr)

1.4.1.1.4 Construction workers

Conditions for pensions and social security for construction workers:

- Age: 58 for men, 53 for women
- Days of employment: a) at least 4,500, 3,600 of which should be in construction or other technical work, and 1,000 of which should be during the last 10 years before the age limit, or b) at least 4,500, 11 of which should be in construction or other technical work, and 500 of which should be during the last 10 years before the application for pension or before the age limit.
- Not being an old age or invalidity pensioner from the special scheme of civil servants or of employees of legal entities under public law or any other main insurance fund (with the exception of the Agricultural Insurance Organization OGA) (www.ika/pensions.gr)

1.4.1.1.5 Employees in new areas occupational branches

Conditions for pensions and social security for employees in new areas occupational branches:

- Age: 65 for men, 60 for women
- Days of employment: At least 1,000 within the first 5 years since the extension of the insurance in the new area or in the new occupational branch. 75 days are added every year until 4,500 days of employment are completed.

- Not being an old age or invalidity form the special scheme of civil servants or of employees of legal entities under public law or of any other main insurance fund (with the exception of the Agricultural Insurance Organization – OGA) (www.ika/pensions.gr)

1.4.2 Social Security

Greece currently lacks a uniform National Insurance System even though it has as a long term goal the unification of all different funds. Today, each occupation has a different fund that cover its needs. Concurrently with the social security that IKA offers, employees should be covered by an additional pension fund (e.g. TEAM).

IKA covers employed persons working in Greece or abroad, employers whose headquarters are situated in Greece, persons who are not insured by any other main insurance fund and are occupied under service lease for a limited period as a primary or secondary employment, and finally, persons employed on a non-permanent basis (loaders and discharges, private nurses, newspaper salesmen, skimmers, etc.). These persons are insured through their trade union or insurance association (www.ika/insurance.gr).

1.4.2.1 Insurance is compulsory

Commencing from the first day of employment, insurance does not depend upon the wishes of the employer or employee. The insured person must always verify if the employer's contributions have been paid to IKA, fully and timely. Being fully insured the employee receives several benefits from both IKA and other organizations: Man Power Employment Organization (OAEΔ), Worker's Housing Organization (OEK), Worker's Foundation.

A higher salary and more working days equate to greater benefits. In case that the employer does not pay contribution on behalf of the employee, pays less than the actual working days or the real salary or does not purchase the stamps, then the employee, upon termination of employment, must notify IKA in writing of this mismanagement immediately, or six months at the latest (www.ika/insurance.gr).

1.4.2.2 Voluntary Insurance

The person who is insured by IKA has the right to request, on termination of employment, for the continuation of his insurance voluntarily for pension or health care or auxiliary insurance or for all the three provided that the required conditions, listed below, are satisfied.

- He must not be compulsatorily insured under IKA scheme or any other salaried worker's fund
- He must not be invalid at a percentage higher than 67%
- He must have accomplished either 300 days of insurance or 500 insurance days within the last 5 years prior to suspension of insurance with IKA. In the first case there is no

time limit for the application's submission, while in the second case the application must be submitted within 12 months from the last day of insurance. Insurance periods accomplished in former funds can also be taken into account for the completion of the above referred days of insurance.

Voluntary insurance for the branch of heavy and hazardous to health worker is not possible. Voluntary insurance days cannot be taken into account for the completion of 10.500 insurance days required for entitlement to a full old-aged pension (www.ika/insurance.gr).

1.4.2.3 Auxiliary Insurance (IKA – TEAM)

Salaried employees of the Private Sector who are affiliated to IKA or to any other main insurance fund, are subjected to IKA – TEAM, an independent sector of auxiliary insurance, beginning from 1.2.83, provided that they are not subjected (affiliated) to any other auxiliary fund or branch or any special account considered as Body Corporate under Public Law for the same occupation

From the IKA – TEAM insurance are exempted the employed pensioners who are insured in any major or auxiliary insurance fund as well as the individuals who due to their simultaneous insurance or multiple occupation are compulsorily subjected to another auxiliary fund (www.ika/insurance.gr).

1.4.2.4 Incorporation of Auxiliary Funds into IKA – TEAM

In the event a number of different auxiliary funds are insufficient to provide insured persons with the least of the insurance protection the IKA – TEAM provides and (in the event) that the rate between the pensioners and the insured persons becomes less than 1:2 and their financial situation does not allow the continuation of their viability, then the auxiliary funds could be incorporated with IKA – TEAM by the Decision of the Minister of Labor and Social Security.

By the particular way the IKA – TEAM will ensure all the insured persons' rights of the incorporated funds. Ten auxiliary funds have already been incorporated with IKA – TEAM from 1987 to 1996, among them the Leader Fund, Butcher's Fund, Builder's Fund, etc (www.ika/insurance.gr).

1.4.2.5 Contributions

IKA is a Social Insurance Organization. It collects contributions from both employees and employers in order to provide benefits and health care.

The employee contribution is a percentage of the gross salary of the employee. The employee's contribution is retained by the employer at the time of payment and is paid out to IKA with the employer's contribution within the time limit foreseen by the law.

Table 4. IKA contribution rates

Branches of insurance	Employee	Employer	Total
Benefits in kind and in cash	2	3	4

Pension	5	6	7
Heavy and hazardous to health work	8	9	10
Occupational risk	11	12	13
Total	14	15	16
IKA/TEAM	17	18	19
Total	20	21	22
Heavy and hazardous to health work – TEAM	23	24	25
Total	26	27	28

Source: www.ika.gr/en/insurance-gb.html

1.4.3 Benefits

The main aim of the social security is the protection of insured persons and is provided through benefits in kind and in cash.

1. The categories entitled to benefits in kind are the following:

- Insured persons and members of their families, provided they have accomplished at least 50 working days during the previous year or in the last 15 months, excluding the last 3 months.
- Persons entitled to old age and invalidity benefits and members of their families
- Persons entitled to survivor benefits

2. Persons entitled to cash benefits: Insured persons (employees) having satisfied the qualifying conditions for each benefit (www.ika/benefits.gr).

1.4.3.1 Medical Care

The medical care service provided by IKA covers the following:

1. All medical examinations carried out by doctor's in IKA's surgeries and medical centers, family physicians, doctors in rural areas and doctors connected with IKA.
2. General or specific examination in IKA laboratories or laboratories contracted with IKA
3. The amounts reimbursed, according to the official rates, for fees paid out to private doctors for visit and medicines in case of emergency. The application for refund must be submitted within the prescribed deadline (www.ika/benefits.gr).

1.4.3.2 Pharmaceutical Care

It covers expenses for all medicines and drugs prescribed by IKA doctors. The prescription must be executed within two days, otherwise it is not valid. Doctor's instructions should be strictly followed until the end of the treatment. The participation of insured persons equals 25% of the medicines' cost. Certain categories of illnesses are excluded (www.ika/benefits.gr).

1.4.3.3 Hospital Care

It covers all hospitalization expenses of insured persons, pensioners and members of their families:

1. In IKA hospitals, public hospitals or private clinics contracted with IKA, as well as clinics for chronic illnesses and handicapped children.
2. In foreign countries: In cases of illness which cannot be cured or diagnosed in Greece due to insufficient scientific means or specialization doctors.
3. In private clinics (not connected with IKA) in case of emergency, provided that the entrance is verified by the IKA doctor.

The Institute has also signed contracts with private Cardio – surgical Centers –besides State Hospitals – for Open Heart Surgery (www.ika/benefits.gr).

1.4.3.4 Dental Care

It covers all dental treatment, including orthodontic therapy to children up to the age of 13 years old, as well as dental prosthetics. The service is provided in the dental surgeries of IKA, in orthodontic and stomatological centers of IKA and in dental centers (www.ika/benefits.gr).

1.5 Motivation

The behavior that employers look in individuals rests on motivation. Motivation is the desire within a person causing that person to act. People usually act for one reason: to reach a goal. Motivation is a goal-directed drive, and as such, it seldom occurs in a void.

Individual responses to jobs vary. A job may be fascinating to one person but not to someone else. Also, depending on how jobs are designed, they may provide more or less

opportunity for employees to satisfy their job-related needs. For example, a job that gives little latitude may not satisfy an individual's needs to be creative or innovative. Therefore, managers and employees alike are finding that understanding the characteristics of jobs requires broader perspectives. This creates the need for companies to create individual incentives that will motivate their employees while increasing efficiency and effectiveness (Hellriegel, Slocum, and Woodman, 2001).

Some of the most well known motivational concepts are described in detail in the following paragraphs.

1.5.1 Gain-sharing Plans

Gain-sharing is the concept of sharing with employees of greater-than-expected gains in profits and /or productivity. Gain-sharing attempts to increase "discretionary efforts"- that is, the difference between the maximum amount of effort a person can exert and the minimum amount of effort necessary to keep from being fired. Through gain-sharing plans, regular cash bonuses are provided to employees for increasing productivity, reducing costs, or improving quality. When gain-sharing plans are correctly designed, they contribute to employee involvement and motivation. Many of those plans encourage employees to become involved in decision -making that will affect their rewards. Gain-sharing plans are tied to a plant, division, or department's improvement (Hellriegel, Slocum, and Woodman, 2001).

Payouts of the gains can be made monthly, quarterly, semiannually, or annually, depending on management philosophies and the performance measures used. The more frequent payouts, the greater the visibility of the rewards to employees. Therefore, given the choice, most firms with gain-sharing plans have chosen to make the payouts more frequently than annually. The rewards can be distributed in four ways:

- A flat amount for all employees
- Same percentage of base salary for all employees
- Percentage of the gains by category of employees
- Amount or percentage based on individual performance against measures

Although gain-sharing plans sound good, they have mixed success. It may be the case that while company costs are been cut and stock prices rise, employees are not rewarded accordingly. Consequently employees don't feel motivated enough and stop making an effort to increase productivity (Mathis and Jackson, 1999).

1.5.2 Profit-sharing Plans

Profit-sharing plans give employees a portion of the company's profits. As the name suggests, profit-sharing plans distribute profits to all employees. Average profit-sharing

figures are difficult to calculate, but according to some experts they typically range between 4 and 6 percent of a person's salary. According to Towers Perrin, profit sharing may have limited impact because employees may feel that they can do little to influence the organization's overall profitability. That is, company profits are influenced by many factors, such as competitor's products, state of the economy, and the inflation rate of the economy that are well beyond the employee's control (Mathis and Jackson, 1999).

1.5.3 Flexible Benefit Plans

Flexible benefit plans allow employees to choose the benefits they want, rather than having management choose for them. Under flexible benefit plans, employees decide – beyond a base program – how they want to receive additional benefit amounts, tailoring the benefits package to their needs. The idea is that employees can make important and intelligent decisions about their benefits. Some employees take all their discretionary benefits in cash; others choose additional life insurance, child or elder care, dental insurance, or retirement plans.

Thousands of organizations now offer flexible benefits plans. They have become very popular because they offer three distinctive advantages.

- First, they allow employees to make important decisions about their personal finances and to match employees' needs with their benefits plans.
- Second, such plans help organizations control their costs, especially health care. Employers can set maximum budget they will spend on employees' benefits and avoid automatically absorbing cost increases.
- Third, such plans highlight the economic value of many benefits to employees. Most employees have little idea of the cost of benefits because the organization is willing to pay for them even though employees might not want some of them or might prefer alternatives.

Some limitations are associated with flexible benefit plans. First, because different employees choose different benefit packages, record keeping becomes more complicated. Sophisticated computer systems are essential for keeping straight the details of employees' records. Second, accurately predicting the number of employees that might choose each benefit is difficult. That may affect the firm's group rates for life and medical insurance, as the costs of such plans are based on the number of employees covered (Mathis and Jackson, 1999).

1.5.4 Pay –for -Performance

Where a performance-oriented philosophy is followed, no one is guaranteed compensation just for adding another year to organizational services. Indeed, pay and incentives are based on performance differences among employees. Employees who perform well get

larger compensation increases, and those who do not perform satisfactorily receive little or no increase in compensation.

Many employers profess to have a pay system based on performance. Consequently, a system for integrating appraisals and pay changes must be developed and applied equally. Often, this integration is done through the use of a pay adjustment matrix, or a salary guide chart (Mathis and Jackson, 1999).

1.5.5 Bonuses

A form of individual incentives is bonuses. Sales workers may receive commissions in the form of a lump-sum payments, or bonuses. Other employees may receive bonuses as well. Bonuses are less costly than general wage increases, since they do not become part of employees' base wage, upon which future percentage increases are figured. Bonuses have gained in popularity recently. Individual incentive compensation in the form of bonuses often are used at the executive or upper-management levels of an organization, while it is increasingly used at lower levels, too(Mathis and Jackson, 1999).

1.5.6 Team-based Incentives

Companies might prefer to motivate their employees with team-based incentives for a number of reasons:

- improve productivity or teamwork
- tie earnings to job performance or improve quality
- improve morale or encourage certain behaviors
- recruit or keep employees while cutting payroll costs.

The size of the group is critical to the success of team-based incentives. If it becomes too large, employees may feel their individual efforts will have little or no effect on the total performance of the group and the resulting rewards. Incentive plans for small groups are a direct result of the growing number of complex jobs recruiting interdependent effort. Team-based incentive plans may encourage teamwork in small groups where interdependence is high.

Team-based incentive plans can pose problems in designing them and difficulties in administrating team-based incentives. Furthermore, groups, like individuals, may restrict output, resist revision of standards, and seek to gain at the expense of other groups. Compensating different employee teams with different incentives may cause them to overemphasize certain efforts to the detriment of the overall organizational good (Mathis and Jackson, 1999).

1.5.7 Employee Stock Ownership Plans (ESOPs)

A common type of profit sharing is the employee stock ownership plan (ESOP). An ESOP is designed to give employees stock ownership of the organization for which they work, thereby increasing their commitment, loyalty, and effort.

Establishing an ESOP creates several advantages. The major one is that the firm can receive favorable tax treatment on the earnings earmarked for use in the ESOP. Second, ESOP gives employees a “piece of the action” so that they can share the growth and profitability of their firm.

A drawback is that the ESOPs have been used as a management tool to fend off unfriendly takeover attempts. Holders of employee-owned stocks often align with the management to turn down bids that could benefit the outside stockholders but would replace management and restructure operations. Surely, ESOPs were not created to entrench inefficient management. Despite these advantages, ESOPs have grown in popularity (Mathis and Jackson, 1999).

1.5.8 Current Situation in Greece

Stock options are not particularly common motivational method in Greek companies. They are mostly used as an element of executive compensation where the individual has the right to buy stocks of a company usually in an advantageous price. Another reason that stock options are not very frequent is because many Greek firms, apart from large capital firms, are not enlisted in the stock market, therefore they don't have shares to distribute to their employees. In addition, most employees are not familiar with the operation of the stock market and show some inhibition in accepting any form of pay, benefit or incentive that is directly linked to it. The statistics of a previous research reinforce this observation with only 18.4% of the administrative staff having the opportunity to buy stock options.

Bonuses, on the other hand are more popular in the Greek industries. Thirty seven point five percent (37.5%) of companies use bonuses for their administrative staff but also all throughout the different levels of employment. Bonuses seem to have gained more and more acceptance throughout the years especially as an administrative compensation element.

The incentive that seems to motivate most Greek employees is pay for performance. Employees are encouraged and empowered when they see a direct link between their personal effort and performance and their compensation. This acts as a mean of rewarding individual performance, a motivational tool, and the preservation of quality work. The main benefit that differentiates pay for performance from other methods of motivation such as gain sharing, profit sharing, bonuses, and ESOP systems is the fact that this type of compensation ensures distributive justice. In addition, it stimulates the streamline of fulfilling personal goals while achieving company goals. In Greek companies, a previous study of the Cranfield University, showed that 60.3 % of the sample size use pay for performance as the primary compensation tool for its administrative staff, 40.4% for specialized personnel, 39.7% for clerical staff, and 26.5% for manual labor (Papalexandri, Chalkias, and Panagiotopoulou, 2001).

1.6 Job Analysis – Job Description

1.6.1 Job Analysis

Job analysis means a purposeful, systematic process for collecting information on the important work-related aspect of a job. Some possible types of work-related information to be collected might include the following:

- 1) Work activities – what a worker does; how, why; and when these activities are conducted
- 2) Tools and equipment used in performing work activities
- 3) Context of the work environment, such as work schedule or physical working conditions
- 4) Requirements of personnel performing the job, such as knowledge, skills, abilities (KSAs), or other personal characteristics (like physical characteristics, interests, or personality)

Implementation of a job analysis involves a sequence of activities and decision points. Even though these activities may vary depending on their purpose, at least seven major activities or decision points are typically involved in job analysis for HR selection purposes:

- (a) organizing material for job analysis,
- (b) choosing jobs to be studied,
- (c) reviewing the relevant literature,
- (d) selecting job agents,
- (e) collecting job information,
- (f) identifying job or employee specifications
- (g) incorporating employee specifications in selection devices.

Successful job analysis research involves careful planning with respect to each of these tasks (Gatewood and Field, 2001).

1.6.1.1 Who Should Perform the Job Analysis

The application of a job analysis for the purpose of developing an HR selection system must confirm to a number of scientific and legal requirements. Because of these requirements, professionally trained, experienced specialists are necessary to conduct and, possibly, defend in court the methods used. Errors in job analysis, particularly for HR selection applications, can be very costly. Because a job analysis lays the foundation for an HR selection program, a thorough, systematic process should be used when evaluating prospective consultants to conduct a job analysis or other aspects of the selection program (Gatewood and Field, 2001).

1.6.1.2 How Should the Project be Managed

Regardless of whether a job analysis project is conducted by personnel within an organization or by outside consultants, an administrative organization will be necessary to coordinate the job analysis activities. The individuals responsible for the coordination efforts depend on a number of factors including:

- the scope of work
- the complexity of the specific job analysis methods used
- the resources allocated to the project
- and whether the project is conducted by staff members in the organization or by outside consultants

Usually, ultimate responsibility for job analysis rests within top management, the operating managers, and the human resources departments. Unless top management and line management provide the necessary support, it will be difficult for the project to succeed.

Like most organizational projects, political issues in an organization can have a significant impact on the success of a job analysis study. Seldom is there a “good” time to conduct such a study. Some operational managers see a job analysis as an interference in their operations, a distraction to their employees, or a cause for lost productivity. Employees serving as percipients in the study may be resistant to the study as well. Resistance can be evident in the following situations: if participation takes them away from their jobs and their pay is tied to productivity, employees are not going to be too excited about participating. If employees believe that the analysis may raise their work standards or lower their job security, resistance will be encountered (Gatewood and Field, 2001).

1.6.1.3 What Resources Will be Needed to Conduct the Project

Several different types of resources will be needed to complete a job analysis successfully. These include (a) staff responsible for the job analysis, (b) computer resources, (c) time to perform the project, and (d) monetary support. Staff members to conduct the project and access to computers and appropriate software for analyzing job data are obviously important. Time is another resource that many managers fail to appreciate. The time needed for the project, depends on many variables such as the capabilities of the job analysis methods used, the number of jobs analyzed, and so forth. Regardless of these variables, a number of steps must be planned for, including appropriate time estimates: (a) setting up project schedules with managers of affected units, (b) preparing job analysis materials, (c) conducting needed training with job agents or staff members, and (d) collecting, analyzing, and implementing the results of the job analysis into the selection program.

Finally, any project requires monetary support. Job analysis is no different. From the range of activities just described, someone can understand that a job analysis is not a low cost proposition. But, like any other product or service, the exact price depends on many factors such as the fees of individuals conducting the project, the particular job analysis approach used, the geographical location(s) in which the study will be conducted, and so on.

Organizing and managing a job analysis are not easy assignments. They cannot be conducted by just any available person and for that reason it can only be conducted by a person expertise in the field (Gatewood and Field, 2001).

1.6.2 Job Description

The output from a job analysis is used to develop a job description and job specifications. Together, they summarize job analysis information in a readable fashion and provide the basis for defensible job-related actions. In addition, they serve the individual employees by providing management's documentation that identifies their jobs (Gatewood and Field, 2001).

1.6.2.1 Job Description Components

A typical job description contains several major parts.

- **Identification** – The first part of the job description is the identification section, in which the job title, reporting relationships, department, location, and date of analysis may be given. Usually, it is advisable to note other information useful in tracking jobs and employees through human resource information systems (HRISs).
- **General Summary** – The second part, the general summary, is a concise summation of the general responsibilities and components that make the job different from others. One HR specialist has characterized the general summary statement as follows: "In thirty words or less, describe the essence of the job."
- **Essential Functions and Duties** – The third part of a typical job description lists the essential functions and duties. It contains clear and precise statements on the major tasks, duties, and responsibilities performed. Writing this section is the most time-consuming aspect of preparing job descriptions.
- **Job Specifications** – The next portion of the job description gives the qualifications needed to perform the job satisfactorily. The job specifications typically are stated as: (1) knowledge, skills, and abilities (KSAs), (2) education and experience, and (3) physical requirements and /or working conditions. The components of the job specifications provide information necessary to determine what accommodations might and might not be possible under regulations.
- **Disclaimer and Approvals** – The final section on many job descriptions contains approval signatures by appropriate managers and legal disclaimer. This disclaimer allows employers to change employee's job duties or request employees to perform duties not listed, so that the job description is not viewed as a "contract" between the employer and the employee (Mathis and Jackson, 1999).

1.6.2.2 Preparing Job Descriptions

Most experienced job analysts have found that it is easier to write the general summary after the essential function statements have been completed. Otherwise, there is a tendency for the general summary to be too long.

The general format for an essential function statement is as follows: (1) action verb, (2) applied to what, (3) what/how/how often. There is a real art to writing statements that are sufficiently descriptive without being overly detailed. It is important to use precise action verbs that accurately describe the employee's tasks, duties, and responsibilities. For example, generally it is advisable to avoid the use of vague words such as maintains, handles, and processes.

Essential function statements should be organized in the order of importance or "essentiality." Therefore, it is important that job duties be arranged so that the most essential (in terms of criticality and amount of time spent) be listed first and the supportive or marginal ones later (Mathis and Jackson, 1999).

1.7 Organizational Structure

1.7.1 Communication

Communication is a very important factor in the normal and healthy operation of a firm. Without information, managers cannot make effective decisions about markets or resources, particularly human resources. Similarly, insufficient information may cause stress and dissatisfaction among workers. A lack of communication, miscommunication or communication overload (too much information presented at once where the recipient can't absorb and process all important and needed information) is the first indicative that the firm is heading towards trouble. Communication can be categorized in downwards communication systems where employees get all their information from the higher levels of the organizational hierarchy and upwards communication systems where employees communicate ideas and concerns towards the top management (Hellriegel, Slocum and Woodman, 2001)

1.7.1.1 Downwards Communication System

Top-down methods are necessary to execute decisions and give employees knowledge about the organization and feedback on how their efforts are perceived. Organizations use a variety of downwards communication because the diversity of multiple channels is more likely to overcome barriers and reach the intended receivers. Common examples of downward communication include house organs (such as company newsletters), e-mails, briefings, information booklets, employee bulletin boards, prerecorded messages, jobholder reports and meetings which inform employees about the company developments. During the last years, there is a tendency towards oral methods of communication due to contemporary administrative techniques such as participation management, and open door policy. Employees find it easier to express frustration or even suggest ideas orally rather than in writing (Papalexandri, Chalkias and Panagiotopoulou, 2001)

Greece uses e-mail as the most frequent method of upwards communication, a fact that isn't surprising considering the tremendous progress that technology has introduced. Most firms find using e-mails a necessary and sufficient condition in keeping up with the

technological progress. In addition, the need of a company web page is evident, which allows fast communication and exposure to clients (visitors) but employees also. A significant percentage of firms use also briefings which are mainly used to inform employees about new techniques implemented especially in this era of constant change and competition. Briefing varies in frequency and ultimate output. It may be the case that briefings become redundant and tiresome for the employees without having a real effect. In most Greek major companies, briefings may occur once a month or even once a year. Some guidelines used for an effective briefing is a predetermined agenda, a time frame used for each issued discussed. Generally, it is very encouraging the fact that Greek companies have finally understood the vital importance of communication with employees, streamlining a common vision with the fulfillment of company and personal goals and team effort (Papalexandri, Chalkias, and Panagiotopoulou, 2001).

1.7.1.2 Upwards communication systems

In upwards communication, information is sent by people who seek to inform or influence those higher up in the organization's hierarchy. The cornerstone of all such messages is the employee and the supervisor. Although no formula exists, a common element of effective upwards communication is a genuine concern for employee well-being combined with meaningful opportunities for ideas to flow up the organization's hierarchy. Common upward communication channels include the grapevine, house complaint procedures, rap sessions, briefings, suggestion systems, and attitude survey feedback (Papalexandri, Chalkias, and Panagiotopoulou, 2001).

Regarding upward communication channels in Greece and the way employees present ideas to higher management levels, the most prominent method is rap sessions (meetings between managers and groups of employees at which complaints, suggestions, opinions, or questions are discussed). This phenomenon assures the existence of a two way communication pattern in most firms considering that a big percentage of Greek firms regard rap sessions as a mean of direct communication with major directors. On the other hand, there seems to be a decrease in communication through unions that indicates a bust in the relative power that unions used to hold. Other well-known channels of communication are employee attitude surveys and briefings. Employee attitude surveys are effective with the condition that action is taken after hearing the employees' thoughts about the organization. Employees need to see that the survey resulted in the resolution of problems. Feedback from the results and action on the problem area make attitude surveys a powerful communication tool that can positively affect employee relations and employees' attitudes towards the organization. Briefings, which consist a major form of both upward, and downward communication have shown an increase in Greek companies during the years 1996-1999 (Papalexandri, Chalkias, and Panagiotopoulou, 2001).

1.7.2 Recruitment

Recruitment is the process of generating a pool of qualified applicants for organizational jobs. The strategic approach to recruitment has become more important as competitive pressures have shifted in many industries. Regardless of organizational size, recruitment has three major purposes:

- To increase the pool of job applicants with reasonable cost

- To meet the organization's legal and social obligations regarding the demographic composition of its workforce
- To help increase the success rate of the selection process by reducing the percentage of applicants who are either poorly qualified or have the wrong skills (Mathis and Jackson, 1999).

1.7.2.1 Recruiting vs. Flexible Staffing

Increasingly, organizations are examining whether to recruit "employees" or to utilize other staffing arrangements. A growing number of employers have understood that the cost of keeping a full-time regular workforce has become excessive and is getting worse because of government-mandated costs. But it is not just the money that is an issue. It is also the number of rules that define the employment relationship, making many employers reluctant to hire new employees even when the economy turns up after a recession. The use of alternative staffing arrangements allows an employer to avoid such issues, as well as the cost of full-time benefits such as vacation pay and pension plans (Mathis and Jackson, 1999).

1.7.2.1.1 Flexible Staffing

Flexible staffing makes use of recruiting sources and workers who are not employees. These arrangements use independent contractors, temporary workers, and employee leasing. A look at each of these kinds of workers and some of the important considerations associated with each type are provided below:

Independent Contractors – Some firms employ independent contractors to perform specific services on a contract basis. Independent contractors are used in a number of areas, including building maintenance, security, and advertising/public relations. Estimates are that employees can save up to 40% by using independent contractors because benefits do not have to be provided.

Temporary Workers – Employers who wish to use temporary employees can hire their own temporary staff or use a temporary-worker agency. The use of temporary workers may be useful for an organization that its operation is subject to seasonal or other fluctuations. Hiring regular employees to meet peak employment needs would require that the employer finds some tasks to keep employees busy during less active periods or resort to layoffs.

Employee Leasing – Employee leasing is a concept that has grown rapidly in recent years. The employee leasing process is simple: an employer signs an agreement with an employee leasing company. After which the existing staff is hired by the leasing firm and leased back to the company for a small fee, a small business owner or operator turns his or her staff over to the leasing company, which then writes the paycheck, pays the taxes, prepares and implements HR policies, and keeps all the required records. All these services come at a cost. Leasing companies often charge between 4% and 6% of a month salary for their services(Mathis and Jackson, 1999).

1.7.2.2 Internal vs. External Recruiting

Both pros and cons are associated with promoting from within (internal sources of recruitment) and hiring from outside the organization in order (external recruitment) to fill openings. Table 4 below summarizes some of the most commonly cited advantages and disadvantages of each type of source.

Most organizations combine the use of internal and external methods. Organizations that operate in rapidly changing environments and competitive conditions may need to place a heavier emphasis on external sources as well as developing internal sources. However, for those organizations operating in environments that change slowly, promotion from within may be more suitable (Mathis and Jackson, 1999).

Table 5. Advantages and Disadvantages of Internal and External Recruitment

ADVANTAGES	DISADNATNAGES
Internal Sources for Recruiting	
<ul style="list-style-type: none"> ■ Morale of promotee ■ Better assessment of abilities ■ Lower cost for some jobs ■ Motivator for good performance ■ Causes a succession of promotions ■ Have to hire only entry level 	<ul style="list-style-type: none"> ■ Inbreeding ■ Possible morale problems of those not promoted ■ "Political" infighting for promotions ■ Need for management-development program
External Sources for Recruiting	
<ul style="list-style-type: none"> ■ "New blood" bringing new perspectives ■ Cheaper and faster than training professionals ■ No group of political supporters in organization already 	<ul style="list-style-type: none"> ■ May bring industry insights ■ May not select someone who will "fit" the job or organization ■ May cause morale problems for internal Candidates not selected

■ Longer "adjustment" or orientation time

Source: Human Resource Management: Essential Perspectives

1.7.2.3 Internal Recruiting Sources

Some internal recruiting sources are present employees, friends/acquaintances of present employees, former employees, and previous applicants. Promotions, demotions, and transfers also can provide additional people for an organizational unit, if not for the entire organization.

Among the ways in which internal recruiting sources have an advantage over external sources is that they allow management to observe the candidate for promotion (or transfer) over a period of time and to evaluate the person's potential and specific job performance. Second, an organization that promotes its own employees to fill job openings may give those employees added motivation to offer more to the company. Employees may see little reason to do more than just what the current job requires if management's policy is usually towards hiring externally. This concern is indeed the main reason why an organization generally considers internal sources of qualified applicants first (Mathis and Jackson, 1999).

1.7.2.3.1 Job Posting and Bidding

The major means for recruiting employees for other job within the organization is a job posting system. Job posting and bidding is a system in which the employer provides notice of job openings and employees respond by applying for specific openings. The organization can notify employees of all job vacancies by posting notices, circulating publications, or in some other way inviting employees to apply for jobs.

Job posting and bidding systems can be ineffective if handled improperly. Jobs generally are posted before any external recruiting is done. The organization must allow a reasonable period of time for present employees to check notice of available jobs before it considers external applicants. When employees' bids are turned down, they should have discussions with their supervisors or someone in the HR area regarding the knowledge, skills, and abilities they need in order to improve their opportunities in the future(Mathis and Jackson, 1999).

1.7.2.4 External Recruiting Sources

If internal sources do not produce an acceptable candidate, many external sources are available. These sources include schools, colleges and universities, employment agencies, temporary-help firms, labor unions, media sources, trade and competitive sources (Mathis and Jackson, 1999).

1.7.2.4.1 School Recruiting

High schools or vocational/technical schools may be a good source of new employment for many organizations. A successful recruiting program with these institutions is the result of careful analysis and continuous contact with the individual schools.

Promotional brochures that acquaint students with starting jobs and career opportunities can be distributed to counselors, librarians, or others. Participating in career days and giving

tours of the company to school groups are other ways of maintaining good contact with school sources. Cooperative programs in which students work part-time and receive some school credits also may be useful in generating qualified applicants for full-time position (Mathis and Jackson, 1999).

1.7.2.4.2 College Recruiting

At the college or university level, the recruitment of graduating students is a large-scale operation for many organizations. Most colleges and universities maintain placement offices in which employers and applicants can meet. However, college recruitment presents some interesting and unique problems.

College recruitment can be expensive; therefore, an organization should determine if the positions trying to fill really require persons with college degrees. A great number of positions do not; yet many employers insist on filling them with college graduates. The result may be employees who must be paid more and who are likely to leave if the jobs are not sufficiently challenging (Mathis and Jackson, 1999).

1.7.2.4.3 Media Sources

Media sources such as newspapers, magazines, television, radio, and billboards are widely used. A message containing general information about the job and the organization is placed in various media. These media can have either a local, regional, or national audience and can serve the general public or a specific segment of the population (Mathis and Jackson, 1999).

1.7.2.4.4 Employment Agencies

The firm contacts an organization whose main purpose is to locate job seekers. The company provides the agency with the information about the job, which the agency then passes along to its clients. Clients can be either employed or unemployed. Agencies can be either public or private. Fees may be charged to either or both the clients seeking a job and the company seeking applicants (Mathis and Jackson, 1999)

1.7.2.4.5 Internet

The firm can either post information about open positions on its own home page, or it can contract with an Internet recruiting service. This service participates in an online job center that is a site for listing jobs across many organizations. Job seekers can access the job center and view job postings according to job title, company name, geographical location, etc. Some centers will perform an initial match between characteristics of the applicant and job requirements specified by the company. Resumes of applicants who are well matched to the job requirements are forwarded to the company for future contact (Mathis and Jackson, 1999).

1.7.2.5 Recruitment in Greece

The most widely used methods of recruitment in Greece are interviews on a one to one bases as well as application forms. Lagging are personal references. During the last years there is a tendency that the candidate goes through a line of interviews conducted by different managers of the organization as well as completing different predictors of job performance such as ability tests, personality measurement methods, and performance tests. Greek companies realize that references by themselves are not a valid measure of guarantying suitable applicants therefore seeking complementing methods for making a well informed decision (Papalexandri, Chalkias, and Panagiotopoulou, 2001).

1.7.3 Orientation

Orientation is the planned introduction of new employees to their jobs, coworkers, and to the organization. However orientation should not be a mechanical one-way process. Because all employees are different, orientation must incorporate a sensitive awareness to the anxieties, uncertainties, and needs of the individual. The overall goal of orientation is to help new employees learn about their new work environment in order to get their performance to acceptable levels as soon as possible. Some benefits of good employee orientation include the following:

- Stronger loyalty to the organization
- Greater commitment to organizational values and goals
- Lower absenteeism
- Higher job satisfaction
- Reduction in turnover

Another purpose of orientation is to ease employee entry. New employees often are concerned about meeting the people in their work units. Furthermore, the expectations of the work group do not always match those presented at management's formal orientation.

The guideline question in the establishment of an orientation system is "What does the new employee need to know now?" Often new employees receive a large amount of information they do not immediately need, and they fail to get the information they really need the first day of a new job (Mathis and Jackson, 1999).

1.7.4 Training

Training is designed to help the organization accomplish its objectives. Determining organizational training needs is the diagnostic phase of setting training objectives. Managers can identify training needs through three phases of analysis: organizational analysis, task analysis, and individual analysis (Mathis and Jackson, 1999).

1.7.4.1 On-the-Job Training

When objectives have been determined, the actual training can begin. The most common type of training at all levels in an organization is on-the-job training (OJT). Whether or not the training is planned, people do learn from their job experiences, particularly if these

experiences change over time. On-the-job training usually is done by the manager, other employees, or both (Mathis and Jackson, 1999).

1.7.4.2 Training Media

Several aids are available to trainers presenting information. Some aids can be used in many settings and with a variety of training methods. The most common ones are computer-assisted instruction and audiovisual aids. Another type is distance training and learning using interactive two-way television or computer technology.

Computer-Assisted Instruction (CAI) – It allows trainees to learn by interacting with a computer. Computers lend themselves well to instruction, testing, drills and practice, and application through simulation. A major advantage of CAI is that it allows self-directed instruction, which many users prefer. In contrast, instructor-led teaching in a campus-based setting requires employees to spend considerable time away from their jobs.

Audiovisual Aids – Other technical training aids are audio and visual in nature, including audiotapes and videotapes, films, closed-circuit television, and interactive video teleconferencing. All but interactive video are one-way communications; they may allow the presentation of information that cannot be presented in a classroom.

Distance Training/Learning – This medium allows an instructor in one place to see and respond to a “class” in other areas. If a system is fully configured, employees can take courses from anywhere in the world – at their job or home (Mathis and Jackson, 1999).

1.7.4.3 Evaluation and Transfer of Training

Evaluation of training compares the post-training results to the objectives expected by managers, trainers, and trainees. Too often, training is done without any thought of measuring and evaluating it in order to see how well it worked. Because training is both time-consuming and costly, evaluation should be an integral part of the program.

The most important part of training is the transfer of new knowledge to the workplace. Training must be transferred to the job. For effective transfer of training to occur, two conditions must be met:

- The trainees must be able to apply the material taught to the job context in which they work.
- Use of the learned material must be maintained over time on the job.(Mathis and Jackson, 1999).

1.7.4.4 Training in Greece

Greek companies invest in training their employees. According to a previous study regarding the HR field in Greece, a little bit less than 80% of the companies spend 1% of the overall payroll in training their employees. A significant number of companies (26.1%) trained over 50% of their personnel. This is especially true in the public sector where training is paid as overtime or takes place only during working hours. Employees also seek training as a mean of upgrading their qualifications and becoming more marketable in the labor industry. This

creates a match between the need industries have in recruiting trained personnel and the need employees have for personal professional growth.

The major topics that employees felt they needed training on are:

- Use of technology (computers) 73.1%
- Customer Service (buyer-seller communication) 68.8%
- Quality Management and Control 55.3%
- Human Resource Issues 52.6%
- Marketing and Sales 51.6%

This picture reflects the importance Greek companies give to customer service and customer satisfaction especially under the pressure of intense competition. In addition, companies understand the need for new and updated technology in order to keep up with the current changes and trends (Papalexandri, Chalkias, Panagiotopoulou, 2001).

1.7.5 Organizational chart

The seven management principles described below form the basis for an organizational structure.

- hierarchical structure
- unity of command
- line and staffing
- division of labor
- span of control
- positional power
- and rules

form the basis for an organizational structure. The resultant structure is often depicted in an organization chart. Although the organizational structure and the formal organizational chart may have a number of different forms, the basic structure is similar for all but the newest organization types. What organizational charts really do, is give guide to people's positions and their relationships in the formal organization. However, there is also an informal organizational chart which encompasses the informal interactions that take place among individuals in any group. These informal activities and relationships are not found in any

company manual or organizational chart. They could include cliques, those who cluster around the fax machine, etc (Drafke, 1998).

Recapitulating, in any organization there are usually two principal patterns of structure, the formal and the informal:

- The **formal organization** is the planned, or required, structure, and involves the official lines of authority and responsibility, ranging from the board of directors and president to the operative workers.
- The **informal organization**, or emergent system, involves any natural self-grouping of individuals according to their personalities and needs rather than any formal plans (Kossen, 1994).

1.7.5.1 Types of Organizational Structure in Greece

Greek companies are classified into two categories (corporations) and personal companies (partnerships). The main features of these two big categories are the following:

- A capital company, which is essentially an S.A type, is or is intended to be of big capital, although, in Greece, many are formed with the minimum required capital among members of the same family whereas personal companies are not required by law to have a certain amount of capital but may be formed with a very small amount of capital.
- The capital of an S.A. is divided into equal parts, the shares, which are negotiable instruments freely transferable whereas the capital of personal companies is not.
- Capital companies must be formed by a notary's deed, whereas personal companies are formed by a simple agreement among the partners.
- Members of a capital company are liable to the amount of their shares for the obligations of the company whereas partners of a personal company may be held liable with their property for the debts of the partnership.
- Capital companies are always commercial companies (commercial by form) whereas personal companies are of a commercial nature only if they carry out commercial business.
- Capital companies always enjoy legal personality status whereas personal companies do not always enjoy legal personality.
- When decisions taken in the Shareholders' meeting the majority is calculated according to the percentage of the capital, which belongs to every shareholder whereas in personal companies when decisions are taken the majority is calculated according to the number of the partners.

- Members of the capital companies do not participate in the management of the company whereas the partners usually participate in the management of personal companies.
- Capital companies are not dissolved for reasons depending on the person of their members, such as bankruptcy, death, etc. whereas personal companies are.

1.7.5.1.1 Establishment of a limited by shares company (S.A.)

A Limited By Shares Company called in Greek Law Anonymous Etairia, A.E., is formed according to the Law No 2190/1920 as amended and currently in force (www.elke.gr).

1.7.5.1.1.1 Establishment

The formulation of a Limited by Shares Company involves four stages:

- 1) Adoption of the statutes
- 2) Subscription of the share capital. The minimum share capital amounts to 20.000.000 grd.
- 3) Administrative authorization. The statutes must be approved by the appropriate prefecture-department of commerce, where the corporation is to be established.
- 4) Publication

1.7.5.1.1.2 Operating Structure

The board of directors has the executive power of the company and the general meeting of the shareholders is the supreme organ of a Limited by the Shares Company (www.elke.gr).

1.7.5.1.1.3 Taxation

S.A. companies with listed shares are taxed at 35% and 40% if their shares are not listed (www.elke.gr)

1.7.5.1.1.4 Cost of Establishment

Currently, the cost is determined by the following factors:

- Concentration of the capital tax on the total amount of the share capital is 1%
- Notary's fees, dues, stamp duties, etc. are 250.000 grd.
- Fees for the Bar Association are 1% of capital up to 5 million grd., plus 0,5% of capital in excess of 5 million grd.
- Government Gazette fees are 150.000 grd.

- Tax Office Dues are 150.000 grd. for the registration of the company.
- Registration with the Chamber of Commerce is 60.000 grd.

* All costs quoted are approximate except those based on percentages.

1.7.5.1.2 Establishment of a limited liability company (EPE)

A Limited Liability Company called in Greek Law Etairia periorismenis efthinis (EPE), is formed according to Law 3190/1995 as amended and currently in force (www.elke.gr).

1.7.5.1.2.1 Establishment

An EPE may be formed by one, two or more natural persons or legal entities. The structure and operation of the EPE is ruled by the Articles of Association (Statues).

The equity capital, of an EPE is 6.000.000 grd. paid in full, either in cash or other assets. If the partners are not Greek nationals, natural persons or legal entities then, it must be certified with a pink slip issued by a bank, that the amount corresponding to the contribution of the partners, has been officially imported into Greece, prior to the deed of formation of the company(www.elke.gr).

1.7.5.1.2.2 Registration and Publication Procedures

- After the signing of the notary deed containing the Articles of Association, the company is registered in the Companies Registry of the local court (where the company's registered office is located)
- A summary of the deed must be published, under the supervision of the partners or the managers, in the Government Gazette, Bulletin of Corporations and Limited Liability Companies.
- Upon establishment, the company is registered with the Tax Office and with the Local Chamber of Commerce.

1.7.5.1.2.3 Operational Structure

A Limited Liability Company operates on the basis of the Partners Meeting and Administrator (www.elke.gr).

1.7.5.1.2.4 Taxation

The taxation rate on average is 35% on taxable profits

1.7.5.1.2.5 Cost of Establishment

(All costs quoted are approximately except those based on percentage)

Currently, the cost is determined by the following factors:

- Concentration of the capital tax on the total amount of the equity capital is 1%

- Notary's fees, dues, stamp duties, etc. are 150.000 grd.
- Contributions to the Lawyer's Fund are 1.5% of the total equity capital
- Fees for the Bar Association are 1% of the capital up to 5 million grd., plus 0,5% of the capital in excess of 5 million grd.
- Government Gazette fees are 80.000 grd.
- Registration with the local court is 20.000 grd.
- Tax Office Dues are 50.000 grd. for the registration of the company, plus 30.000 grd. for each partner
- Registration with the Chamber of Commerce is 30.000 grd.

1.8 Working Schedule

According to the civil code, the legal working schedule of labor workers is forty eight (48) hours per week, or 8 hours daily whereas the conventional working schedule is 40 hours per week. In some instances, the law allows for lesser hours to be contracted but never more than forty eight. Work conducted above the legal working schedule is considered overtime, and is paid as an additional 25 per cent of the contracted hourly wage. Overtime is considered legal (when the firm has been granted such an approval by the government) and not legal (when such an approval is not granted) (Hellenic Industrial Development Bank, 1999-2000).

Wages are determined by the Ministry of Labor which also establishes the minimum wage for Greece. Employees earning minimum wage, get also an additional benefit which is regulated by the Labor Law gift.

The Labor Law regards, except Sundays, the following days as holidays:

New Year's Day (January 1)

Epiphany (January 6)

Ash Monday (not a stable holiday)

National Holiday (March 25)

Great Friday (not a stable holiday)

Second day after Easter (not a stable holiday)

Labor Day (May 1)

Religious Day (August 15)

National Holiday (October 28)

Christmas (December 25)

Second Day after Christmas (December 26)

Wage earners that have completed twelve continuous months of a five-day working week, deserve an absence of leave of twenty working days (which can be extended to twenty five days in case the employee has completed fifteen years of work with the same employer or seventeen years of overall working experience), whereas employees who work a six-day working schedule deserve an absence of leave of twenty four days after the completion of the first year (which can be extended to thirty days in case the employee has completed fifteen years of work with the same employer or seventeen years of overall working experience).

The issue of discharging employees is governed by the laws 3198/1955, 2112/1920, 1387/1983. Necessary condition for a layoff is advanced notice by the employer to the employee and the payment of any remaining of any outstanding balances dictated by law. In case the employer fails to give the employee the legally required advance notice regarding the layoff, then he/she is penalized by paying double indemnity (Hellenic Industrial Development Bank, 1999-2000).

1.9 Foreign Employee Acceptance

Work insurance and residence permit are necessary conditions for foreign citizens who wish to work in Greece. On the other hand, citizens of the European Union, since the opening of the borders among the EU countries, only need a residence permit (Hellenic Industrial Development Bank, 1999-2000).

The provisions regulating the issuance of residence and work permit in Greece are different to those applying to citizens of the European Union (EU) and to non EU citizens.

1.9.1 Non EU Citizens

1.9.1.1 Employees

A work permit is issued following the issuance of the residence permit for a time period equal to the duration of the residence permit. The employer, who intends to hire a non-EU citizen, is obliged to submit an application in three copies, to the Employment Office. The

Ministry of Labor verifies the accuracy and appropriateness of submitted documents and hence it is agreed that the position cannot be filled by a Greek or EU national with the same or similar qualifications as stated in article 21, parag. 1 and Article 22 parag. 7 under Law 975/1991, the file is forwarded to the Ministry of Public Order. The Ministry of Public Order investigates the possibility of a criminal record or the threat to public safety which would prohibit the employee from entering the country. The Ministry of Foreign Affairs gives the order to the Greek Consulate of the country of origin of the employee to issue a Consular Work Permit

Upon his arrival, the employee is obliged to appear within five days before the Department of Health of the local prefecture in order to start the procedure for blood tests in a local hospital. Also, he/she is responsible of presenting himself/herself within 30 days along with the employer at the local aliens bureau (www.elke.gr).

1.9.1.2 Self-Employment

A foreigner who wishes to work in Greece as self-employed or to establish his/her own company or partnership must submit an application to the Greek Embassy/Consulate in his/her area/country of residence, in order for the Consular Work Permit to be issued. After his/her arrival in Greece, the foreigner is obliged to appear within five days before the Department of Health of the local prefecture in order to start the procedure for the blood tests in a local hospital. Also, he/she is to present himself/herself within 30 days to the local aliens bureau (www.elke.gr).

1.9.2 Citizens of the European Union

Under the Presidential Decrees 525/1983, 499/1987 and 278/1992 EU citizens are not required to have a work permit. They are required, however to have a residence permit. EU citizens who have resided in Greece, according to Article 2 of the Presidential Decrees 525/1983 and Article 2 of the P.D. 499/1987, have the right to permanent residence.

1.9.2.1 Residence permit for Self-employment (P.D. 525/1983)

EU citizens entitled to residence are granted a residence permit. The permit is for a five year duration from the day of issue and is automatically renewed. Family members with non EU citizenship are also eligible for permanent residence.

Procedure

An application must be submitted to the Aliens Bureau within three months from the date of entry into Greece. The necessary documentation for the permit are:

- Valid passport
- Documents proving that the applicant falls into the categories of either Article 2 and 3 paragraph 2 and 3 of Presidential Decree 525/1983.

- A Health Certificate is issued by the National Health Authority certifying that the employee is not suffering from any disease or disability listed in the appendix of the Presidential Decree 525/1983 (www.elke.gr).

1.9.2.2 Presidential Permit to those rendering or accepting services (P.D. 525/1983)

To those rendering or accepting services, a residence permit is issued and is valid for the same time period as the rendering or accepting of services.

Procedure

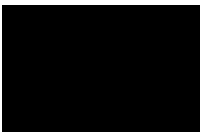
Same as above motioned in paragraph 3.6.2.1

1.9.2.3. Residence Permit for Salaried Employees (P.D. 499/1987)

The permit issued is valid for a minimum five-year period from the date of issue and can automatically be renewed. Family members have the right of residence in Greece according to Article 10, paragraph 1 of 1612/1968 Council Regulation (15 October 1968) irrespective of nationality (www.elke.gr).

Procedure

A residence permit is issued after an application submitted to the Aliens Bureau within three months of entry into Greece (www.elke.gr).



2

Primary Research in Greece 2.0 Aim of the Survey

The survey aimed at establishing trends in the development of personnel policies in Greece and Bulgaria. The research has taken the form of a Balkan comparative study of organizational policies and practices in Human Resources management across the two countries of Greece and Bulgaria. Human resource management in most European countries is strongly influenced by the national legal and institutional framework, even if, organizations across Europe are faced with common economic and structural changes which appear to elicit similar responses in personnel management strategies. In order to obtain an accurate picture of HR trends in the Greek and Bulgarian companies, it was decided to carry out a six-month survey.

The research has a particular objective: to monitor the impact of the increased 'Europeanisation' of business on specific human resource management practices in these two countries. This Europeanisation is of course most plainly manifested in the EU countries and in the single European market, though it is not limited to those countries. It was of interest whether such Europeanisation would lead to a harmonization of personnel policies. Originally the aim was to assess whether there were significant differences in trends in EU and non-EU member states. Given the recent application of many non-EU countries to join the EU and even before that, to align their legislation with the EU, this last point becomes more marginal.

2.1 Methodology

For the research of primary data, a structured questionnaire was designed from the University of Macedonia in collaboration with Euroconsultants S.A. The questionnaire had as its aim to identify major issues of interest and priority for the HR field that was important to be analyzed and compared. The questionnaire was translated in English and in Bulgarian in order to be distributed to Bulgarian firms as to collect information from Bulgarian companies as well as to achieve an identical measuring instrument. The questionnaire is divided in nine units so to cover a vast area of subjects. More specifically the issues chosen to be developed and analyzed were:

1. Payroll practices
2. National Insurance systems
3. Unions
4. Motivation
5. Communication
6. Employment
7. Organizational Structures
8. Working Hours
9. Foreign Employment

Also, included in the study are data that refer to the size of the company, the industrial sector engaged in, and their strategies regarding the role of the human resource department.

For the Greek primary research, over 300 questionnaires were distributed to well known companies. The only two restrictions in collecting the sample were the industrial sector and the size of the companies. Only private firms were preferred since they are more likely to operate an HR department. Also, the target sample ideally would consist of 80% big companies (50 employees and more) and 20% small companies (less than 50 employees). The target sample was designed that way as there seems to be a positive correlation between the size of the company and the operation of an HR department. These two restrictions had as a sole purpose to collect a greater representative sample. From these questionnaires 45 were collected generating a response rate of approximately 15%. The questionnaires were distributed via mail or fax and were collected by the same way.

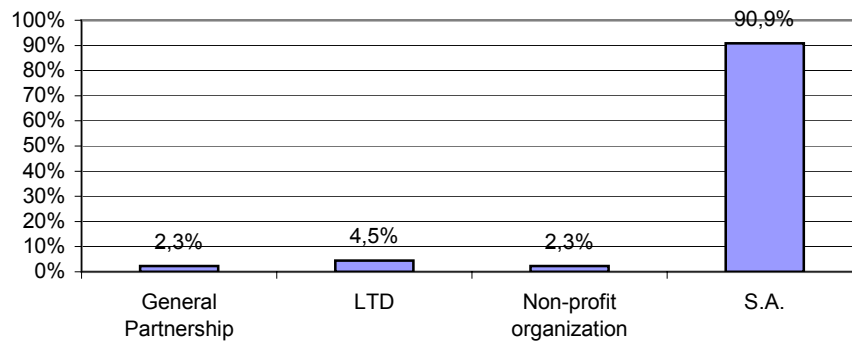
On Bulgaria's part, the final sample consisted 81 questionnaires. Bulgaria had a greater response rate of 23.1% (350 questionnaires were sent out and 81 returned completed). This greater response rate could be attributed to the fact that for 50 cases direct interviewing was administered by students at the companies' facilities.

After the collection of questionnaires, the statistical package for social scientists (SPSS) was used for both analysis and data entry purposes. This allowed the data to be subjected to a wide range of univariate and multivariate procedures appropriate for data of this nature.

2.2 The General Environment of Greek Firms

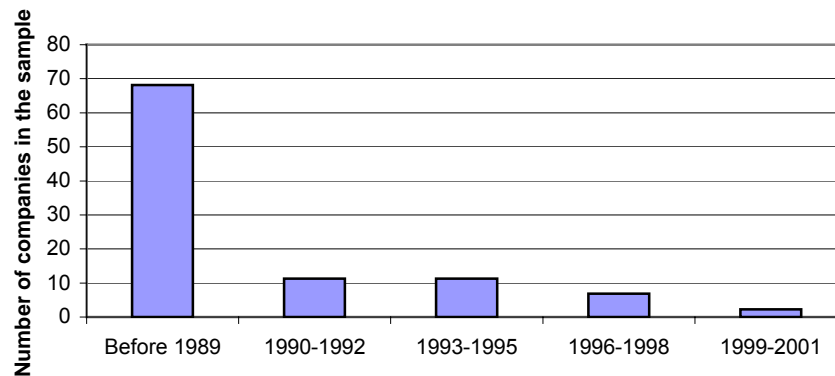
From the 45 companies that consist the total sample in the Greek survey, 90.9 % are S.A. whereas only 9.1% of the firms have a different form such as general partnership, LTD., or non-profit organizations. This gap of a greater percentage of firms registered as S.A. as shown in Figure 1 is not random but rather expected. The target sample consists of only private firms and mostly large companies (50 employees and more) that are more likely to be S.A.s. Furthermore, Greek businessmen have found the advantage of being liable to the amount of their shares for the obligations of the company a significant benefit worth registering the firm as an S.A. This is a pleasant differentiation of the picture that the Greek firms depicted years ago where a large number of firms were general partnerships due to the fact that most companies were family businesses. This change can be attributed to the increased number of international firms that have emerged in the Greek market.

Figure 1. Legal Form



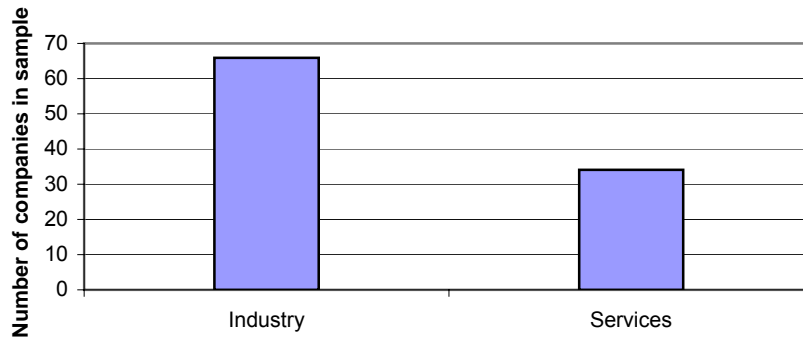
As far as the period of establishment is concerned, the sample showed that 68.2% were established before 1989, 11.3% between 1990-1992 and 1993-1995, 6.9% between 1996-1998, and 2.3% after 1999 (Figure 2). It is obvious from the sample that the majority of companies have established their position in the market.

Figure 2. Period of Establishment



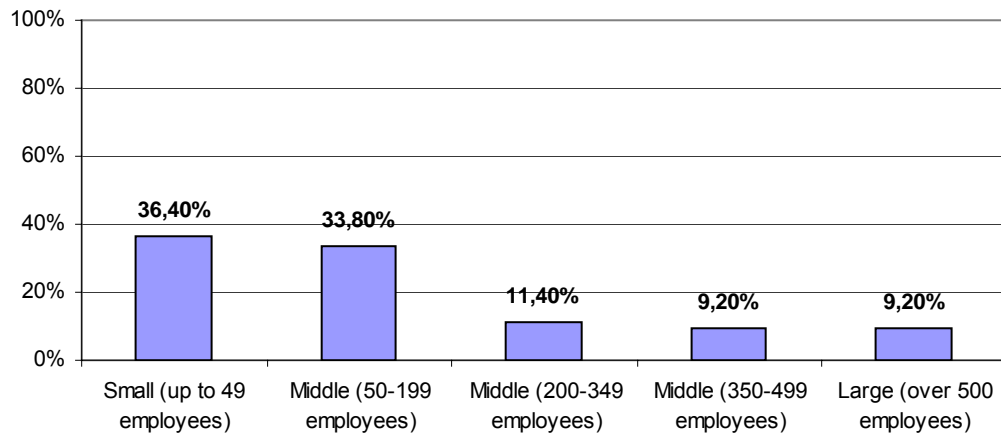
As Figure 3 shows, the majority of the sample engages in the industrial sector (65.9%) whereas only 34.1% of the companies engages in the service sector. This difference can be explained by the difference in the structure of the Greek market where Greece has a stronger secondary sector (industries) than service sector. Services are now emerging in the market and are developing with a rapid pace.

Figure 3. Industrial Sector



The size of the companies that consist the sample, are mostly small (36.4%) and middle-sized having between 50 and 199 employees (33.8%). These two categories in total form more than 70% of the sample. One reason is that 34.1% of the service sector is all small businesses. The rest of the percentages are divided among the industry sector (Figure 4).

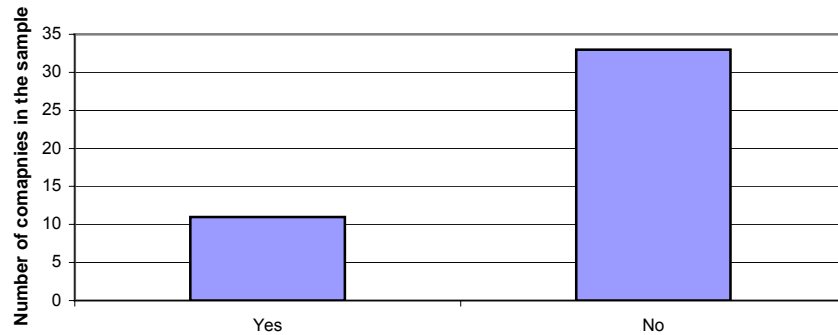
Figure 4. Number of Employees



Today's competitive market, with all the radical changes that exist in the external environment of the market and the pressures for competitiveness and quality, there is a need for employees and administration to collaborate for the survival of the business.

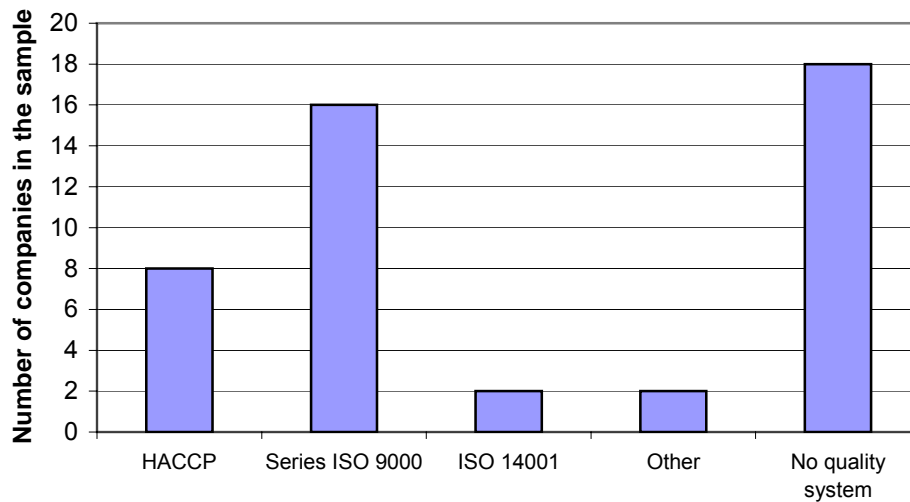
From Figure 5 it is evident that most companies (72.2%) do not have a trade union and only 22.7% do have. The companies that gave a positive answer in this question are companies engaged in the dairy, processed food, ceramics, knitwear, detergent, and press distribution industries. The mean number of employees these companies have are 294 employees ranging from 970 the biggest to 150 the smallest. This derives to the conclusion that mostly middle-sized companies do exhibit unionized personnel. The trend in Greek companies is that fewer and fewer employees are becoming members of unions.

Figure 5. Trade Union



A large percentage of companies have introduced a quality system. Quality systems in a competitive environment are developing as to become important factors for the company. In many cases a company without a quality system is not able to sell its products, especially in the food sector. Despite the importance of quality systems, the primary research results show that a significant percentage of Greek companies still have not adopted a quality system (Figure 6).

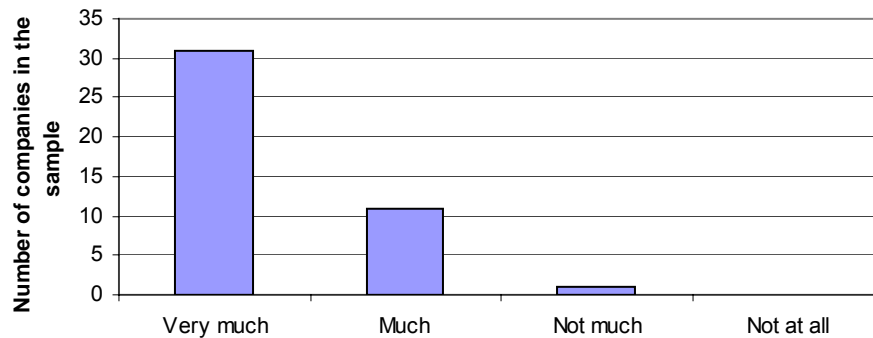
Figure 6. Introduced Quality System



People are the greatest asset of the company. Companies regard their employees as the most important tool to gain profitability, therefore they should invest the most in them; investment in the sense of salaries, benefits, incentives, and training needs. Satisfied

employees are the blocking ground for a healthy start-up and establishment of a company. This is something that fortunately Greek firms have understood since 31 companies regard the contribution of their employees to the success of the business as very important and eleven companies say that it is very important. With the exception of one company that answered that their employees do not pay a priority role in the success of the company (a non profit organization), all other samples comprehend the importance of employees and their share in the accomplishment of company goals (Figure 7). Even though businessmen claim this, it is not always revealed in the responsibilities they subsidize to the HR department or/and the HR director. Their role is mainly limited to day-to-day activities and not to important operations associated with the operation of the personnel. This is apparent from the analyses that follows which clearly shows the restricted role of the HR director in decisions of compensation, evaluation, selection, and dismissals.

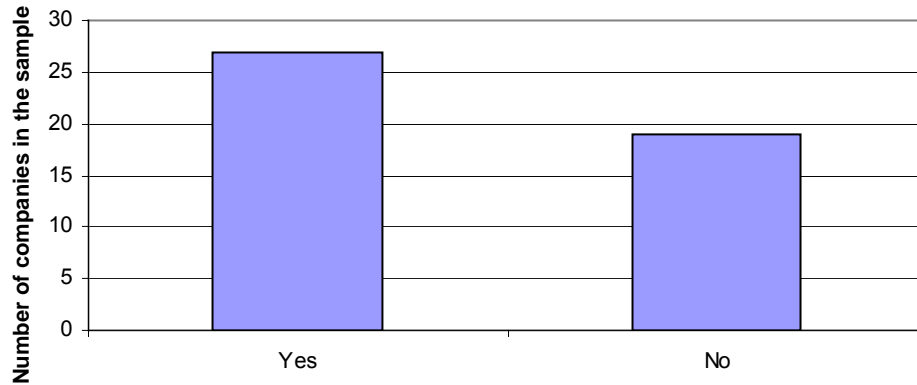
Figure 7. In what degree do you believe that human resource management contributes to the success of your business?



A firm's strategy and the administration of a Human Resource (HR) department are closely related. The HR department with all the knowledge and dexterity it masters, provides a unique competency that cultivated correctly, it transforms into a competitive advantage. So, the existence of an HR department is not an option but a necessity for the viability of a company.

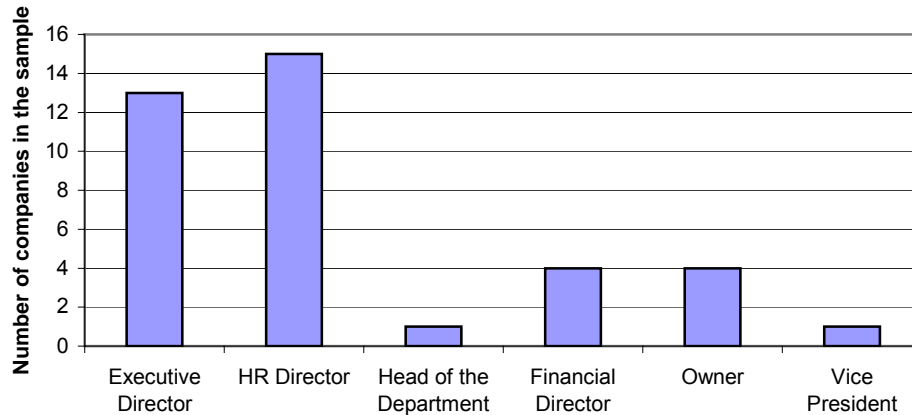
The operation of an HR department or at least an HR director in companies that employ more than 200 employees is essential. The primary research showed that 27 companies have an HR department while 19 do not. This is not an encouraging picture. Totally, 53 employees in a total number of 8434 employees staff the HR departments meaning that one member of the HR department corresponds to every 159 employees, an analogy that is not satisfactory according to the international standards. A factor that should be mentioned is that in the responsibilities of the HR department, especially in small businesses, are distributed to other departments also such as the accounting office that is in charge of the payroll. So this number can not be considered as indicative (Figure 8).

Figure 8. Does your company operate a Human Resource Department?



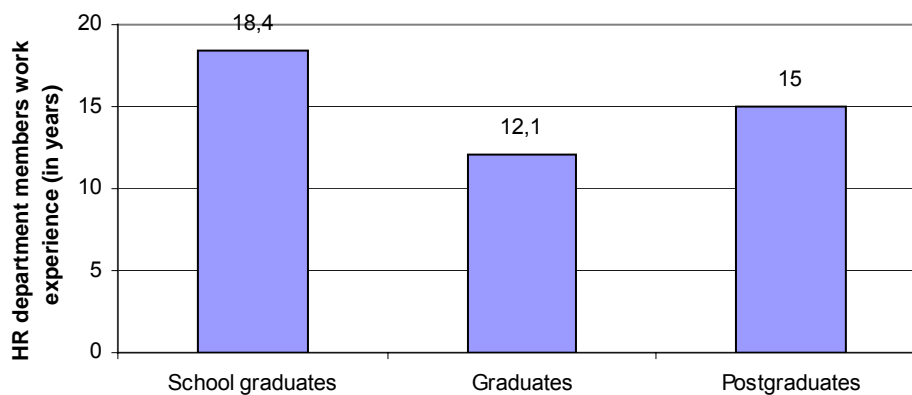
The role of the employees staffing the HR department is decisive and especially the role of the HR director, who plays a strategic and consulting role towards all the other departments of the company. Apart from the traditional operations such as selection, training, performance appraisals, compensation, and working relations, the HR director should ensure the streamlining of the individuals' needs with the company goals. Having this in mind, it is interesting to see who is responsible for the management of human resources. Of the total respondents, as Figure 9 shows, 15 of them have an HR director and in almost all other cases (13 companies) the executive director plays the role of the HR director. Other executives that are responsible for the human resource management of the company are the head of the department (1 company), the financial director (4 companies), the owner (4 companies) and the vice president (1 company). This shows a clear trend for employment of specialized personnel to operate the tasks of the HR department. Thus, the tendency that existed in the past, where employees from within the company were promoted to staff the HR department, has extinct.

Figure 9. Who is responsible for the human resource management?



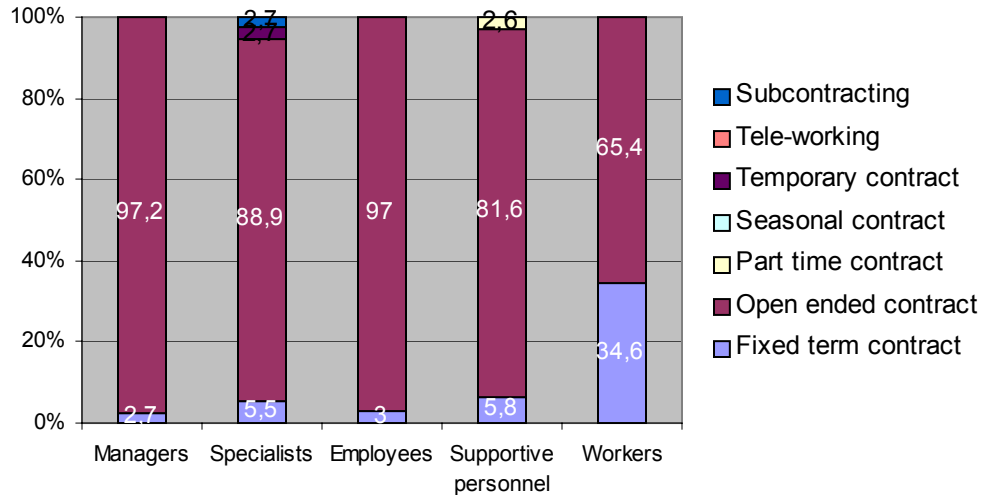
The experience and educational level of the HR department members was the most confusing question for the companies to comprehend and answer. Most companies completed the educational level of the total number of employees and not the ones that staff the HR department. This is the reason that only 21 companies consist the total sample for this question. The majority of the HR department employees, 51.2% are high school graduates and the average work experience on HR topics is 18,4 years. Graduates are 16,5% and they have an average job experience of 12,1 years. Only one HR director has a Master's degree and has a job experience of 15 years. Figure 10 is misleading if one doesn't considers the number of employees staffed in the HR department. Greek companies don't realize the HR department needs to be staffed with people that have knowledge of the subject so they can contribute to the strategic intent of the company. The notion that the HR department is a bureaucratic job that deals with the payroll, leaves, etc. must be abandoned. Unfortunately this is not clear to everybody and HR department is staffed with people that might have relevant job experience on the subject but no real education on it.

Figure 10. What is the experience and educational level of the HR department members?



The employee category that appears to use the highest percentage fixed term contracts, according to Figure 11, are workers. Open ended contracts are almost exclusively used by employees and specialists. Some forms of flexible working agreements such as part time contracts, subcontracting, and temporary contracts are met in small percentages mostly in specialists. Whereas, other forms such as tele-working and seasonal contracts were not met at all in the sample.

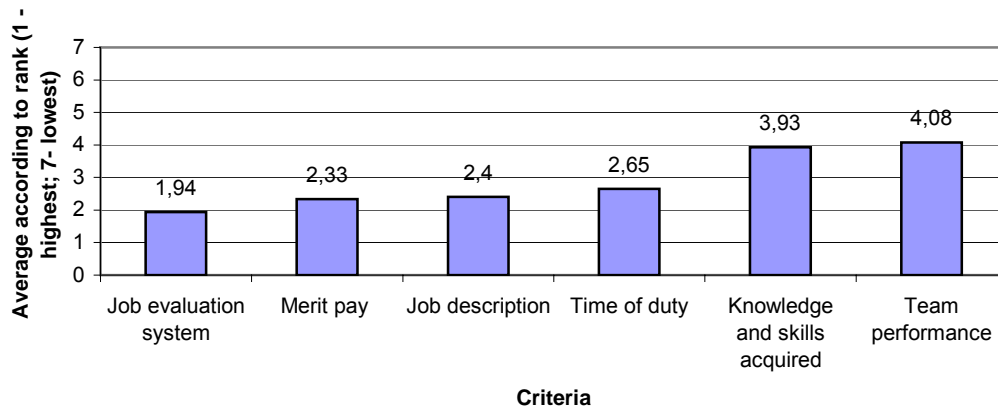
Figure 11. Type of occupation according to the different specialties of the employees



2.3 Payroll Practices in Greece

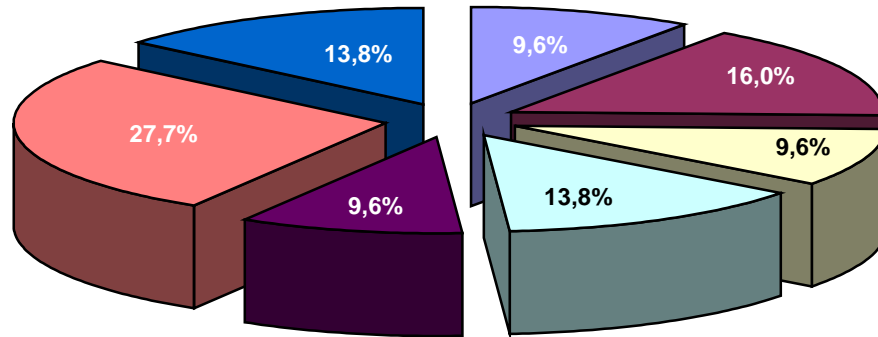
From the criteria that determine the salary rates as seen in Figure 12, most companies rated as their first choice job evaluation systems and merit pay with a mean of 1.94 and 2.33 respectively. It is clear that ranking these two criteria as first choices means that most companies determine salary rates according to the project and the employees' contribution and involvement in it. This may not always be an objective measurement. The other criteria following with a small difference are job description and time of duty, which are considered more objective criteria. The last two criteria ranking with 3,93 and 4,08 on average are knowledge and skills acquired as well as team performance. None of the questioned firms specified other salary formation criteria.

Figure 12. Criteria used in order to determine the salary rates (average)



Through the primary research the companies were asked to choose the factors according to which they reward their employees (national employment policy, specific sector's policy, negotiations with the business union, negotiations on a private level, and management's decision). The analysis of the data shows that 27,2% of the salaries are being formed according to negotiations on a private level, 16% above what the national employment policy dictates, 13,8% according to management's decision and above what the specific sector's policy dictates. A percentage of 9,6% is forming the salaries according to the national employment policy, the specific sector's policy and negotiations with the business union. Because the sample consists of private companies that usually offer competitive salaries that explains the fact that only 9,6% offer exactly what the national employment policy and specific sector's policy dictates (Figure 13). This picture changes when the public sector comes into play.

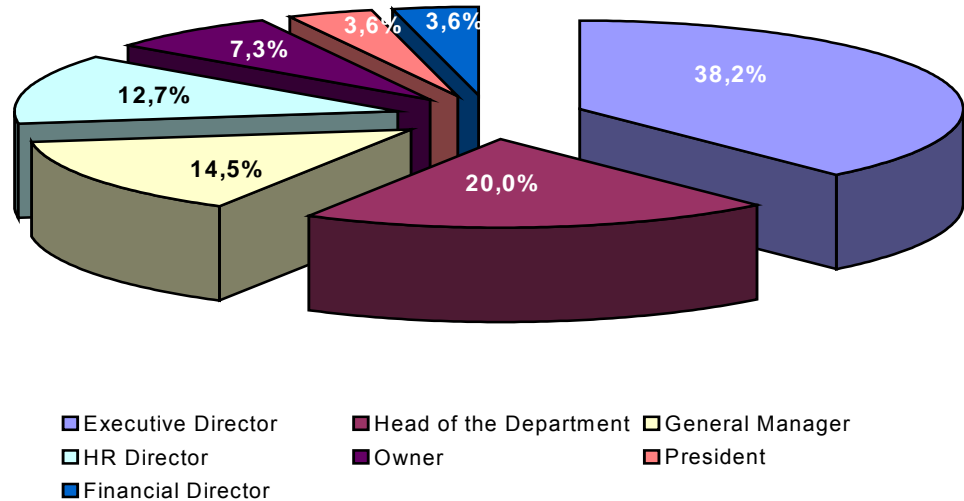
Figure 13. Rewarding employees according to the influence of selected factors



- The national employment policy
- Above what the national employment policy dictates
- The specific sector's employment policy
- Above what the specific sector's employment policy dictates
- Negotiations with the business union
- Negotiations on a private level
- Management decision

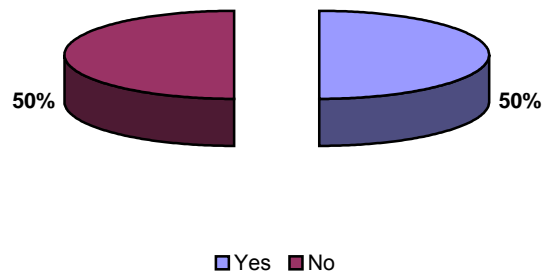
The final decision on personnel salaries level is usually made by the executive director of the firm in 38,2% of the cases. In 20% of the surveyed organizations, the head of the department makes the decision. Less often it is made by the general manager, human resource director and owner and there is only one case that the decision was made by the president and the financial director. In most of the cases the decision was made in more than one level (usually the executive director, the head of the department and the HR director when in existence) and less often it is made in a single level (Figure 14).

Figure 14. Employee's salary – final decision-maker



The financial performance of the company would be expected to play a significant role for the formation of the company's payroll policy but this is not the case according to the replies of the sample companies. Only half of the sample believes that the profits of the company influence the employees' salaries. This shows that most companies do not have in effect profit sharing and gain sharing plans. According to these schemes, employees get cash bonuses for increasing productivity or they get a portion of the company's profits. Both plans, if used correctly contribute to employees' motivation and involvement. As seen from Figure 15, 50% of the companies don't realize this gain because they don't correlate the profitability of the company with its payroll.

Figure 15. Influence of the annual profits of the company over payroll policy

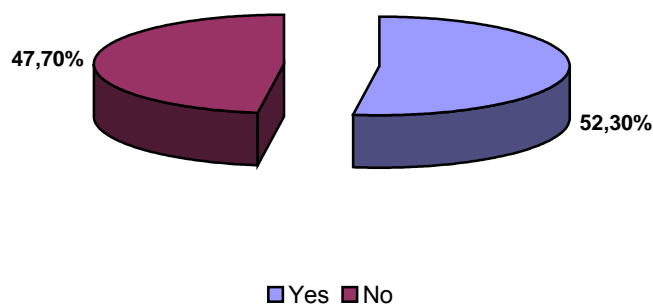


For most than half of the respondent companies (52,3%) the salary level is related to the achievement of specific targets. Some of the most frequent targets influencing the salary rates are:

- Accomplishment of the production plan without going over budget.
- Profitability of the company
- Performance of employees
- Attraction of a certain number of clients
- Achievement of certain quality of the products or services
- Accomplishment of company goals
- Appraisal of individual contribution

For the rest of the companies included in the survey (47,7%) the employees' payroll is not directly related to the achievement of specific targets (Figure 16)

Figure 16. Employee's salary – relation to the achievement of specific targets

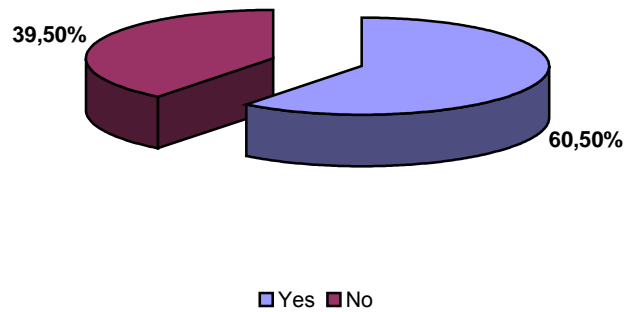


Most of the companies have adopted payroll systems that include bonuses. The survey shows that such payroll systems have been adopted by 60,5% of the firms. Some of the bonus criteria are:

- achievement of sales goals
- team performance during fulfillment of task
- productivity
- profitability of the company
- individual performance
- quality of products and services
- accomplishment of company goals
- teamwork
- adaptation of new technology
- monthly targets

The rest 39,5% of the firms included in the survey do not use any types of bonus schemes (Figure 17).

Figure 17. Usage of different types of bonus schemes

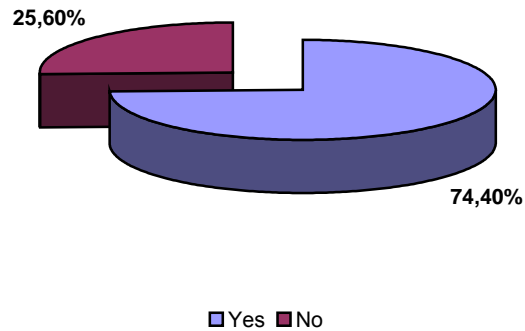


The systematic evaluation of employees is a regular practice for 74,4% of the firms included in the survey while in the rest 26,6% the evaluation is not a regular practice. The firms use various methods for performance evaluation. Some of them are:

- performance (48,4%)
- diligence (9,7%)
- character (3,2%)
- courtesy (3,2%)
- experience (3,2%)
- goal achievement (3,2%)
- individual performance (3,2%)
- initiative (3,2%)
- personal goals (3,2%)
- production (3,2%)
- skills (3,2%)
- specialization (3,2%)

The most widely used of those methods are the performance and diligence methods (Figure 18).

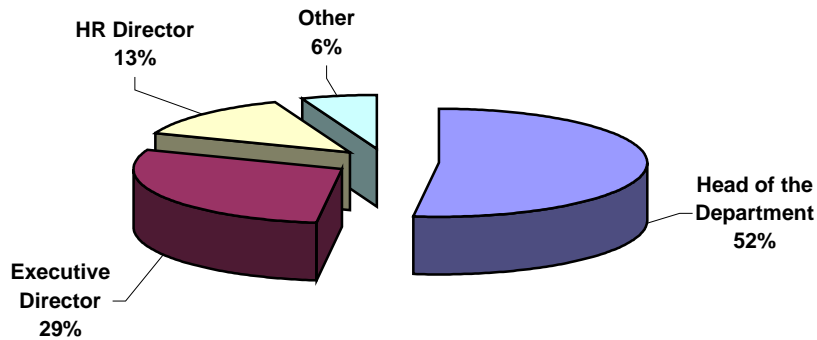
Figure 18. Usage of systematic evaluation of employees



In about 52% of the firms included in the survey, the evaluation process is a responsibility of the head of the department. The executive director is the second person that is in charge of performance evaluation with 29%. Lagging behind are the HR director or other people within the firm. In all the cases where an HR director exists, he is responsible for the evaluation of employees either solemnly or in combination with other administrative task. In 30% of the times, two or three people at different levels do the performance evaluation (Figure 19). This is the beginning for a more holistic picture of the employees rather than the subjective evaluation by only one member. Some of the main criteria for employees' evaluation used by the firms included in the survey are as follows:

- Evaluation forms (36,4%)
- Performance (36,4%)
- Direct observation (9,1%)
- Interview (4,5%)
- Management by objectives MBO (4,5%)
- Production indexes (4,5%)
- Meetings (4,5%)

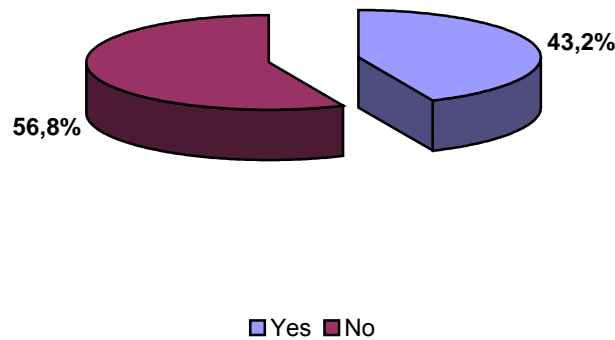
Figure 19. Distribution of responsibilities for the evaluation of employees



2.4 National Insurance System

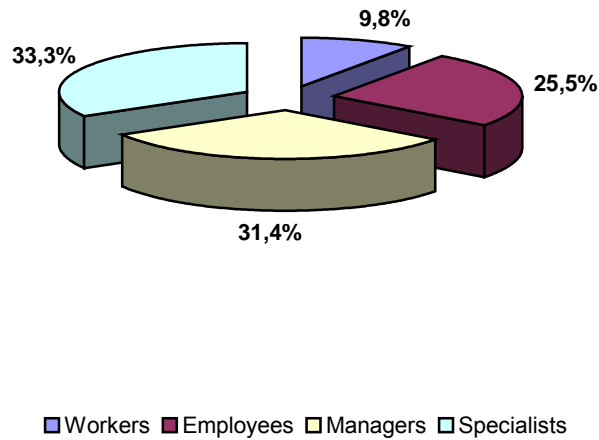
In contrast to the United States, private medical insurance is not something that Greek companies offer to their employees. Most employees rely on the medical coverage that their fund offers. The U.S. uses private medical coverage as an additional benefit to attract and retain employees. This benefit is not obvious to Greek companies since only 43,2% insure their employees for medical insurance with a private company. The rest 56,8% of the sample companies do not see the need to do so (Figure 20).

Figure 20. Offering private medical insurance to firm's employees



In the companies that do use a private medical insurance, the distribution is not equal among its employees. Specialists and managers are the two categories of employees that are most frequently insured with 33,3% and 31, 4% respectively. Only 9,8% of the workers are insured according to the research findings(Figure 21). This shows that most of the firms give highly importance to top-level employees by insuring their top management and do not use the same practice for their workers.

Figure 21. Distribution of offers for private medical insurance according to employee's specialties



Pension plans are retirement benefits established and funded by employers and employees. Organizations are not required to offer pension plans to employees. Private pensions are still not a widely used practice in Greece. Only 15,9% of the companies offers such schemes and 84,1% don't (Figure 22). The distribution of private pension according to employee's specialties is similar with the private medical insurance where managers and specialists possess more than 65% (Figure 23).

Figure 22. Offering private pensions to firm's employees

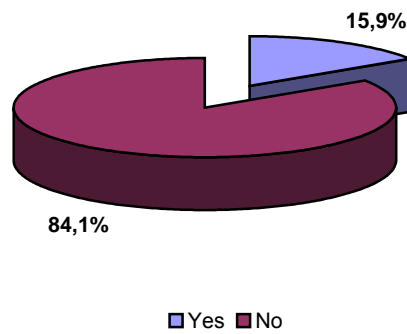
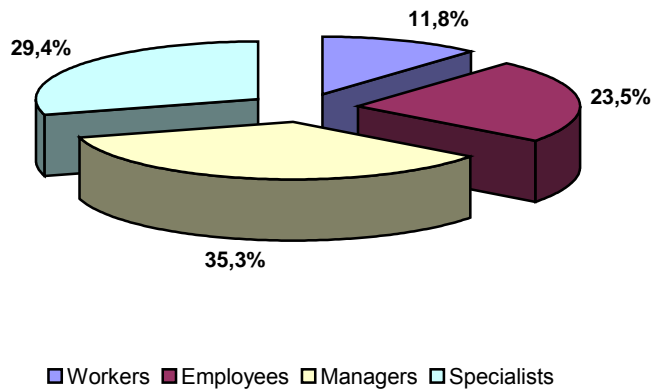


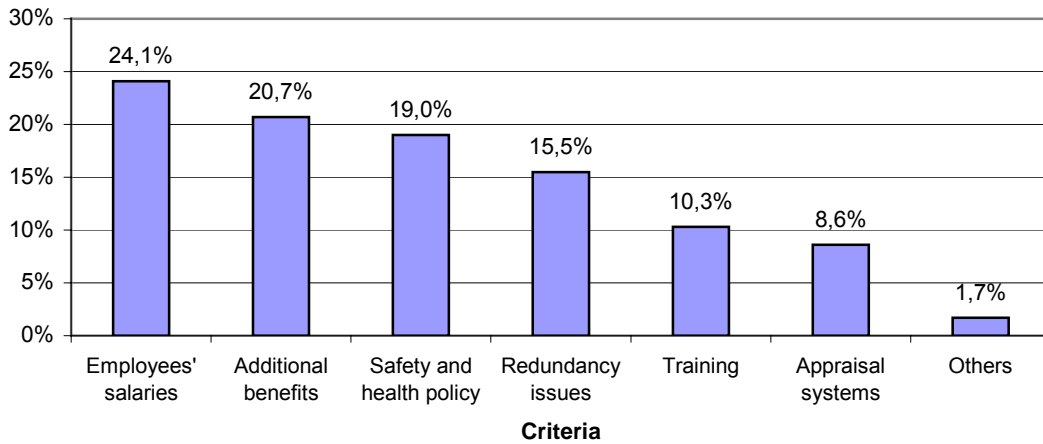
Figure 23. Distribution of offers for private pensions according to employee's specialties



2.5 Unions

Even though the majority of the sampled companies don't have a union, the firms that have established employee unions could negotiate with the employers a number of mandatory company issues. As Figure 24 depicts, employees' salaries is the first issue (14 companies) that unions delegate on. Following are additional benefits (12 companies), safety and health policies (11 cases), redundancy issues (9 companies), training (16 companies), and appraisal systems (5 companies).

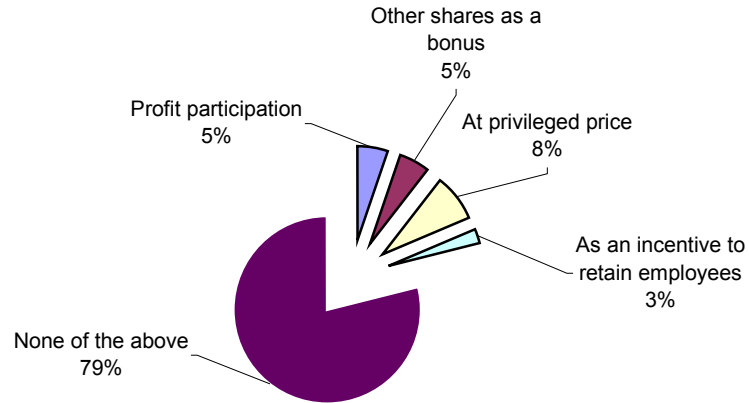
Figure 24. Issues negotiated between the employer and the company union



2.6 Motivation

Many Greek firms are not listed in the Greek stock market thus not offering the option of selling stocks or bonds to their employees. This is reconfirmed by the numbers of the study, that show that only 21% of the sample firms do have this plan in effect. Of this percentage, the most popular methods as Figure 25 shows are offering stocks at a privileged price (8%), profit participation (5%), and offering shares as a bonus (5%). Less often the shares are offered as an incentive to retain employees (3%).

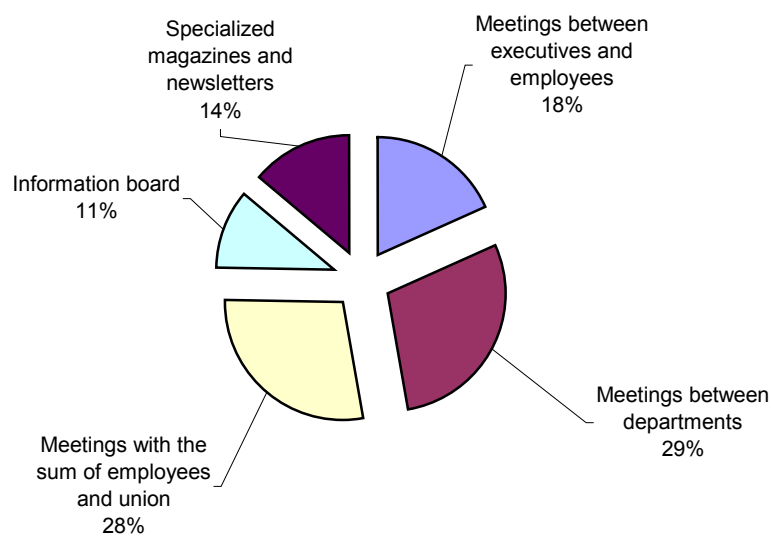
Figure 25. Application of the shares gaining motivation practices



2.7 Communication

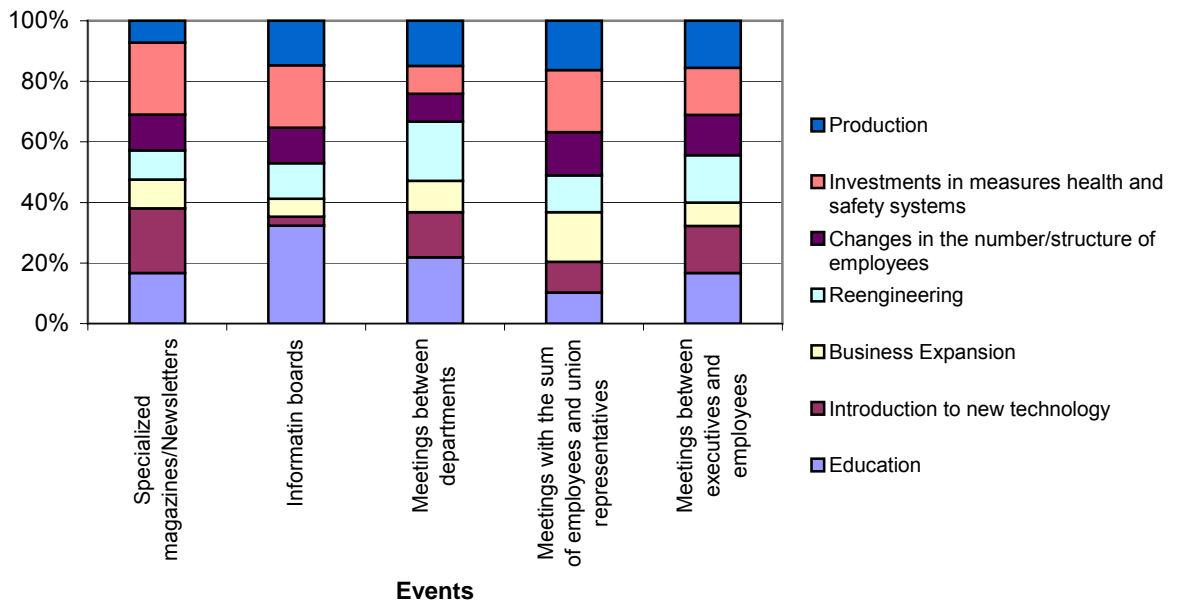
Communication with employees is a necessary activity for all new information to be publized and learned. The sample showed that all firms use at least one method of communicating to their employees new information or changes that have occurred within the company. About 29% of the sampled companies communicate new information through meetings between departments, whereas 28% use meetings with the sum of employees and unions as a communication method. Less popular are the methods of meetings between executive and employees (18%), specialized magazines and newsletters (14%) and information boards (11%). As a general comment, direct methods of communication (face to face) are more accepted and effective in transferring new information (Figure 26).

Figure 26. Relative share of the application of different methods for information of employees about company issues (302 marks)



The methods of informing employees of different events or activities vary between the different forms of organizations. Specialized information bulletins or newsletters are most frequently used to inform the employees about future changes in investments in measures of health and safety systems. The information boards are generally used to announce changes concerning primarily education. The meetings between departments are normally induced by the process of reengineering. The meetings with employees trade union representatives are usually held for discussions on business expansions and investments in measures of health and safety systems. The general meetings between management and staff are intended to discuss changes in production, further education, and reengineering (Figure 27).

Figure 27. Internal distribution of events activating different methods for informing employees



Almost all companies from the sample organized some social events. In Greece, New Year is a big celebration and an official holiday. As seen in Figure 28, a celebration is organized for New Year in 20 of the questioned companies. Following are professional celebrations such as company events, company dinners and dance which 15 companies organized. Celebration for family and personal events such as children's parties, carnival parties and name days are celebrated in 10 sample firms. Many companies organize conferences or excursions for their members, a case that appears in 12 firms. Christmas events and Easter events are celebrated but not as often because they are considered family holidays. All these events have as an aim to offer an extra motivational tool to the employees.

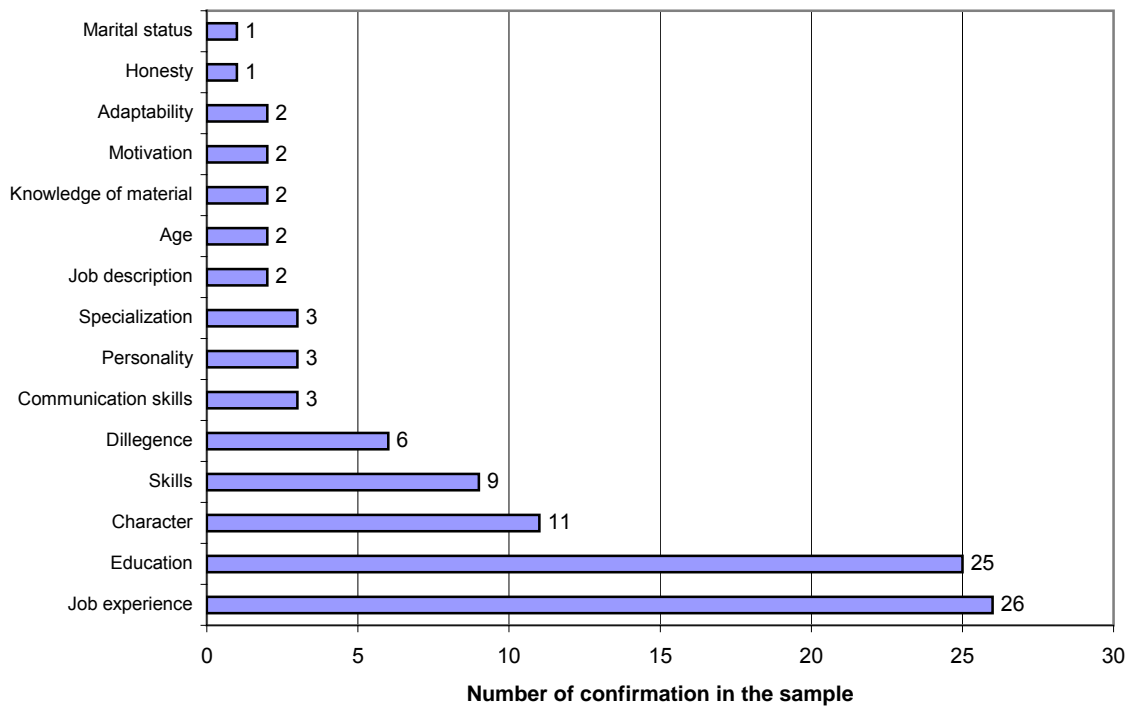
Figure 28. Types of social events organized for firm's employees



2.8 Employment

In Greece, personal interviews and application forms are the two methods that are mostly used for the selection process. During recruitment, the recruiter tries to identify some traits that are required for the job. The criteria that most recruiters try to identify and believe are relevant for the fulfillment of the job are job experience and education, in 26 and 25 of the companies respectively. Other criteria used in the selection process are character, skill and diligence, communication skills, personality, specialization. What is interesting is that in some companies age and marital status are considered criteria for selection. It is known that age, marital status, color, religion, sex, and cultural origin are illegal to discriminate on. It is sad to see that this is the case for three companies that replied they chose their employees based on these criteria also (Figure 29).

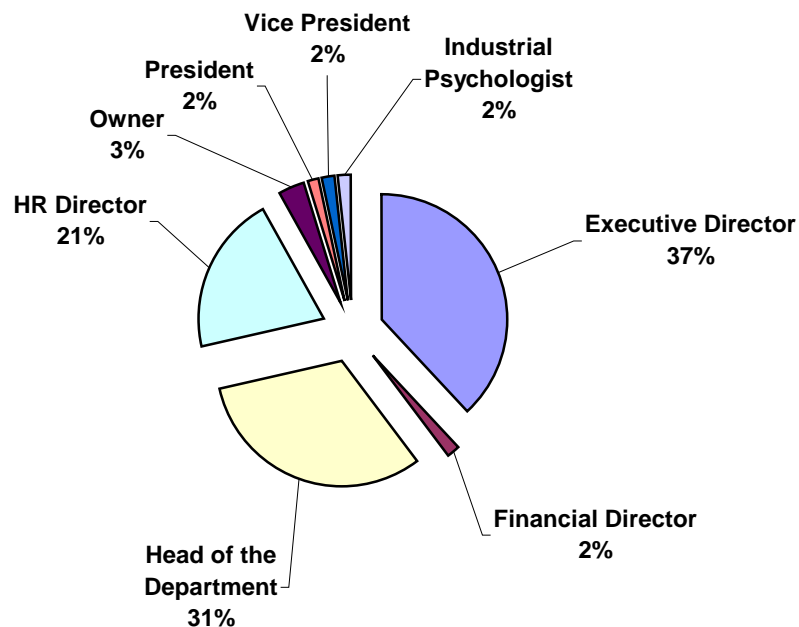
Figure 29. Criteria used for recruiting a new executive



The recruitment process in Greece is primarily done from the company staff. It's a recent phenomenon that companies will contract recruitment agencies (headhunters)

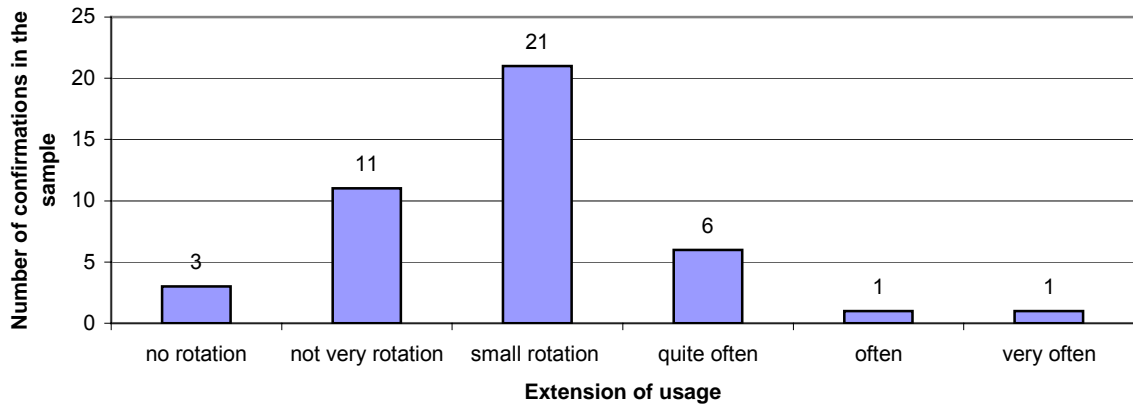
for the selection process. The responsibility of recruitment is of the executive director at 37% of the cases followed by the head of the department at 31%. In only one company there was an industrial organizational psychologist (I/O Psychologists) that was responsible for the selection. This is a new specialization that most large American firms have and it seems that this trend is beginning to emerge also in Greece. It is also a sign of commitment from the firm's part, that the recruitment process is of great importance and specialized personnel is needed. The theory for the appropriate selection process dictates that it is done by the HR director that follows the requirements specified in the job analysis. Of course, this is not the case in Greece where the HR director is responsible for selecting employees in 21% of the companies. At least, in most cases, it was done by executive directors in combination with the heads of the department so to have a more holistic view of the demands of the job but the company also (Figure 30).

Figure 30. Distribution of responsibilities for the recruitment process



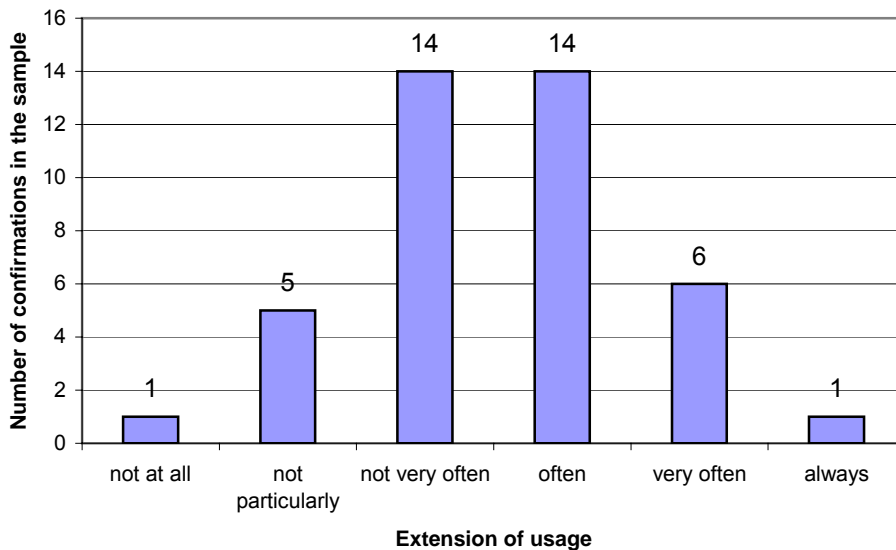
One of the forms of common job design approaches is job rotation that transfers employees from job to job to add variety and reduce boredom by allowing them to perform a variety of tasks. In Greek companies, job rotation is not a frequent policy. Over 80% of the companies show a limited extension of usage. The majority of the companies (21) use very small job rotation which means that one person does a specialized job and doesn't defer from it. Eleven companies do not use very much rotation and three no rotation at all. There are very few cases that implement the rotation policy in their companies. More specifically, one company uses rotation often and another uses it very often (Figure 31).

Figure 31. Extension of usage of job rotation policy



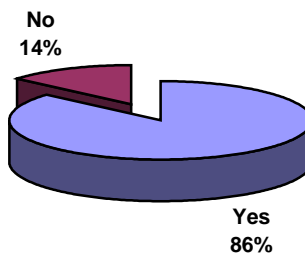
When a rotation policy does take place, it should be supported by additional training. The results are mixed in this question. Almost half of the sample size admits some kind of induction program and the rest no particular support of the rotation policy. Fourteen companies replied that they do not use very often a training program to support rotation and the same number of companies say that they often use training programs for this purpose (Figure 32). It must be said that the additional tasks in job rotation may not vary significantly from the previous ones that the employee had to accomplish but they are still regarded as new tasks. New tasks should be introduced with proper training program and guidelines so mistakes can be avoided

Figure 32. Supporting job rotation policy by providing additional education



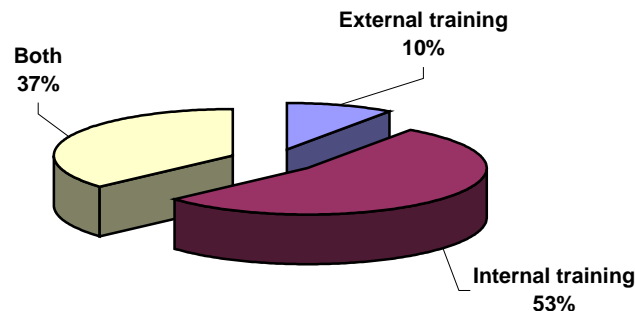
One of the ways that companies use to express their interest to invest in their employees is by offering training using the newest methods and technologies that exist in the business world. Many employees do seek training programs as a continuation of their education and as additional qualification in their resume. In Greece, companies realize this need for training their employees as they hope that training will have a bigger return in their investments. Figure 33 shows that 86% of the firms perform an induction/training program while 14% do not.

Figure 33. Performing an induction/training program



Training can be performed from inside the company or externally. There are consulting companies that specialize in training employees on a number of subjects such as marketing and sales, new technology, quality assurance, etc. There are also seminars that are granted by the government that help employees upgrade their knowledge. From this study, it is seen that most training programs are done internally by members of the company. A small percentage (10%) use external trainers and 37% of the companies use both internal and external training (Figure 34). What is important about the training programs is the trainability, that is the trainee success in transferring the knowledge of the training program in the job context. There are a number of methods the company can measure the success of the training program, but this can be the study of another report.

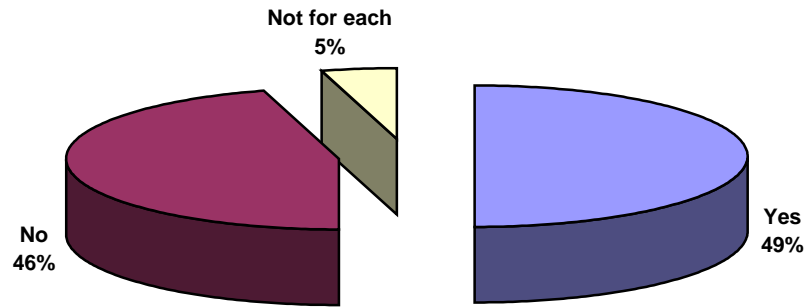
Figure 34. Priority usage of different types of training



4.9 Organizational Structure

Job description is a necessary element in all positions since it assists several HR functions. It is the base for assessing the necessary qualifications in recruitment, helps evaluate the employees, dictates payroll policies, and outlines the duties of every position. Greek firms don't understand its importance since only 49% do have written job descriptions. A minority of 5% answered that job descriptions do exist only on top management levels such as executive directors, head of departments, financial directors, etc. (Figure 35).

Figure 35. Existence of job description for each position in the firm



When asked how often companies review their organizational structure, 12 companies answered seldom. This means that the organizational structure was constructed once and has not been reviewed since, ignoring any changes in the internal or external environment. Seven companies adjust it according to internal changes such as the replacement of employees, or the addition of a new department. Five companies review it every year and five every two years. Other responses were: frequently (4 companies), according to market demand for new products (2 companies), every three years (1 company) and when necessary (1 company). The same picture is shown in Figure 36 and Figure 37 where the biggest percentage 32% shows that companies seldom reviews the organizational chart, followed by the rest of the answers.

Figure 36. Frequency of reviewing the organizational structure of the company

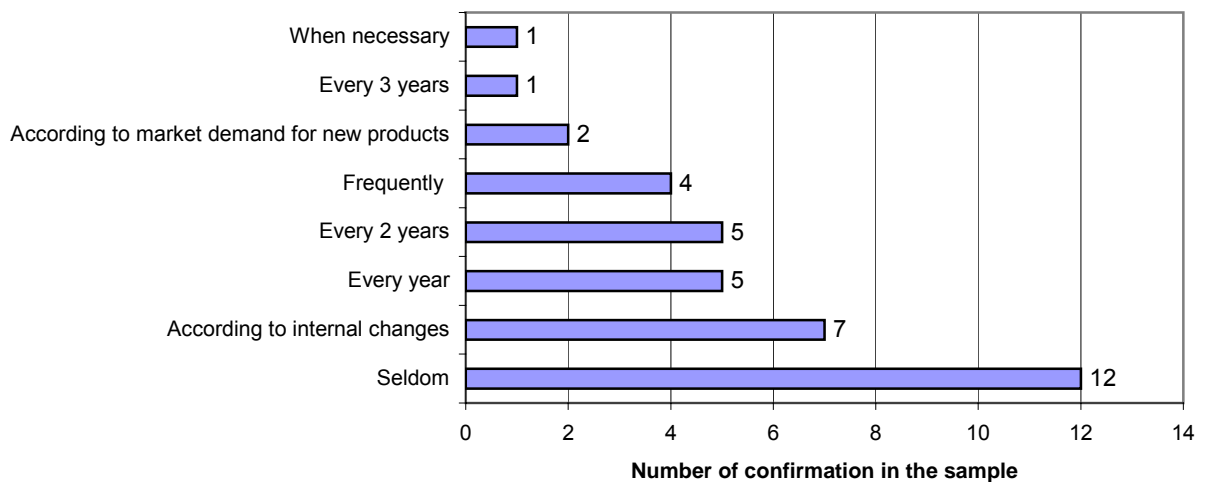
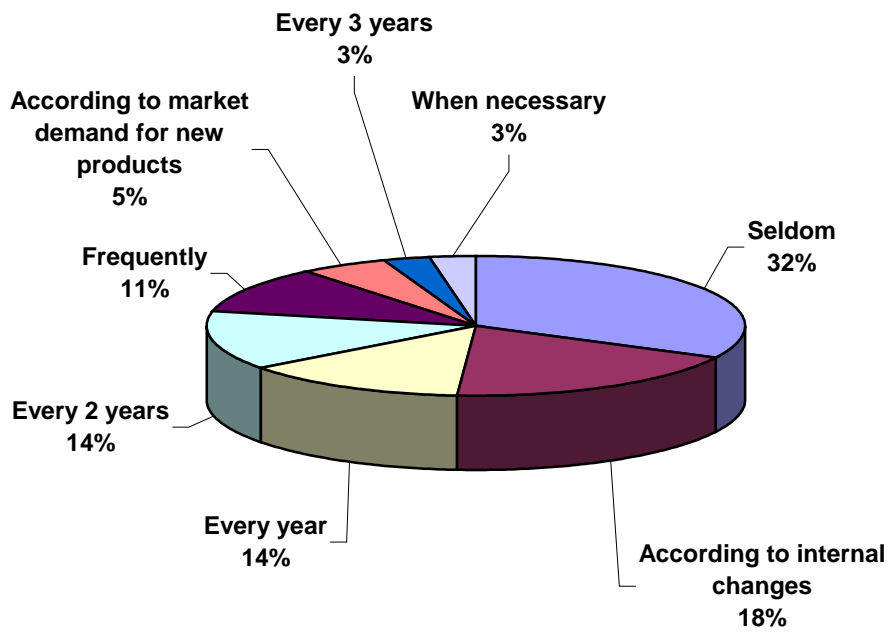
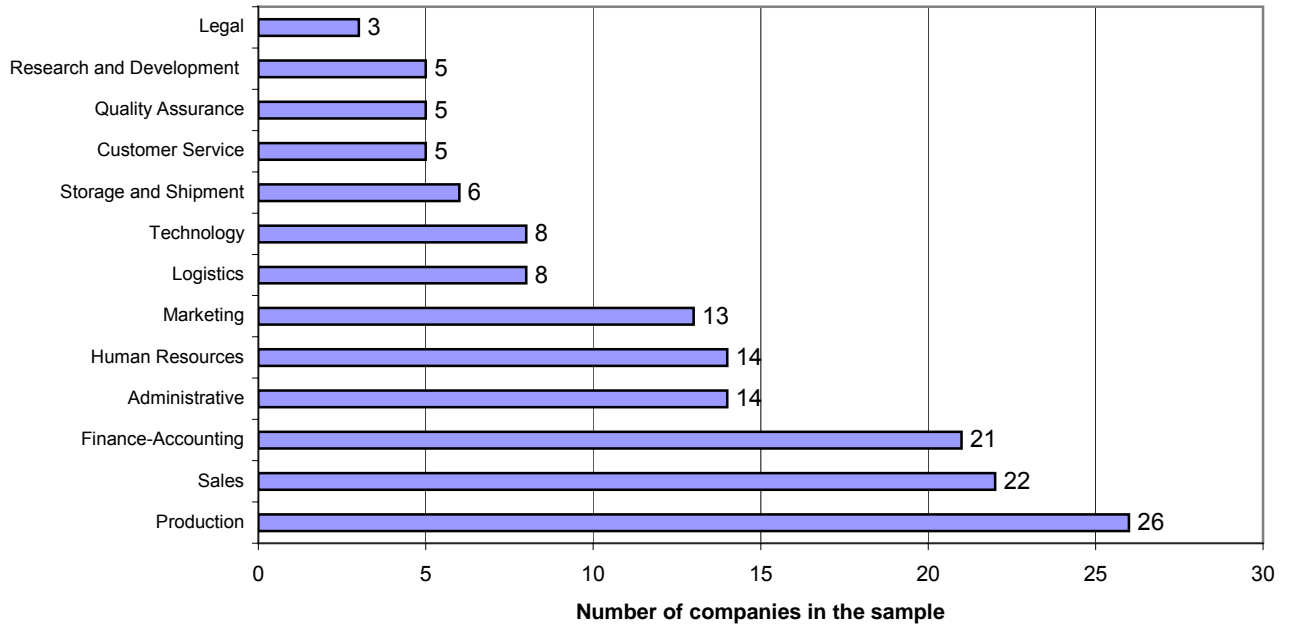


Figure 37. Percentage distribution of the frequency of reviewing the organizational structure of the company



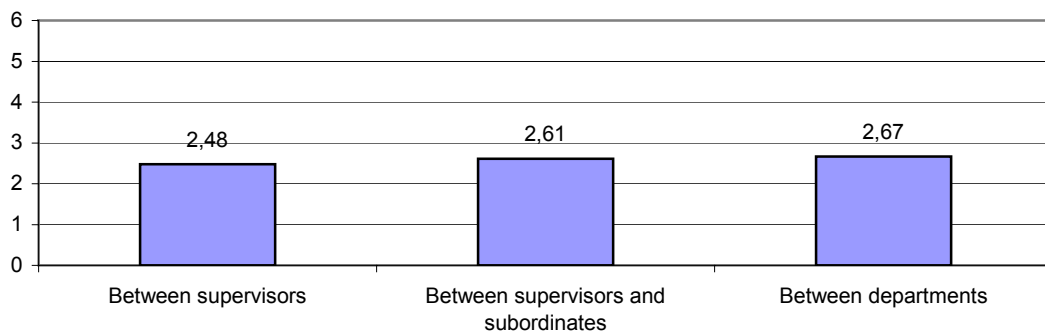
The major department within the organizational structure of the company is first of all the production department whether it means production of the product or service (26 companies). The department that follows is the sales department in 22 companies and the finance-accounting department. These three departments most companies seem to have and consider the most important and necessary for the operation and viability of the company. Nine percent of the sample (14 companies) has an HR department and an administrative department. Apart from these, there are some companies (mostly big ones) that have some specialized departments such as customer service (5 companies), quality assurance department (5 companies), research and development (5 companies), and legal (3 companies)(Figure 38).

Figure 38. Major departments within the organizational structure of the company



As mentioned before, one of the roles of the job description is the responsibility that accompanies the position. Due to the lack of proper job descriptions, the many hours that employees share in a common environment, and the teamwork that is needed in many projects tension may be caused in the work place. There are three categories that possible tension could be identified: between supervisors, between supervisors and subordinates, between departments. The category that experiences the most tension among the three is between supervisors with an average rating of 2,48 (2-rarely and 3-not often). Supervisors may compete among them for higher budgets for their departments, more privileges, etc. The next category between supervisors and subordinates rated 2,61 and the last category between departments rated 2,67 (Figure 39). The fact that all three categories show that rarely are there problems due to not well-defined job responsibilities is quite encouraging.

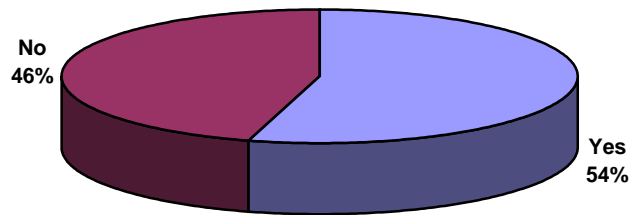
Figure 39. Degree of facing problems due to not well-defined job responsibilities



Evaluation of the degree of difficulty: 1-no problem; 2-rarely; 3-not often; 4-often; 5-frequently; 6-very often

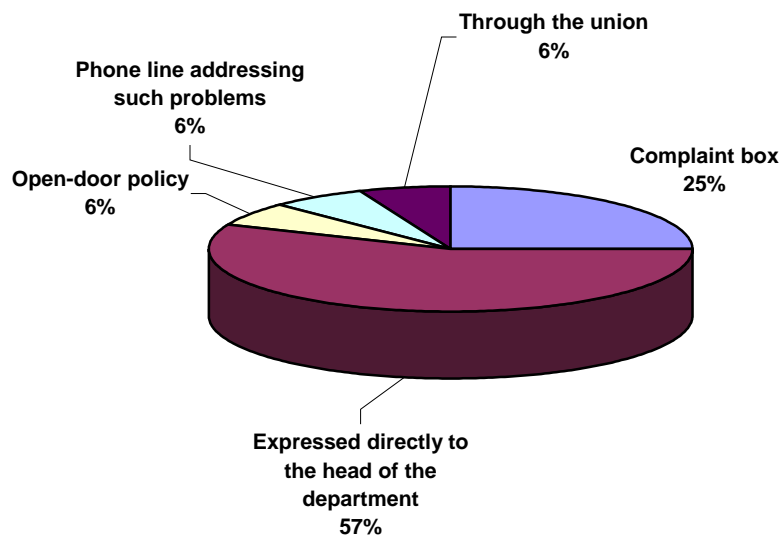
When an employee has some sort of complaint, he has to go through a grievance system to resolve the problem. Most grievance procedures are included in the company's handbook so all employees are informed of the proper course of action. In Greece, 54% of the companies said that they do have a complaints management system and 46% do not (Figure 40).

Figure 40. Level of introduction of complaint management system



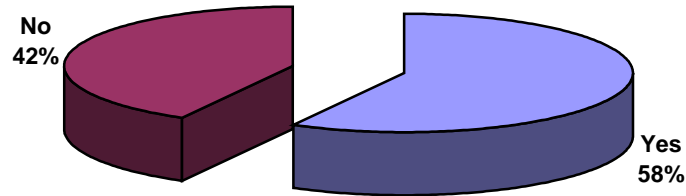
From the companies that have introduced a complaint management system, the greatest percentage express directly their problem to the head of the department and if it is not resolved at this level, it is introduced to the executive director or HR director that takes the final action. One fourth (25%) of the companies has a complaint box where employees write down the problem and wait for corrective action. The main advantage of this method is that the complain is done anonymously, so there could not be any implications for the employee. Other methods are resolving the problems through the union, using special phone lines that address such problems, and open-door policy each having a 6% share (Figure 41).

Figure 41. Specificity of work of the complaint management system



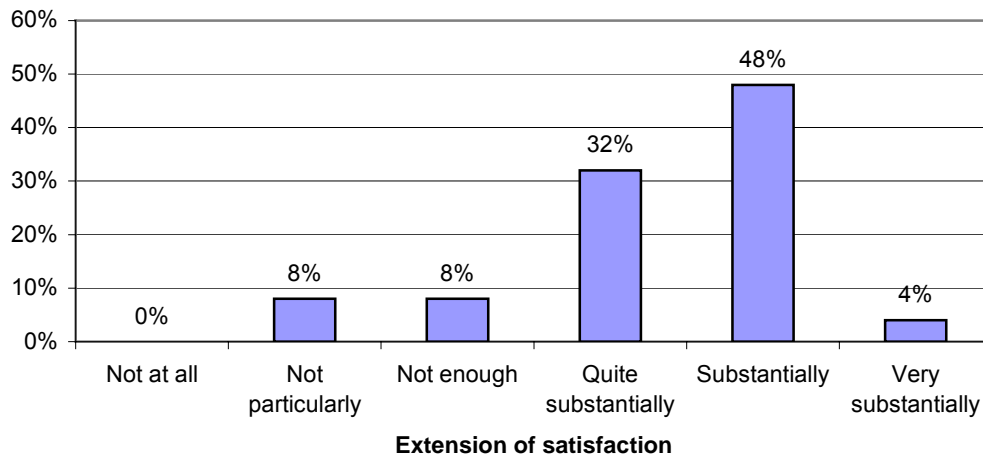
In Greece there is a government committee under the Ministry of Labor that ensures the health and safety of the employees in their work environment. Companies themselves have to take precautions to avoid accidents. In this question of operating a health and safety committee within the company, 58% answered that in the company facilities operates a health and safety committee while the rest 42% do not have such a committee (Figure 42).

Figure 42. Operation of health and safety committees



For the companies that operate such a committee, the extend of satisfaction for the majority of them (48%) is substantially. Thirty two percent of the companies think that the health and safety committee quite substantially ensures employee safety and 4% very substantially. The rest 16% is divided equally between not particularly and not enough safety is provided. The end result is that about 85% is more than average satisfied by the work that these committees perform (Figure 43).

Figure 43. Extend that health and safety committees ensure employee safety



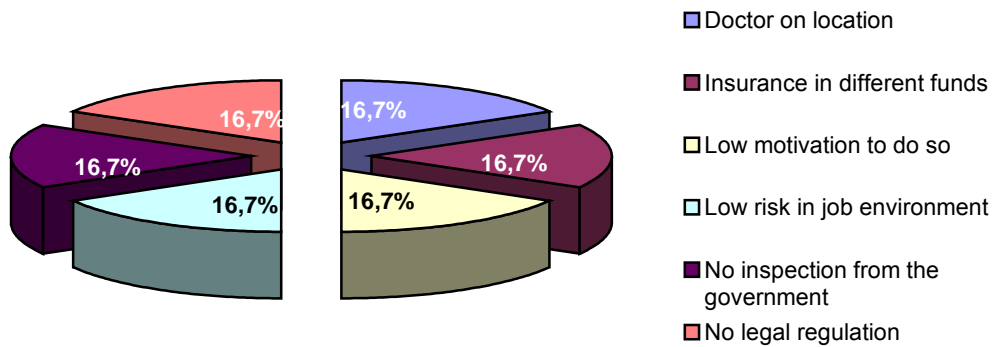
What is interesting to see are the reasons that the 42% of the sample has for not establishing a health and safety committee. Each reason is equivalent to 16,7% of the total pie chart:

- Doctor on location
- Insurance in different funds
- Low motivation to do so
- Low risk in job environment
- No inspection from the government
- No legal regulation

Two of the reasons mentioned, no inspection from the government and no legal regulation, are closely tied to the Greek government and the lack of interest it shows

for the safety of employees. Apart from that, it also shows that companies when not mandated from the government they show no initiative ensuring a safe work environment. Rather than preventing accidents from happening, they give solutions in case of an accident such as having a doctor on location or having their employees insured in different funds (Figure 44).

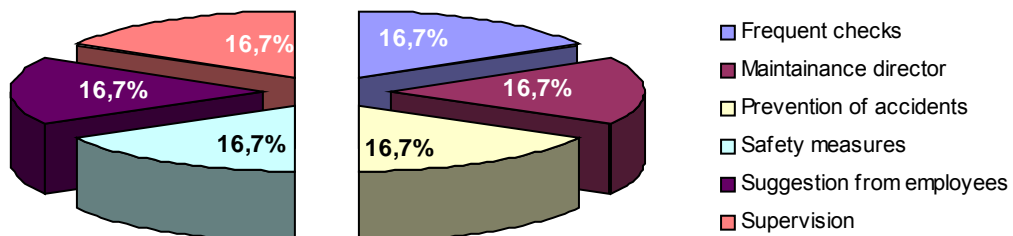
Figure 44. Reasons for not operating a health and safety committee



The rest 58% of the companies that have established health and safety committees as shown in Figure 45, give the below reasons for doing so:

- Frequent checks (16,7%)
- Maintenance director (16,7%)
- Prevention of accidents (16,7%)
- Safety measures (16,7%)
- Suggestion from employees (16,7%)
- Supervision (16,7%)

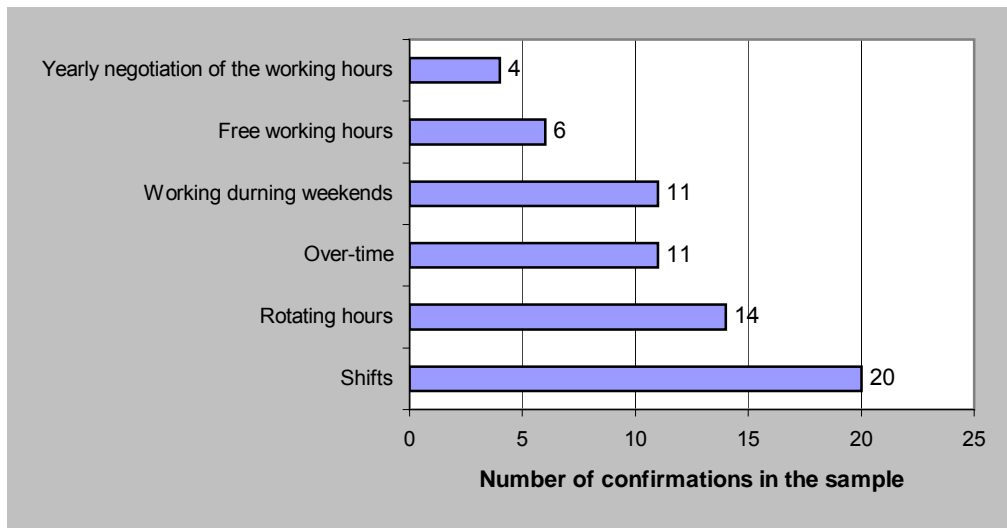
Figure 45. Reasons for operating a health and safety committee



2.10 Working Hours

Greece has introduced the flexibility in the work place and the flexible working hours introduced at the companies. Flexible working hours are especially common for managers in service companies. Having more flexible work hours means that new technology and more education aids this reformation and not that the tasks relevant to the job are shrunk. According to Figure 46, 20 companies use shifts and 14 companies use rotating hours as a flexible form. Over-time is used in 11 companies and most of the times workers seek to work over-time because it can be a source of higher income. Working during weekends is usually seen at all industrial sectors – industries, services, retail – and 11 companies answered they use it as flexible working hours. Free working hours, working as many hours the employee wants every day but mandatory completing the forty hours/week required by law - doesn't seem to be very popular since only 6 companies use it. The last choice that hasn't gained much popularity at all is yearly negotiation of the working hours which was met in only 4 of the companies.

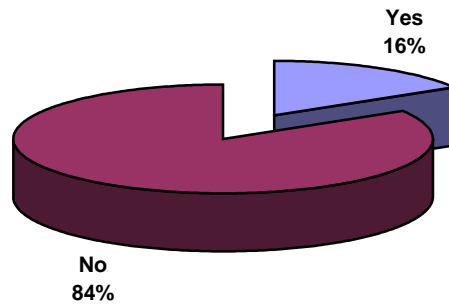
Figure 46. Types of flexible working hours introduced at the companies



Employees join unions for one primary reason: they are dissatisfied with their employers and how they are treated by their employers and feel the union can improve the situation. If the employees do not get organizational justice from their employees, they turn to the union to assist them in getting what they believe is equitable.

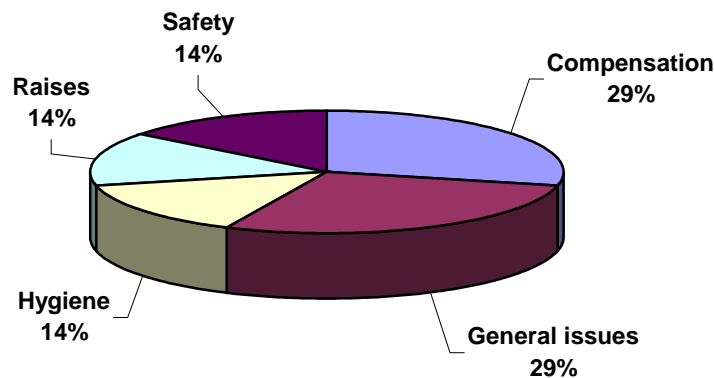
It is rare that companies will have employee unions operating within the facilities. This is confirmed by the 16% of the companies that answered positively in this question. The companies that have employee unions employ on average over 250 employees that want to have a participative role in issues that directly affect them as well as in the decision making process of future changes. The rest 84% do not have employee unions (Figure 47).

Figure 47. Operation of an employee union of the sample companies



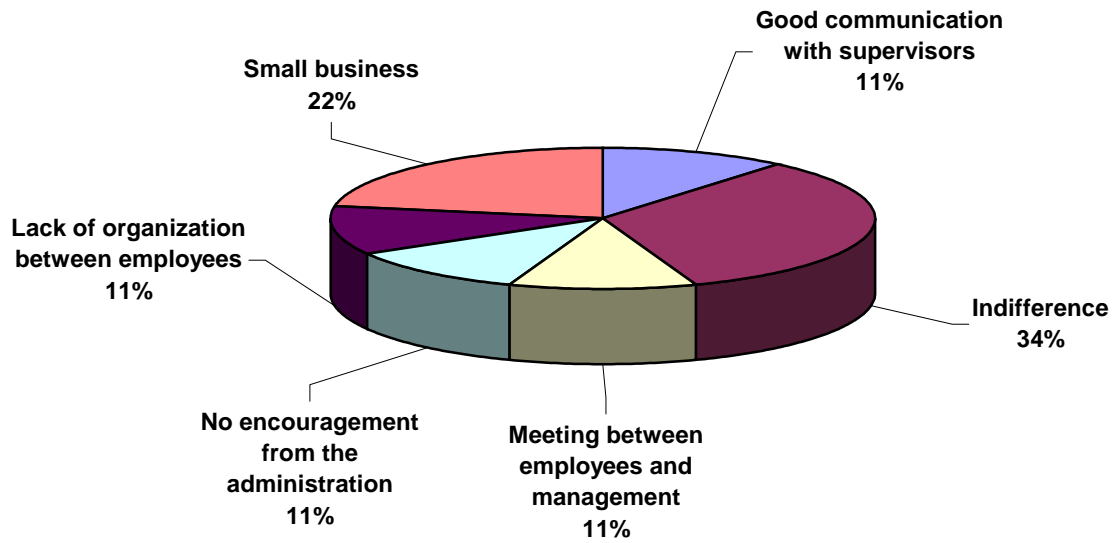
The issues that mostly concern employees and they want to delegate on are compensation (29%) and general issues that directly affect the work environment (29%). Other issues of importance are safety of the workplace, raises, and hygiene. Each category consists 14% of the total pie chart.

Figure 48. Percentage distribution of the issues delegated by the companies' employee unions



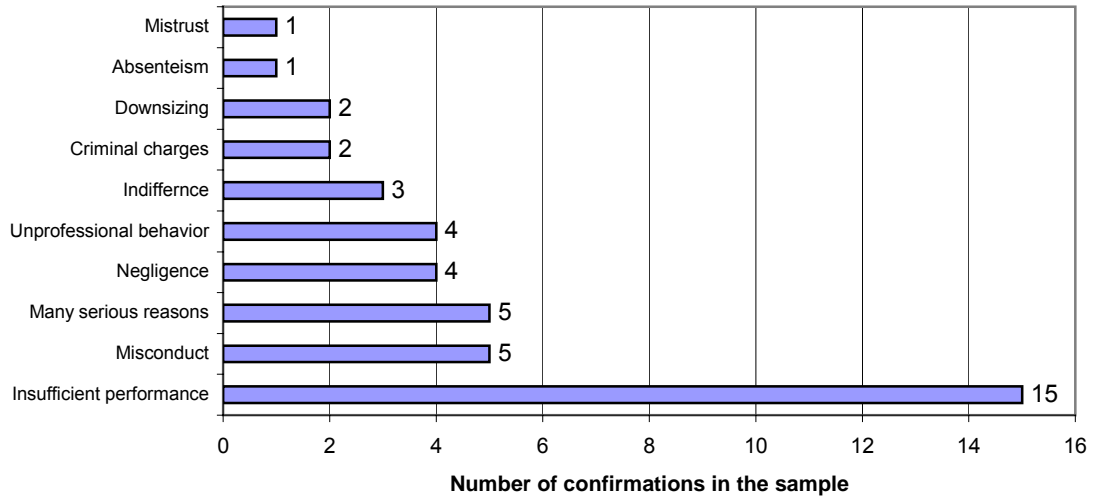
The remaining 84% that has not established an employee union, contribute it to indifference either from the employees' part to get organized or the management's part. The next biggest percentage 22%, say that their business is too small and any request from the employees can be addressed directly not having to go through an employee union. Other reasons given were lack of organization between employees (11%), lack of encouragement from the administration (11%), and satisfactory meetings between employees and management (11%) (Figure 49).

Figure 49. Main reasons for not organizing employee union



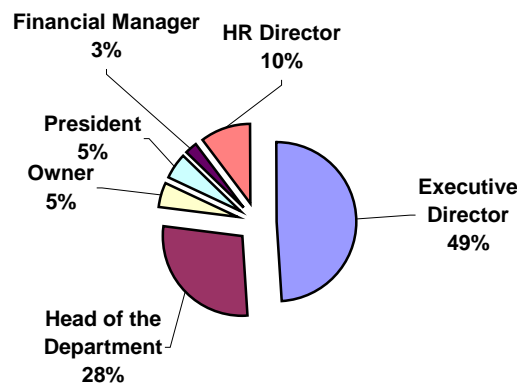
When the sampled firms were asked to present the reasons for an employee's dismissal, a number of causes were mentioned. The single one reason that had the most answers was insufficient performance. When companies see that their sales numbers dropping, employees not working hard enough and their performances being insufficient, it is a good enough reason to dismiss an employee. The next two reasons were misconduct during work and many serious reasons not just one occasion of misbehavior (each was met in 5 companies). Other reasons introduced as seen in Figure 50 were negligence (4 companies), unprofessional behavior (4 companies), indifference (3 companies), criminal charges (2 companies), downsizing (2 companies), excessive absenteeism (1 company), and employers not trusting their employees (1 company).

Figure 50. Reasons for dismissal of company employees



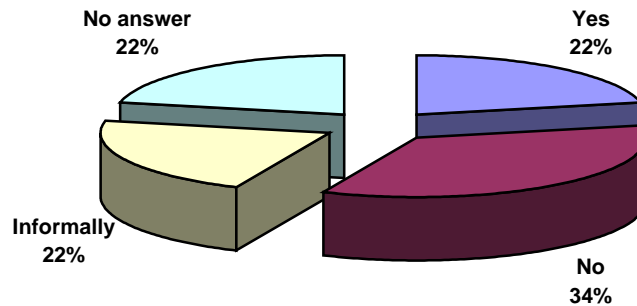
When it comes to the final decision for employment, almost 50% of the cases the executive director has the final word. He is the one that matches the qualifications of each applicant with the specifications of the job. The head of department that actually sees the real skills needed for the job makes this decision in 28% of the cases. What is strange is that even though the HR director plays a more active role in the evaluation of employees, the recruitment process, and the payroll policy, his presence in the final employment decision is not so determining. Rather, in only 10% of the cases, he is the final decision maker. In some cases, where an HR director exists, he is not advised at all. Here again, is another example of undermining the role of the HR director. Other members of the company such as the owner (5%), the president (5%), and the financial manager (3%) play a secondary role in the selection process (Figure 51).

Figure 51. Distribution of responsibilities for the final employment decision



Employers must bargain over mandatory subjects –those that vitally affect the terms and conditions of employment, such as wages and working hours. Mass dismissals should be directly discussed with the union representatives. Unlike what the theory suggests, 34% of the sampled companies don't discuss, announce or advise the employee union regarding a mass dismissal. Twenty four percent (24%) of the companies do discuss it, and 22% of them discuss it informally. The remaining 22% of the companies didn't answer the question, consequently assuming that they don't have an employee union or haven't met a situation alike before (Figure 52).

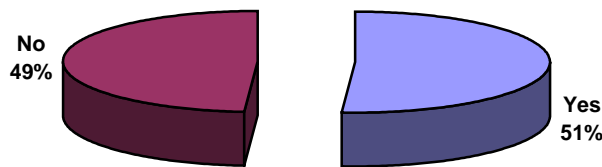
Figure 52. Discussing mass dismissals with union representatives



2.11 Foreign Employees

The last issue of concern is the employment of foreign employees. Greece during the last ten years had a dramatic inflow of immigrants from countries such as Albania, Bulgaria, Pakistan, Rumania, etc. The statistics shown in this study reveal that almost half of the companies do employ foreigners and the other half don't. More specifically, 51% of the companies have foreign employees working for them and 49% don't (Figure 53). It must be mentioned that the question was referring generally to foreign employees and not only immigrants.

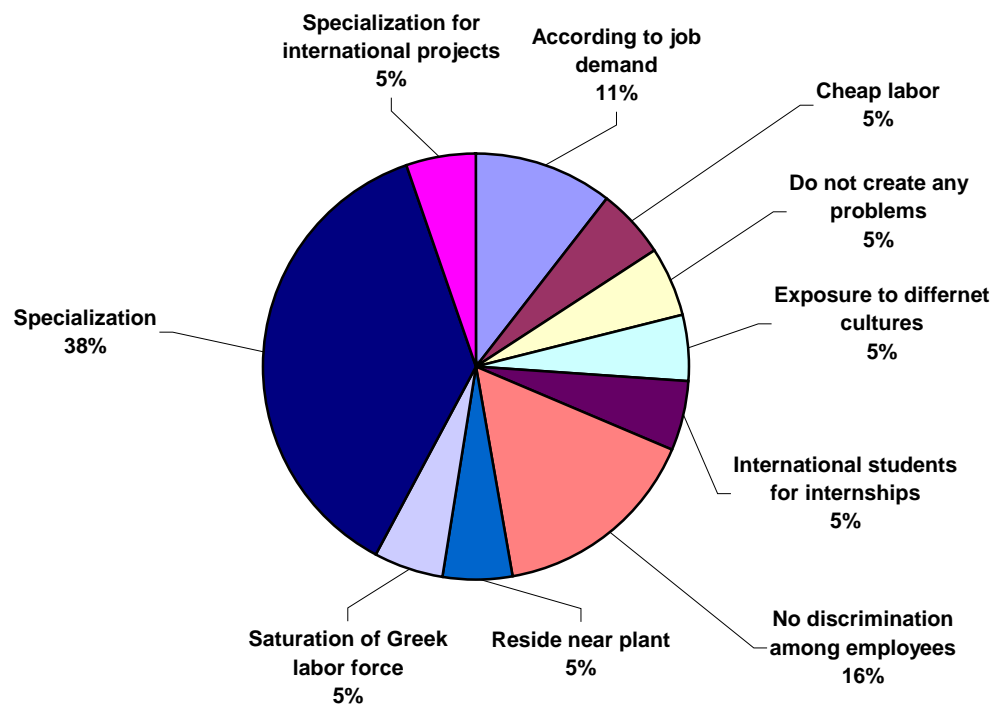
Figure 53. Occupying foreign employees



The single most important reason for employing foreign employees as shown in Figure 54 is specialization, 38%. Specialization in the sense of having an international sector within the company and needing employees that have experience and education on this subject. Or international companies that staff their top-management levels with ex-patriots, at least in the beginning until the establishment of the firm in the new market. The next reason is that Greek firms show no discrimination among employees during the selection process (16%). Other firms employ foreigners according to the job demand (11%). This is especially true in the operation of seasonal jobs when extra labor is needed. The rest of the reasons listed below are indicative of the answers given when determining employment between Greek or foreign employees.

- Specialization for international projects (5%)
- Cheap labor (5%)
- Don't create any problems (5%)
- Exposure to different cultures (5%)
- International students for internships (5%)
- Reside near plant (5%)
- Saturation of the Greek labor force (5%)

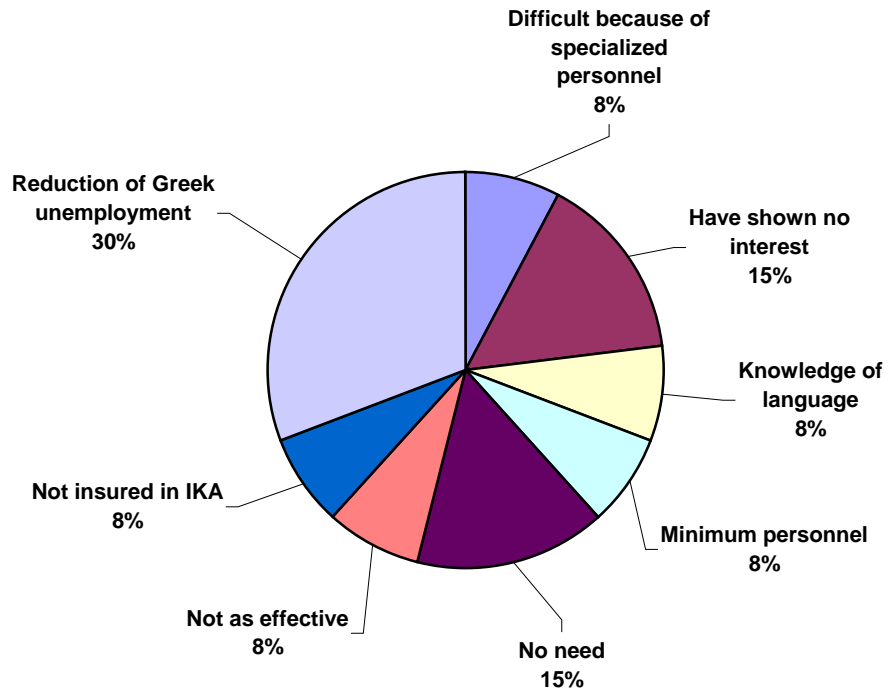
Figure 54. Reasons for occupying foreign employees



When the sampled firms were asked to give explanations why they don't employ foreigners, the one third of the total answers (30%) was to reduce Greek unemployment and support the Greek labor force. The rest of the answers seem to refer to the reasons that companies don't employ foreigners for the position of workers and unskilled personnel and not managers. This is a misconception that exists in the Greek labor force; when referring to foreign employees it is assumed entry level positions and not top level positions. Below as Figure 55 shows, are the rest of the answers given:

- have shown no interest (15%)
- not as effective (15%)
- difficult to employ foreign employees because of specialized personnel (8%)
- no knowledge of the language (8%)
- minimum personnel (8%)
- no need (8%)
- not insured in IKA (8%)

Figure 55. Reasons for not occupying foreign employees



3

Issues Concerning the Working Environment in Bulgaria 3.0 Salaries

3.0.1 The Labor Force in Bulgaria

The human resources are the main production power of the country. A part of the human resources do not work (students, disabled people, etc.). The employed part of the population presents the socially active people. A part of them are unemployed (in 1998 their number is 425,600, or 12,2% of the active population). Approximately 70,000 of the unemployed are specialists; 25,7% of them have a university degree. Most of the unemployed (54,6%) are women, more of 31,3% of them-younger than 29. The general number of active persons is about 3,106,000 (www.in.bg/human.htm).

3.0.2 Salaries

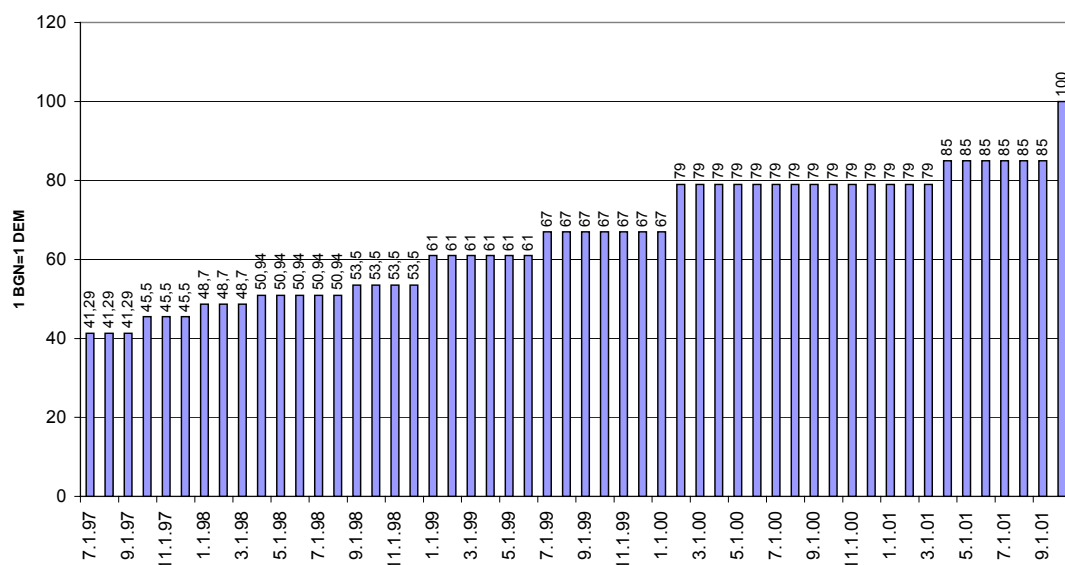
In June of 1999, the wage increased from 61 BGL to 67 BGL. The welfare benefit that the government provides is 37 BGL whereas the lowest pension is 38,8 BGL.

The spectrum of salaries has been modulated by the Labor Codex of Bulgaria. Approximately 40,000 habitats of Bulgaria earn the minimum wage as a survival income. It is interesting to point out that real income of Bulgarians has decreased by 55% during the periods 1992-1997. In August of 1998 an average salary was 178,093 BGL. The methods of payment are usually done in advance, twice a month, or in any other arrangement that has been agreed upon (Inter-Balkan and Black Sea Business Centre, 2000)

There are two legislatively regulated payment systems in Bulgaria. The extent of compensation is determined on the grounds of either the duration (hours) of work or the quantity of output. The total amount of salary should be over the minimum wage level for the country (see Chart 1).

Chart 1. Histogram of minimum wage changes in Bulgaria after introduction of currency board

Histogram of minimal wage changes in Bulgaria after introduction of currency board



According to the Employment Code night-shift labor should be remunerated with an extra payment that has been negotiated in advance by the employment contract parties but with the limit of not being less than the minimum night-shift bonus set by the government. The extra working hours are remunerated with a bonus negotiated by the employee and the employer, but not less than 1) 50 % for the weekdays, 2) 75 % for the weekends, 3) 100 % for the official holidays and 4) 50 % for cumulative estimation of the working hours. For all working hours during the official holidays (no matter whether the working hours are included in regular working-shift schemes or not) the employee is remunerated with at least the double amount of the negotiated pay.

3.1 Pensions and Social Security

3.1.1 Bulgarian Health Insurance system

There are two kinds of medical insurance in the Republic of Bulgaria - compulsory and voluntary. The compulsory medical insurance is a system of social medical security of the population comprising a healthcare service package provided by the National Healthcare Fund (NHF) and its regional branches - the Regional Healthcare Funds (RHF). The voluntary medical insurance is supplementary. It is carried out by public limited companies registered in accordance with the Trade Law and licensed under the clauses and regulation of that law.

The healthcare insurance burden amounts to 6% of the revenue and is paid by the employers and the employees according to the following time-frame ratios:

- 2000-2001 - 80:20;
- 2002 - 75:25;
- 2003 - 70:30;
- 2004 - 65:35;
- 2005 - 60:40;

- 2006 - 55:45;

- 2007 and the following years - 50:50;

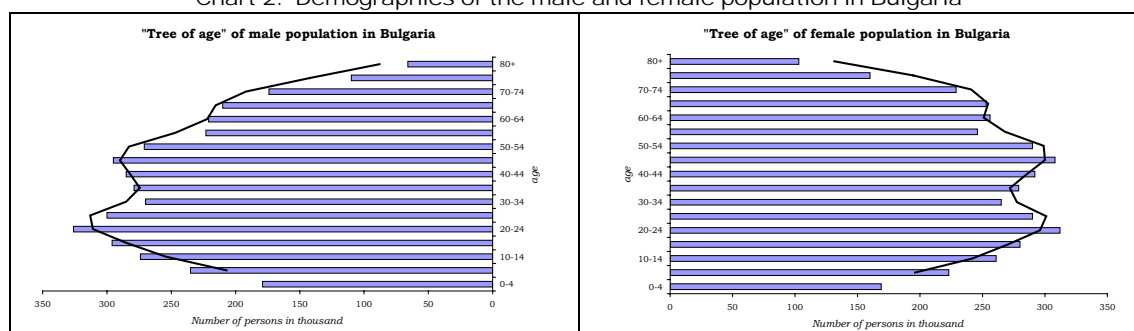
All sole proprietors, owners of limited liability companies, partners in business partnerships, self-employed and craftsmen are levied with a ration calculated on the double size of the official minimum monthly wage for the country and on the income indicated in their annual revenue declarations.

The voluntary healthcare funds provide medical and other services to the citizens who pay the due contributions. Those funds are based on contracts signed between the assured and the fund. The contract states the type and amounts of medical and other services guaranteed to the assured as well as the amount of their contributions. The employers may sign such contracts on behalf of their employees.

3.1.2 Bulgarian Pension Insurance system

Bulgarian pension insurance system is currently undergoing a reform process. The reform is a logical consequence of the steady trend for worsening of the demographic situation in the country during the last ten years (Table 5).

Chart 2. Demographics of the male and female population in Bulgaria



3.1.2.1 First Pillar

The first pillar of the Bulgarian Pension Insurance System is a typical expense-covering system. For the last decades it has undergone many changes. The latest legislation changes in the Compulsory Pension Insurance Code, in force since 1st January 2000, were aimed at increasing the retirement age and establishing a more direct relation between the contribution paid during the whole length of service and the amounts of the pensions. At present the retirement age is 60 years and 6 months for the men and 55 years and 6 months for the women. The required retirement age is six months greater than it was during the old system. It is to grow with six months every year until it is 63 years for the men and 55 years for the women. Compulsory Pension Insurance Code also provides for the introduction of the so called "point system". Every individual has the right to retire providing that he/she has reached the necessary age and has collected a certain number of points representing the sum of length of service and age. In 2000 the points were 98 for the men and 88 for the women. The required number of points will grow until it reaches 100 for the men and 94 for the women. Now the employers cover 80 percent of the contributions and the assured pay the remaining 20 percent. Gradually the burden will be transferred on the assured until in 2007 it is equally shared between the assured and the employers.

3.1.2.2 Second Pillar

The second pillar of the pension insurance is a brand new field established legislatively in the beginning of 2000. The second pillar funds are still inactive owing to lack of legislative regulations concerning some legal procedures, terms and requirements.

There are two legislatively approved forms of compulsory pension insurance /second pillar/funds: **universal** - for citizens born after the 1st January 1960 and **professional** - for those employed under the conditions of first and second class of labor contracts. The second-pillar funds will be managed by pension security companies - the same companies that manage the third-pillar funds.

As from the 1st January 2000 those employed under the conditions of first and second class of labor contracts must be additionally insured by professional pension funds for early retirement. The contributions for the second-pillar funds are covered entirely by the employers. Their size is as follows:

- for those employed under the conditions of first class of labor contracts - 12% on their gross monthly remuneration
- for those employed under the conditions of second class of labor contracts - 7% on their gross monthly remuneration

As from the 1st January 2002 all citizens born after 1st January 1960 insured according to Part I of the Compulsory Pension Insurance Funds should be additionally insured by an universal insurance fund. The employer should cover 75 of the second-pillar contributions and the assured will cover the remaining 25 percent. The insurance burden will be gradually transferred from the employers to the assured until their shares become equal in 2007. The contributions size is set by the Law for the Budget of the State Social Insurance.

The amounts of contributions paid to the universal second-pillar funds by the employers are regarded as expenditures according to the Corporate Revenue Taxation Law. The amounts of individual contributions paid to the universal second-pillar funds by the assured are also regarded as expenditures according to the Income Tax Law. The revenues from investments of the assets of the pension fund allocated in the individual accounts of the assured are tax-free according to the Income Tax Law.

The second-pillar pension funds are legislatively regulated by the Compulsory Pension Insurance Code (State Gazette 110/17,12.1999).

3.1.2.3 Third Pillar

The third pension insurance pillar has existed in Bulgaria for six years. It is based on the principle of voluntary participation in pension funds founded and managed by pension insurance companies. The third pillar pension funds offer capital-covering insurance schemes with fixed contributions and individual accounts with capitalization. The contributions are paid by both the employers and the assured. The taxation on the contributions for the third-pillar funds is extremely favorable. The voluntary pension insurance is legislatively regulated by the Additional Voluntary Pension Insurance Law (State Gazette 65/20.07.1999) which combines the previous legislative basis with the legislation accepted during the last five years.

3.2 Motivation

A remuneration and salary structure is set up according to the economic environment with a clear justification for the different levels of payment. This would help in solving conflicts originating from the popular understanding in Bulgaria that salaries may be discussed among peers and are not only a matter of agreement between the individual and the manager. It is risky to take advantage of Bulgarian present difficulties by lowering wages because valued employees may move to other companies (Foreign Investment Agency: Bulgaria Business Guide, 1997).

In order to help foreign investors, the Bulgarian International Business Association monitors and carries out periodical surveys on the actual remuneration policy to the Bulgarian staff of big international companies in Bulgaria. Often a HR consultant is needed to assist in the adjustment of personnel policy of an international company to the expectations and needs of local employees. For some management and sales positions a fixed salary and monthly bonus up to 50% over the fixed salary are paid. Some companies pay a thirteenth salary as an annual bonus for their staff. According to BIBA Salary Survey, June 1997, the most common used non-financial motivation means for all employees include:

- Free medical service
- Food vouchers
- Transportation
- Clothing allowance
- Discount on company's products

For top management positions there are some extra motivation means like:

- Representation allowance
- Office car
- Club membership
- Telephone allowance

The Bulgarian model of transition and change of the economic system has once again confirmed the importance of money as a main motivational factor. Therefore the rational remuneration management creates the conditions for effective human resource management. (Zahariev, A., 1998, 2001). The interdependence between the performance and remuneration in a system that stimulates the human resource to develop its full potential is bound to benefit not only the company but also its employees. Recently, all privatized companies as well as those with predominant foreign participation, give priority to several basic schemes for motivating their employees through their remunerations: a) individual motivation schemes; b) group motivation schemes; c) schemes for sharing the labor efficiency profits; d) schemes for sharing the company profits; e) schemes for creativity and stimulation of innovativeness. Certain benefits could be generated combining the motivation techniques with M. Spence's theory of signals (Spence, M.A., 1974) and theory of balance formulated by J. Adams (Adams J.S., 1965). The interpretation of some leading theoretical constructs in the field of human resource management creates a new field for the application of the motivation initiatives. The combination of the categories of "potential" (demand-satisfaction) and "performance" represents the basic determinants which lead to discrepancies between the employees' potential and

performance. Thus, on the grounds of their own potential, the human resource (the employees) put forward certain demands to their company. The extent of satisfaction of those demands results in a specific degree of employees' performance within the company that reflects the cumulative performance of the company in the competitive markets.

3.3 Job Analysis – Job Description

The analysis of the job positions determines the employee's tasks, obligations and responsibilities. The necessary analysis information includes:

Name of job position.

A scheme of the organization containing at least the job position's name of the immediate superior and the names and job positions of all immediate inferiors.

Definition of job position goals.

A list of all basic tasks or obligations assigned to the employee.

Initial job parameters – turnover, budget limits, etc.

All special devices or equipment to be used by the employee.

Information about any specific requirements for personal contacts within or outside of the organization.

Special requirements (for example business trips, possibilities for transfer to other places or branches, unpleasant or dangerous working conditions.)

The simplest job analysis method is through conversation with a superior or the person previously holding this post. Sometimes questionnaires may be used.

- 1) Job descriptions provide four types of information:
- 2) Job title: it describes the essence of the job without being too elaborate.
- 3) Basic organizational structure: who the immediate superior is and who the immediate inferiors of the employee are.
- 4) General responsibilities: A short description of job's aims and a description of employee's obligations and responsibilities.
- 5) Main activities: a list of the basic activities, obligations and responsibilities – it is the most important part of the job description.

The job description is the most important tool for managing the human resource. It not only provides useful information when the personnel is hired but also gives information for:

* The design and development of the organization

* Planning of personnel

- * Training
- * Management development
- * Performance monitoring
- * Remuneration administering

Description

3.4 Organizational Structure

3.4.1 Theory in Organizational Structure

The selection of personnel is an important and essential process for the future activities of the organization and its effective functioning as a separate system. The successful or unsuccessful selection of personnel is essential for the internal climate of the business organization, for the integration processes between the employees, and the streamlining of their personal interests with the interests of the company.

The selection of personnel is essentially a process of acquisition of applicants followed by the subsequent evaluation and the final selection. Its overall objective is to classify those applicants who comply to the greatest extent with the requirements set by the organization. The selection process is based on certain rules and criteria.

The selection of personnel may be defined as a process of reciprocal choice. From the one hand the company makes its choice according to the applicant's qualities having in mind the requirements of the position and on the other hand the "applicant decides whether the position complies with his/her personal aims and ambitions"¹. In order to achieve the proper selection the applicant, who is looking for a job, and the business, which is offering that job, must carry out certain activities. Those activities are directed towards the achievement of goals and results which are different for the two parties. For example the applicant may be looking for a job or for a better-paid job while the organization may be seeking to fill in the gap of an empty position, to minimize its selection expenses or to select qualified and dependable workers. In this respect an important practical decision for every company is to decide the source of acquiring applicants. It follows from the answers of three intrinsically-related questions (Feldman, 1988):

- 6) Where would the potential applicants usually look for job vacancies?
- 7) Where would the potential applicants evaluate the information about the job provided by the company?
- 8) Which acquisition source is more likely to generate applicants who would be most efficient and would remain the longest in the company?

The solution of the selection of personnel lies in the discovery and identification of the possible applicant acquisition sources. Modern management theory describes various sources which are not quite familiar in our country. They may be classified into two groups – *internal* and *external*

¹МАКФОРЪН, Дезмънд, Принципи на мениджмънта, С. , ИНФОРМА, 1992, с.50.

Internal sources – the internal selection provides the company with the opportunity to fill in the vacancies with its own employees. The filling-in could be organized according to two schemes:

- promotions
- staff rotation.

The internal selection performed according to the first scheme means to promote some of the company's own employees to higher hierarchical ranks within the structure of the organization. This type of selection is a variation of the "training and development" (Carrel, 1992) management stage. The promotion is usual accompanied with a rise of the employee's salary.

The second type of internal selection is associated with the realization of a specific development method, known as "staff rotation"². In this case, the development is characterized with the movement of personnel on the same hierarchical level and at a constant salary level. The employees are given the chance to occupy various positions and to have various functions thus providing them with a better perception of the different functions of the various departments. As a possible result of such rotation various beneficial proposals and innovations for improving the subordination of the departments may be expected. The internal rotation is also a positive scheme for the so called "employees with blocked abilities". The change of environment and working conditions is aimed to unblock their personal skills.

The choice of one of the above two schemes depends primarily on the applicants' evaluation.

External sources (Wether and Davis, 1985) - the use of external acquisition sources for competitive applicants provides a wide variety of possible sources which may be categorized in two major groups from a financial point of view:

- requiring less expenses and
- requiring more expenses.

The following sources may be classified in the first group { less expensive methods):

a) *Recommendations given by the company's employees for other applicants* – This is a relatively cheap and efficient source which often provides high-quality applicants. It has several advantages (Werther and Davis, 1985):

- an employee, who possesses certain specific skills/qualities that are hard to find, may know someone else who could do the same job;
- the new employees will be informed about the principles and philosophy of the organization by the employee who have recommended them. This may make them more motivated to apply for the job;
- the employees usually recommend their friends who have similar working habits and attitude. Even if they have negative attitude towards the work they will still work industriously in order not to let down the employee who has recommended them.

²СИЛАГИ, Ендрю, Персоналът, ИИБ, В. , 1991, с. 58.

This external source must be used carefully for it may result in deliberate or unintentional discrimination (sexual, racial, religious or other) or even recommendation of applicants who do not comply with the job requirements.

b) *Individual applicants (volunteers, direct applicants)* – These are people who have somehow acquired information about the vacancies and have sent their applications by mail or have submitted them in person (Carrell, 1992). This method provides a wide range of applicants that may be more suitable for the job. This is especially true for big companies with good public images. But while the expenses for the selection among a great pool of applicants will be relatively small the expenses for the processing of their applications may be great.

c) *Direct contacts with educational institutions* – That is an extremely popular method used in the advanced countries because it gives best results. For example the high-tech giant IBM uses 350 colleges as staff providers paying special attention to the best one hundred of them.³

d) *Trade unions* – The industrial trade unions often can provide applicants who have the required experience, knowledge and skills to occupy the vacancy.

e) *Labor offices* – They are a convenient and free-of-charge source which often may provide a great contingent of applicants Under the conditions of high unemployment rates the number of applicants possessing excellent personal characteristics is very likely.

f) *Professional associations and clubs* – This type of source is not very popular in the country of Bulgaria although it may provide applicants possessing excellent personal characteristics because of the high membership requirements posed by those associations and clubs. Thus the company may be sure that the applicants recommended by such organizations are highly qualified and comply with the requirements of the vacancy offered.

g) *Other business organizations* – they might be competitors as well as integrated companies.

The following sources may be classified in the second group (sources requiring more expenses):

a) *Private organizations* – these are specialized institutions offering prospective employees on a commercial basis. This option is more expensive but it may also be substantially more efficient.

b) *Advertising* –the most common method in which the business organizations most often use to advertise are newspapers and magazine advertisements to inform the potential applicants about the vacancies. The objective is to advertise the vacancy and to invite the candidates to apply for it. The company may also use other media (local radio and/or TV stations, etc.) or a combination of media. The notice-board announcements, posters or banners are also quite common.

Many specialists point out that the evaluation and selection stage are the most important and essential stages in the process of personnel acquisition of the industrial enterprises. The poor evaluation and/or selection are prerequisites for increased fluidity of manpower and/or redundancies while the successful selection guarantees the organization's prosperity.

³ See РОДЖЕРС, Ф. ИБМ - взгляд изнутри, человек, фирма, маркетинг. Москва, Прогресс, 1990, с. 118.

Practice in Bulgaria has shown that the evaluation and selection of personnel may be viewed in at least two major aspects:

- A) Legislative
- B) Methodological.

A) The Legislative aspect is characterized by certain procedures, limitations and requirements specified by the Labor Code currently in force. The legal practice regulating the procedures for evaluation and selection of personnel is described in Chapter V of the Labor Code – “Occurrence and Changes in Employment Relations”.

According to the legal requirements stated in the Labor Code there are three possible employment procedures:

Direct – the drawing of the employment contract does not call for any special selection and/or evaluation procedures. This procedure is mainly used for hiring the following categories of personnel: manual workers, janitors, security officer.

Electoral – it is used for positions/offices explicitly regulated by statutes, laws or regulations as elective. This procedure is mainly applicable for mandatory managers or executives.

Competitive – Art. 89 of the Labor Code states: "A competition may be organized for all and every vacancy if they are not explicitly defined as elective by the law." This procedure is mainly used for selection of specialists by industrial organizations as well as for selection of managers.

B) Methodological aspects – If we consider the personnel selection process as a managerial activity, we may segment it on the following methodological aspects:

1- *Who will perform the selection?* – here we have in mind the presence of a sufficiently competent team capable of making a sound and valid selection corresponding to the company's interests. In case there is a deficiency of internal managers capable of doing this selection, the company may use the services of universities, business schools, personnel evaluation centers or other companies operating in the same field. Some of those institutions may offer a complete methodology for the selection process.

2- *How to attract the best applicants for the vacancy in question?* – This question is quite broad because the organization does not have in its best interest making the poorest choice from several poor options, but making the best choice out of the good variants. The industrial enterprise has to maintain close connections with both the educational institutions (universities, vocational secondary schools, etc.) and the Labor Offices network.

3- *External or Internal selection?* – This is a rather controversial issue and there are arguments both for and against the two alternatives. In case that the enterprise has mostly made efficient evaluation and selection of its employees by itself, then the selection internally should be given priority. What is more, the internal motivation has always been a winning strategy providing the personnel with confidence in their career success. The simple fact that the employees are given the chance to pursue careers in the organization, is by itself a strong motivational factor.

Despite all that, to rely on the internal selection of personnel for all competitive positions could not be considered a far-sighted policy.

4- *What selection methodology (procedure) should we follow?* – According to the above mentioned legal options, we may determine the following stages of the competitive method selection (those stages are applicable for the electoral method as well):

a) Definition of competition positions – it includes activities for determining the need of a new position or the presence of already existing but vacant position. This is usually done by comparing the specifications of present and needed qualifications to find out the opportunities for placement of internal candidates through promotion. The simultaneous existence of a previously prepared description of the set of skills and qualification (job description) required for the position together with the above mentioned comparative analysis is imperative.

b) Announcement of the competition – depending of whether the competition is internal or external the employer may use the relevant medium to announce the competition to the desired prospective applicants. The employer may use mass media as well as various specialized institutions (universities, trade unions, labour offices, consultancy firms, etc.)

c) Admittance to and holding of the competition – This is the most important part of the personnel selection procedure in any industrial enterprise. The very procedure for admittance to and holding of the competition passes through several sequential stages. At every stage the performance of every applicant is matched up to a certain set of criteria which may eliminate the rest of the applicants.

An important aspect of the selection stage is the testing of applicants since it provides criteria for selection. Management theory offers a wide variety of various applicant characteristics which may be evaluated through group testing procedures. The following four main groups of tests are most commonly used:

- Suitability and Skills Tests;
- Personal Interest Tests;
- IQ Tests;
- Creativity Tests; (For more details see Chapter III, Par.5)

To the above mentioned stages of the selection process we may also add The Assessing examination marks method. This method consists of allocating certain quotients to certain personal and/professional qualities of the applicant. Every quality is marked on a ten-grade scale (with 0 to 10 marks). Then the marks are multiplied by the quotient set for that quality. The final result is a weighted average for every applicant. If his/her set of qualities is adequate enough for the position offered the above result may be used as a pretext for drawing an employment contract with that person.

3.4.2 Types of Organizational Structures in Bulgaria

According to the Bulgarian law the following types of business organizations exist:

- an unlimited (general) partnership

- a limited partnership
- a private limited company
- a public limited company (joint stock company)
- a public limited partnership
- a sole trader
- a joint venture
- a branch
- a holding
- a co-operation
- a representative office

The forms of business organizations except for representative offices are governed by the provisions of the Law of Commerce, promulgated in the State Gazette (Durzhaven Vestnik) in 1991. Representative offices are regulated by the Law on the Encouragement and Protection of Foreign Investments.

The most appropriate types of companies for carrying out business in Bulgaria are: private limited company, a public limited company, a single-person private limited company, a holding, a branch, and a representative office. All of these (with the exception of a representative office) have to be entered into the commercial register kept with the relevant district court.

- **Private limited company (a limited liability company)** – “OOD” – it is a commercial company with shares capital owned by its members whose liability is limited to the amount of the capital subscribed. A private limited liability company may be founded by one or more persons, including foreign natural or legal persons. The minimum foundation capital is BGL 50,000, divided into shares with nominal value of BGL 500 each and at least 70% of the capital must be paid up on foundation. Contributions to the foundation capital must be paid in cash or in kind. The statutory bodies of private limited companies are the general meeting of shareholders, which must be held at least once a year, and a managing director or board of directors.
- **Single person private limited** – it is a single-person limited liability company (“EOOD”) owned by a natural or a legal person, the sole shareholder exercises the power of the general meeting and the managing director or board of directors is appointed to run the company. A private limited company must prepare a balance sheet and financial statements each year.
- **Public limited company (a joint-stock company)** – “AD” – it is a commercial company with share capital owned by its members whose liability is limited to the amount of the capital they subscribe. A joint-stock company can be found by two or more persons, including foreign natural or legal persons.
The only exception to this rule is when the State is the only founder and , therefore, the sole owner of the whole capital of the company –in this case we have a single person public limited company (“EAD”)
The minimum capital of a joint stock company is BGL 1 million, increasing to BGL 5 million if the capital is raised by a public offering. Higher capital is required for the establishment of banks, insurance companies and investment companies:
 - **Banks** – the minimum capital required amounts to BGL 10,000,000,000
 - **Insurance companies** – the minimum capital required amounts to :
 - BGL 2,000,000,000 for life assurance and personal accident insurance

- BGL 3,000,000,000 for property insurance
 - BGL 4,000,000,000 for reinsurance
- **Investment companies** – the minimal amount and the structure of the required capital as well as its relation to the assets and liabilities as per the balance sheet are determined by the Securities and Stock Exchange Commission according to the Law on Securities, Stock Exchange and Investment Companies.

In the general case of the registration of a public limited company contributions to foundation capital may be paid in cash or in kind, in which case an independent valuation is required, and at least 25% of the capital must be paid up on foundation. A joint stock company may issue either registered or bearer shares. The general meeting of shareholders is the highest body of the company, and must be held at least one year. The shareholder's meeting elects a board of directors (a one-tier management structure). A public limited company must prepare a balance sheet and financial statements each year. Special statutory instruments provide additional requirements to the foundation of banks, insurance companies and investment funds in the form of joint stock companies.

- **Holding** – is a public limited company, a public limited partnership or a private limited company having its purpose to participate in whatever form in other companies or in their management. At least 25% of the capital of a holding has to be invested directly in subsidiaries. A subsidiary means a company in which the holding owns or controls directly or indirectly at least 25% of the stocks or shares or can appoint directly or indirectly more than 50% of the members of the managing body. The Law on Commerce explicitly provides the activities which a holding is allowed to perform and those which it is not allowed to perform.
- **Branch** – foreign legal entities registered abroad, as well as foreign natural persons and entities which are not legal persons, can register a branch in Bulgaria provided they are registered as commercial entities in accordance with the relevant legislation in their home country. No authorized capital is required to found a branch. A branch is not a legal entity, it is part of the company-founder. Branches are obligated to maintain accounts as an independent company. A branch of a foreign company must prepare a balance sheet.
- **Representative office** – regulated by the Law on Encouragement and Protection of Foreign Investments. Foreign persons who are entitled to engage in business activity under the legislation of their own countries may set up a representative office which is registered with the Bulgarian Chamber of Commerce and Industry. Representative offices are not legal persons and may not engage in economic activity.
- **Joint venture** – is a company formed jointly by a Bulgarian and a foreign partner. The size of the foreign participation in a joint venture is not limited. Joint ventures must take one of the forms of business entities pursuant to the Law on Commerce. Establishment of a joint venture is one of the forms of investing in Bulgaria (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.4.3 Recruitment

Currently there are two types of labor markets in Bulgaria: the one of all employees and workers engaged in state-owned enterprises and the public administration sector; the other – small one, of those highly qualified individuals with knowledge of more than one foreign language, with working experience in foreign companies in Bulgaria and abroad, with high potential due to qualification grade and skills.

There are young and capable individuals with high qualifications from Western and Bulgarian educational institutions and good command of foreign languages on the labor market. On the other hand, qualified candidates with several year of business experience with international companies are rare. Hence, the number of qualified persons ready to work in Western companies limited. The tendency of job-hopping for one position with a foreign company to a higher one with another multinational company, the candidates should feel they have a future and real chances for development in that company.

If carefully selected Bulgarian is well supervised and supported by an expatriate, he/she can well be suited for a top position in the company. This can be of comparative advantage to the firm because a native can understand situations of common nature, as well as very specific for Bulgaria. He/she can provide effective communication with the local staff, state authority and public administration in the country. There should not be any prejudices about Bulgarian women to be appointed to senior positions. They can cope quite effectively in fuzzy environment and make decisions accounting for approximate trend of the development of a situation. Many capable professional women have proven to be successful business managers and leaders.

There are several ways of finding staff in Bulgaria

- **Press advertising:** this method can provide a good coverage of applicants. One advert proves to be sufficient to secure enough number of candidates to choose from. Depending on the position several adverts may be needed. Excluding the technical positions *Capital* weekly proves to be most effective in terms of number of responses per cost. The daily papers *24 Chasa* and *Trud* produce a higher response but at five times the cost.
- **Head hunting:** this method of direct research in Bulgaria is not very popular and there is not still reliable data on it. Yet it can be tried for some positions.
- **Audit and management consulting companies:** the “big six” audit and consulting companies have already been established in Bulgaria. Besides the main activities which they carry out for their clients they provide also personnel search. Press advertising is used by Ernst & Young, Coopers & Lybrant, and Price Waterhouse. Some of them maintain database of applicants, run interviews and short tests.
- **Specialist personnel service firms:** few Western firms have a permanent presence in Bulgaria. The largest ones include: Hill International, Snelling and PAC (Austria). Hill International is specialized in media search and personnel selection. Snelling provides temporary staff as well as recruits and interviews candidates for permanent jobs. PMC offers staff recruitment services using press advertising and database search (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.5 Working Schedule

3.5.1 Working Hours

The Labor Codex, adopted in 1986, contains the legal framework of the labor relations. In 1992 the codex was radically changed with reference to the economical and political changes that have occurred. One must note that in view of the reinforced protection of the workers and the employees the employers prefer to conclude civic rather than labor contracts. The normal length of the weekly time per 5-day working week is up to 40 hours. The usual length of the weekly working time for the sector that

five-day working week is not introduced is up to 46 hours per six-day working week. The normal length of the working time per day is:

- five-day working week – up to 8 hours
- six-day working week – up to 8 hours; in pre-rest days and rest days – up to 6 hours.

The normal working time continuity shown above cannot be lengthened (www.in.bg/human.htm).

The general principle laid down in the Labor Code is that overtime work is prohibited. The code considers as overtime work, the work done by the order or with the knowledge of the employer, beyond the normal working hours. There is a governmental institution – Labor Inspectorate, which supervises the use of overtime.

In enterprises where organization of work allows flexible working hours may be established. The period during which the employee must be at work in the enterprise, as well as the manner of accounting it, shall be specified by the employer. Outside the time of the compulsory presence, the employee may decide on when to begin the working day (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.5.2 Holidays

The employee is entitled to an annual paid leave after 8 months length of service amounting to at least 14 days depending on the length of service. The employee is entitled to an annual paid leave after 8 months length of service amounting to at least 14 days depending on the length of service. Another important leave is a maternity one, comprising of 120 days for a first child, 150 days for a second child and 180 for a third and each following child. During the maternity leave the employee is entitled to receive her remuneration paid by the National Security Institute budget. Furthermore, the Labor Code allows additional paid leave for raising a child until 2 years of age. During that period the mother is paid an indemnity from the National Security Institute amounting to the minimum salary in the country. There is also a leave for temporary disability during which compensation is paid by the funds of the National Insurance Institute.

According to the Labor Code employees are entitled to additional leaves for specific occasions, examination leave, leave for graduate exams and preparing and presenting diplomas paper, as well as unpaid leave that is granted by the employer under specific conditions (Foreign Investment Agency: Bulgaria Business Guide, 1997).

The official holidays are the following:

1st January – New Year;

3rd March – Liberation Day – national holiday;

1st May – International Labour Day;

6th May – St. George's Day – Bulgarian Armed Forces holiday;

24th May – Bulgarian Education and Culture Day, Slavonic Letters Day;

6th September – Unification Day;

22nd September – Independence Day;

1st November – Bulgarian National Revival Day – holiday for all educational institutions;

24th December – Christmas Eve,

25th and 26th December - Christmas;

Easter – two days (Sunday and Monday), vary for the different years.

In Bulgaria every employee having at least 8 months length of service has the right of a paid leave. The paid leave is at least 20 workdays per year.

3.6 Foreign Employee Acceptance

3.6.1 Employment of Foreign Employees

All foreign persons that have permanent residence permit can be employed in the same way as Bulgarian citizens. Temporary work permits are issued by the ministry of Labor and Social Care. The work permits are issued for a specified time, job and employer. The permit is issued after a request by the employer. A work permit shall be issued for work, requiring specialized knowledge, skills and professional experience. It is valid for the time of the employment contract but no more than one year. The permission can be prolonged several times but within a three year period. For issuing the permit the employer submits to the Labor Authority the following documents:

- Application-request form (2 copies)
- Four photographs of the employee
- Motivation of four photographs of the employee the request
- Certified copy from the court registration of the employer
- Certificate for tax registration of the employer
- An inquiry form of the employer on the foreigners working for him
- Copy from the papers for the payments of contributions to the “Social Security Fund” and the “Qualification and Unemployment Fund” for the previous 12 months.
- Legalized documents for qualifications, education, etc.
- Medical certificate form approved by the Minister of Health
- Other documents that are necessary due to the specific job requirements according to the Bulgarian labor legislation.
- A fee of three minimal monthly salaries

The time necessary to grant a work permit is between 3 weeks and 1 month. When the employer receives work permit on the name of the employee who is a foreign citizen, he must pay a contribution to the “Qualification and Unemployment Fund”. The amount of the contribution is equal to the amount of three minimal salaries. At October 1997, the minimal monthly salary is 41,290 BGL or approximately \$24.

The permit can be issued only if there is no Bulgarian citizen suitable for the job. The number of employees who are foreign citizens cannot be over 10% of the total work force. The law specifies that the permit is issued only on the name of the employee for a specified employer, job, place, and a period of time. The employment contracts concluded with a foreign person should specify some other points too: obligations of the parties about accommodation expenses, medical treatment, insurance, transport from and to the home country of the foreigner (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.6.1.1 Foreign Persons

Foreign persons are obligatorily ensured only for temporary and permanently disability. For this risk only, the contribution percentage is 22% of the income. For all other risks, depending on their own choice they can be secured according to the regulations for Bulgarian citizens. The insurance conditions should be settled in the employment contract.

Disputes under contract with foreigners may be handled either by Bulgarian or other court, as agreed.

The labor law is well-organized and quite comprehensive for foreigners so there could be no problems in the legal aspect of employment relations.

According to Art. 14 para. 5 of the Law on Foreign Investment Promotion and Protection, foreign persons employed by trade companies with 50% foreign ownership, or by foreign entity registered as self proprietor, or by a branch, or by representative office of foreign company, are allowed to convert 70% of their local income into foreign currency. That limit is expected to be repealed in the prepared new version for the Foreign Investment Act (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.6.2 Working Regulation for Foreigners

3.6.2.1 Entry to Country

A foreign person can enter the Republic of Bulgaria if they have a valid papers. These are:

- a) A passport or other alternative document allowing him to travel abroad
- b) An entry permit – either entry or transit visa.

A visa is not required where there is a bilateral agreement between the Bulgaria and the native country of the visitor. Currently no visas are required from the citizens of European Union member stays for periods, less than 30 days (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.6.2.2 Issuing and Validity of Visas

Entry or transit visas are issued by the diplomatic or consulate offices abroad. Some types of visas can be issued at the boarder check-points at the entry to Bulgaria.

The Diplomatic or consular offices issue the following types of visas:

- Entry visas – single entry, double entry or multiple entry visas. They are issued within seven days from the day of submitting the necessary documents.
- Single entry fast track visas are issued within the same day of submitting the documents.
- Transit visas – single entry, double entry or multiple – within 24 hours from submitting the documents.
- The boarder check-points issue only single entry fast track and transit visas within the same day.

Single entry visas and transit visas are valid for three months from the day of their issuing. Double entry visas are valid for six months and multiple entry visas are valid for one year. Multiple entry visas can be issued to foreign persons that are in contact with a company, organization or any institution registered in Bulgaria and their activities imply multiple visits to the country. Transit visas are valid for stays no longer than 30 hours from the moment of entering the country. For entry visas the period of stay can be up to 3 months from the day of entering. The time of stay can be limited by the amount of money exchanged for providing accommodation in the country. Limits of the stay for citizens of countries which Bulgaria has bilateral agreements, are set in compliance with those agreements.

Foreign persons that have an employment contract and valid working visa can acquire a permit for stay in a country for the time of the contract but no more than one year. This permission can be prolonged if there is a new working visa. Foreign persons that have legal registration to carry out business activities in Bulgaria can acquire a permit for stay up to one year. The permit can be prolonged every year (Foreign Investment Agency: Bulgaria Business Guide, 1997).

3.6.2.3 Issuing and Validity of Visas

Permits for permanent residence do not specify when the foreign person should leave the country.

Permits for permanent residence can be acquired by foreign persons in the following cases:

- **Foreign persons originally holding Bulgarian nationality**
- Married to Bulgarian citizens or to other foreign persons that have permits for permanent stay
- Children of Bulgarian citizens or of other foreign persons that have permits for permanent stay.
- Staying in Bulgaria permanently for more than ten years or 6 years if they are carrying out business activities in the country.

The permission for permanent residence is issued by the Ministry of Internal Affairs. The necessary documents must be submitted to the regional Passport Authority in the region where the foreign person is resident. The documents can also be submitted to the diplomatic or consular office in the home country of the applicant.

The application must submit the following documents:

1. Completed applications form approved by the Ministry of Internal Affairs or from the Foreign Ministry.
2. Passport or other alternatives documents for traveling abroad.
3. Bulgarian ID if the foreign person has been in the country for more than 6 months
4. Document that certifies the applicant has business in Bulgaria or is self-employed (court registration)
5. Autobiography
6. Proof that there is accommodation provided for those foreign persons that do not have registration for carrying out any business activities.

The permit is used within one month from the day of submitting the documents. If they are submitted to a diplomatic or consular office abroad – the permit is issued within two months (Foreign Investment Agency: Bulgaria Business Guide, 1997).

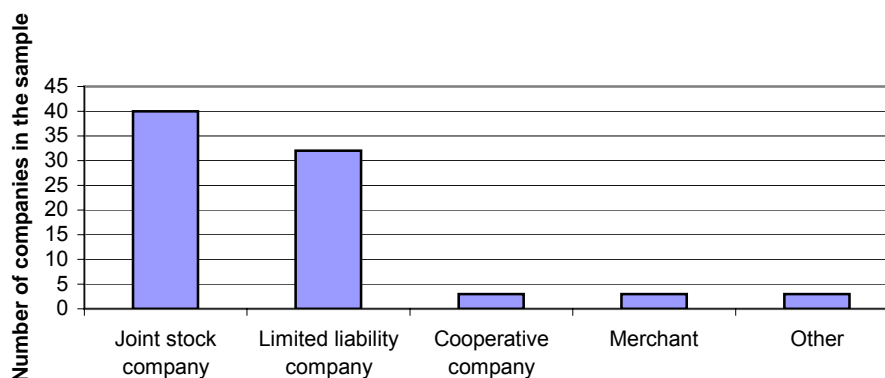
4

Primary Research in Bulgaria

4.0 The General Environment of Bulgarian Firms

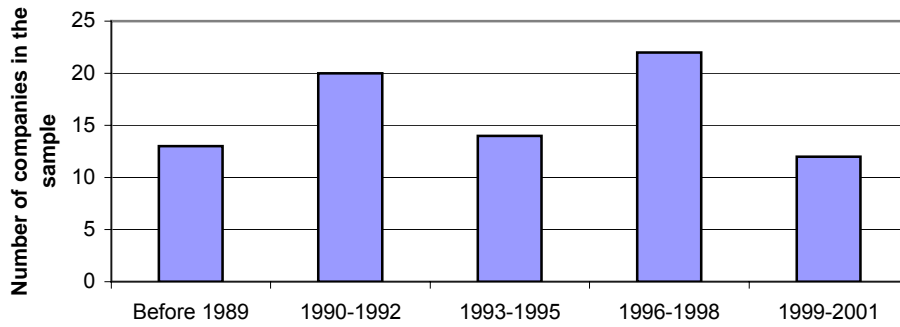
The majority of the companies of the sample are joint stock companies, while a significant percentage is limited liability companies (Figure 56).

Figure 56. Legal Form



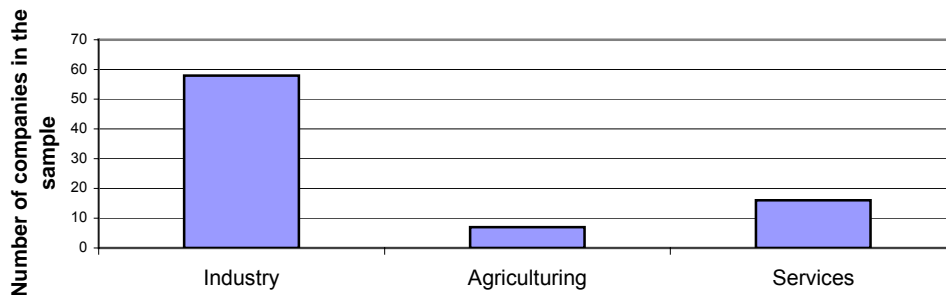
The largest percentage of the respondent companies have been established recently either between the period of 1996-1998 or in the period 1990-1992 (Figure 57).

Figure 57. Period of Establishment



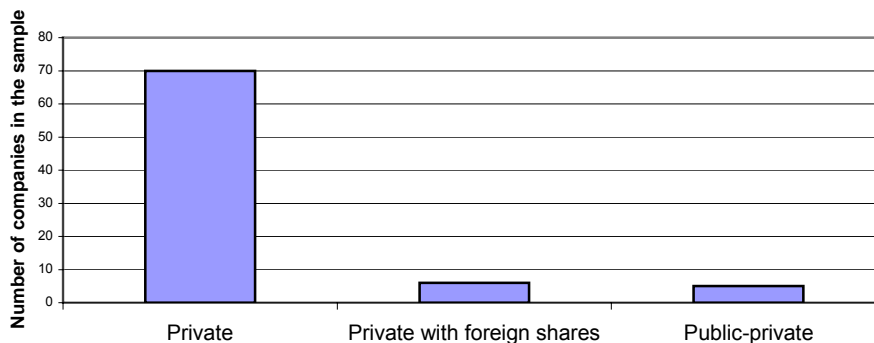
Approximately 78% of the companies participating in the research were operating in the industrial sector, while service companies form approximately 22% of the total sample (Figure 58).

Figure 58. Industrial Sector



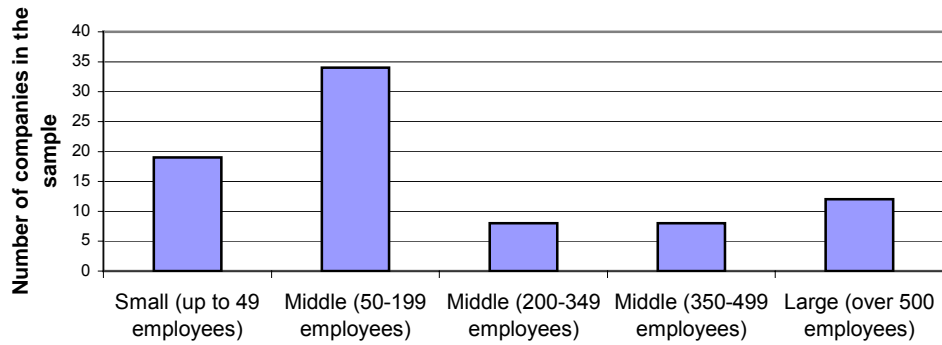
The majority of the participating companies belong to the private sector (Figure 59)

Figure 59. Type of Ownership



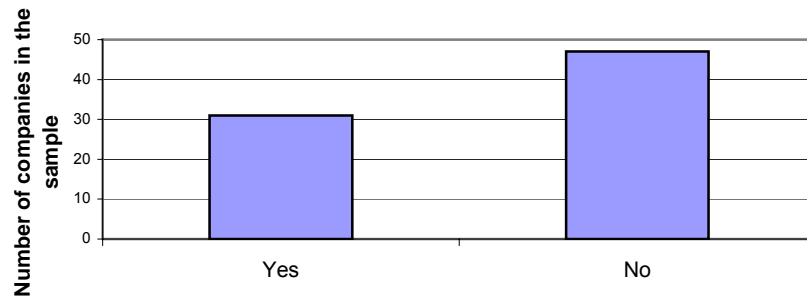
Approximately 40% of the companies participating in the primary research are medium sized employing between 50 and 200 employees, while a 35% consists of large sized companies (Figure 60).

Figure 60. Number of Employees



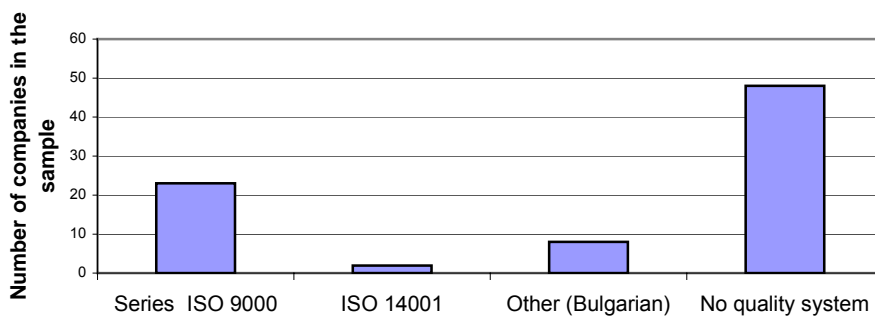
In the majority of companies interviewed, a trade union is not operating within them (Figure 61).

Figure 61. Trade Union



The primary research showed that most of the questioned companies haven't introduced a quality system in their organization (Figure 62).

Figure 62. Introduced Quality System



The human resource management is considered an important factor for the success of the business for the majority of companies interviewed. For that reason, most of the companies have a human resource department operating (Figure 63 and Figure 64).

Figure 63. In what degree do you believe that human resource management contributes to the success of your business?

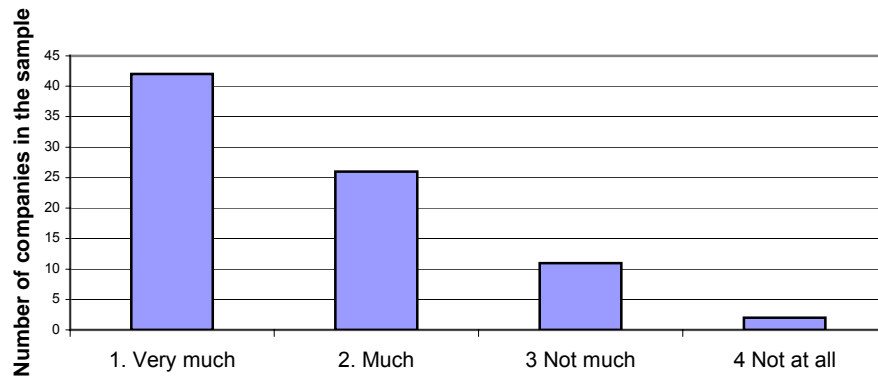
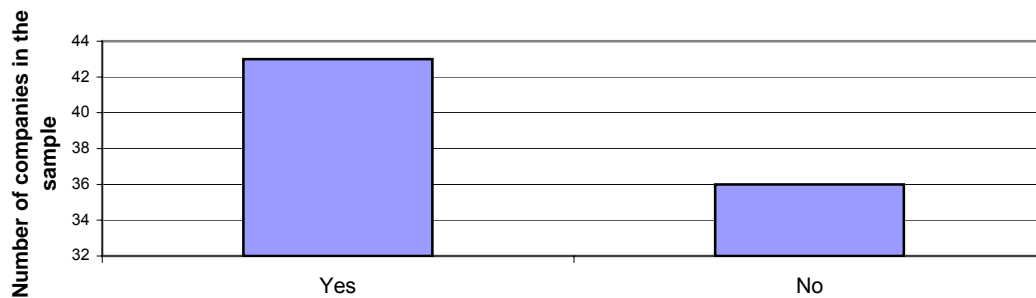
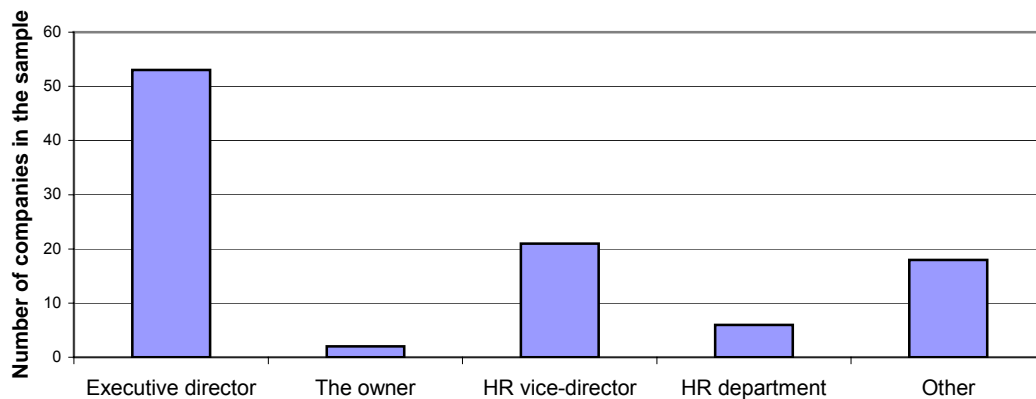


Figure 64. Does your company operate a Human Resource Department?



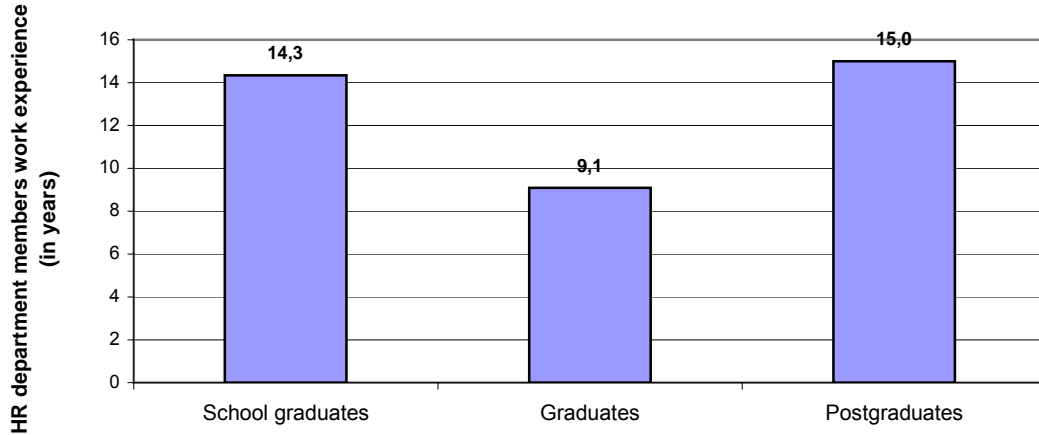
The executive director is responsible for the human resource management in the majority of cases, followed by the HR vice-director (Figure 65).

Figure 65. Who is responsible for the human resource management?



The highest percentage of the HR department employees has a postgraduate degree followed, with a very small difference, by school graduates (Figure 66).

Figure 66. What is the experience and educational level of the HR department members?



The employee category that appears to use with the highest percentage, fixed-term contracts, according to Figure 67, are the workers. Open ended contracts are most frequently met in employees and specialists. Tele-working is used in Bulgaria mainly by managers. From the Figure 68, it can be derived that tele-working is used by a significant percentage, 7%, by workers, which is quite remarkable as for the specific category tele-working is not usually applicable. This may be due to the fact that the respondents were not familiar with the term tele-working.

Figure 67. Number of cases of the use of types of occupation according to the different specialties of your employees

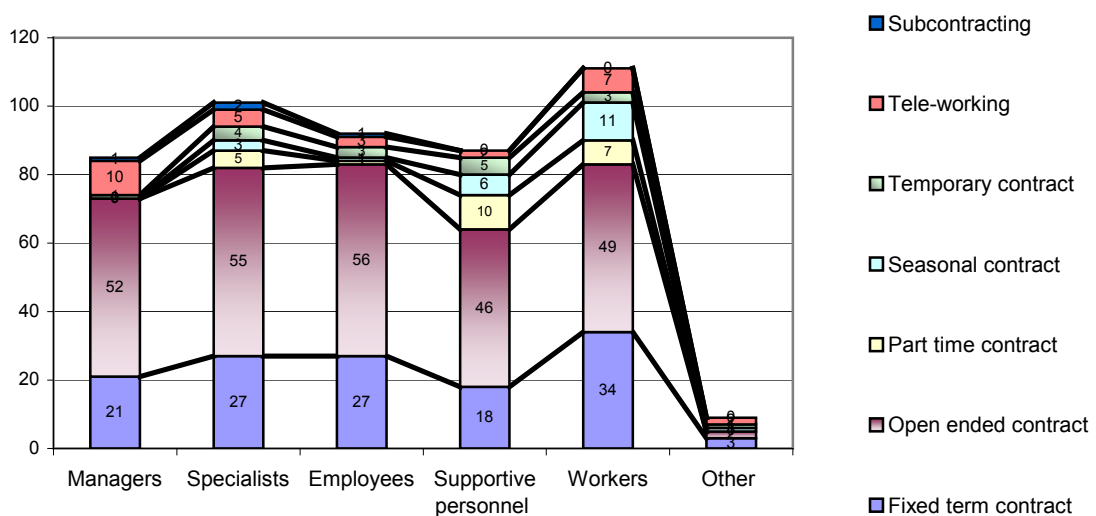
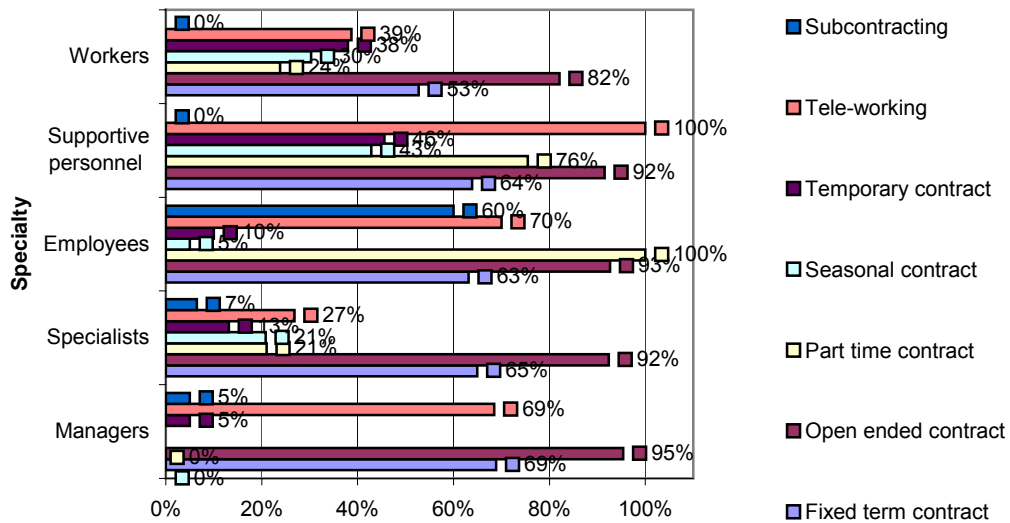


Figure 68. Average percent of usage of the different types of occupation



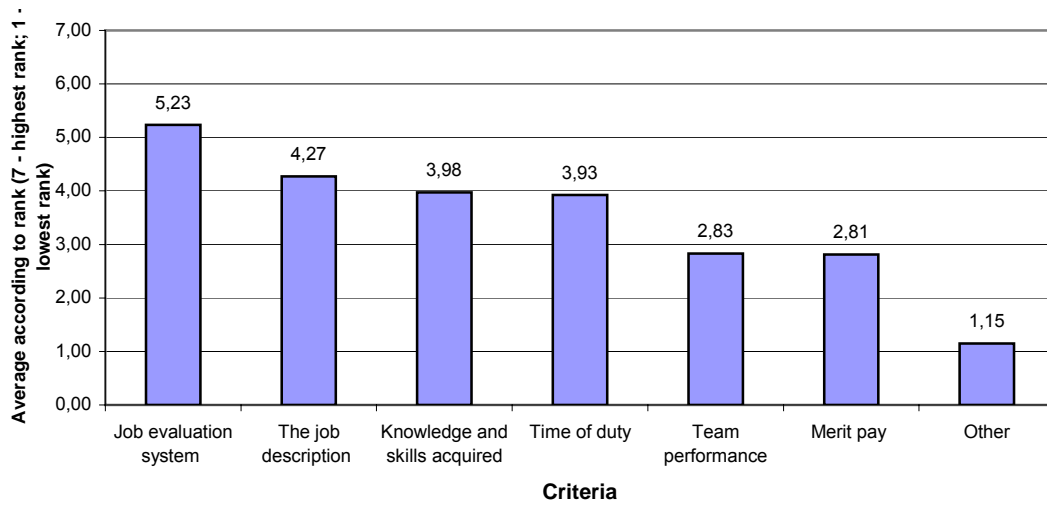
4.1 Payroll Practices in Bulgaria

The basic criteria having greatest influence upon the formation of salaries are as follows (Figure 69):

- Job evaluation system
- Time of duty
- Merit pay
- Team performance
- Knowledge and skills acquired
- Job description.

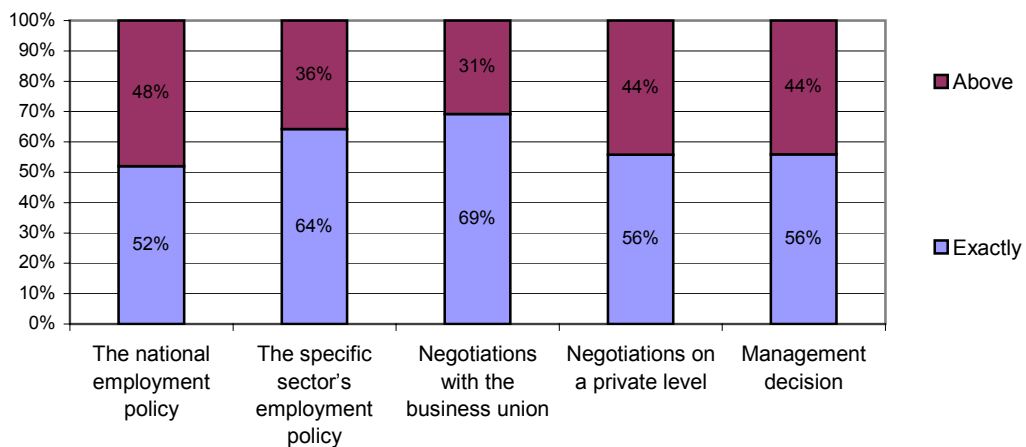
The most important criteria are the company's performance evaluation and the job description, which they were given average marks of 5.23 and 4.28 out of the maximum possible 7 points. This means that most of the questioned firms have placed those two criteria respectively on the first and second place according to their importance for the formation of salaries. The next two criteria with approximately equal average ranks on the scale of importance are the knowledge and skills acquired and the time of duty. Other criteria mentioned are team performance and merit pay, with average ranks 2.83 and 2.81. Only three firms have specified other salary formation criteria - e.g. managers' subjective judgment or development of rationalization projects. Approximately 48% of the interviewed companies have ranked all the criteria and the rest 52% - only some of them.

Figure 69. Criteria used in order to determine the salary rates (average)



The study shows that the factors included in the questionnaire (national employment policy, specific sector's employment policy, negotiations with the business union, negotiations on a private level and management decision) have different influences on personnel remuneration. The analysis of the data (Figure 70) shows that 52 % of the salaries are being formed according to the requirements of the national employment policy, 64% according to the specific sector's employment policy, 69 % result from negotiations with the professional association, 56 % result from private negotiations and 56 % - according to the corresponding managerial decisions. The rest of personnel remuneration is being formed above the criteria set by those factors. The most important factor for the final formation of employees' salaries is the negotiations with professional associations since in many cases they serve as bases for various policies in the sphere of human resource management and the formation of tangible managerial decisions (Figure 70).

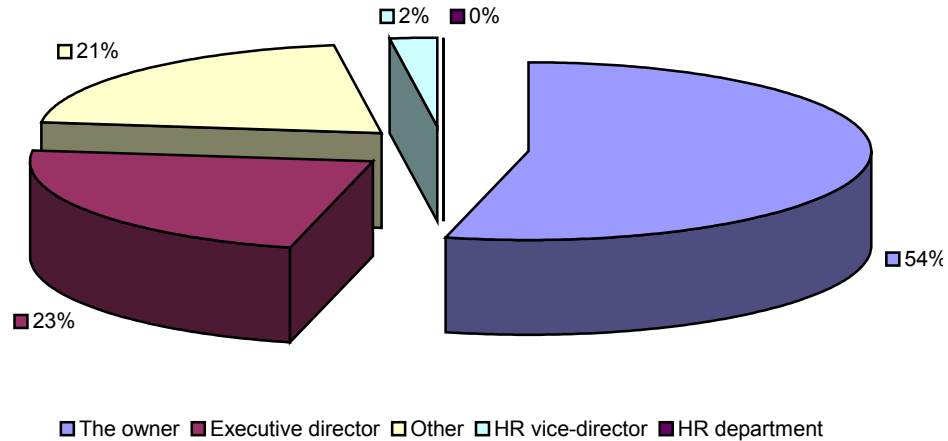
Figure 70. Rewarding employees according to the influence of selected factors



The final decision on personnel salaries level is usually made by the owner of the firm - in 54 % of the cases (Figure 71). In 23 % of the surveyed organizations the decision

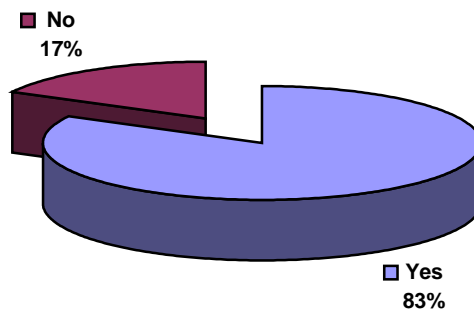
is made by the executive manager. Less often it is made by HR vice-directors, human resource departments, boards of directors, managing boards, general managers, commissions or supervision boards. In most cases the decision is made by a single executive officer or executive department (such is the case in 89 % of the interviewed organizations). In the rest of the cases (11 %) the final decision is made by two executive officers (e.g. the executive director and the owner or the executive director and the human resource department.)

Figure 71. Employee's salary – final decision-maker



The financial performance of the company plays a significant role for the formation of the company's payroll policy. For most of the companies included in the survey (83 %) the payroll policy is directly influenced by the amounts of annual profits while for only 17 % of the interviewed companies there is not such a dependence (Figure 72).

Figure 72. Influence of the annual profits of the company over payroll policy

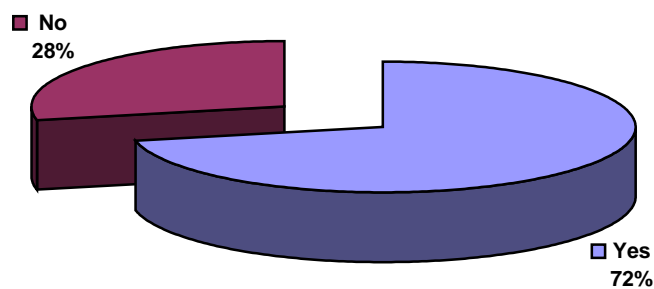


For most of the companies included in the survey the salary level is related to the achievement of specific targets (Figure 73). Such is the case for 72% of the companies included in the survey. Some of the most frequent targets/base influencing the salary rates are:

- achievement of certain quality level of the products or services;
- produce dispatch or services provision within certain time limits;
- production of a certain volume of goods/services;
- achievement of a certain volume of sales turnover either on the domestic or on the international markets;
- execution of production operations according to a specific production schedule or performance specifications,
- reduction of production costs;
- increase of labor productivity;
- attraction of a certain number of clients;
- accomplishment of the production plan;
- accomplishment of certain production indexes;
- the amount of achieved incomes;
- achievement of corporate and individual targets and
- agricultural yields.

For the rest of the companies included in the survey (28 %) the employees' payroll is not directly related to the achievement of specific targets.

Figure 73. Employee's salary – relation to the achievement of specific targets.



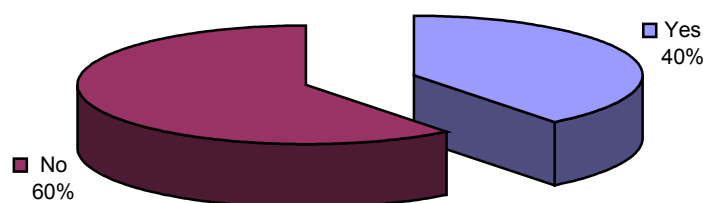
Most of the firms have adopted payroll systems which do not include bonuses. The survey shows that such payroll systems have been adopted by 60 % of the firms (Figure 74). Some of the bonus criteria are:

- volume of sales;
- job quality;
- achievement of results;
- personal contribution and company's performance;
- profits higher than planned;
- financial results;
- timely and qualitative job performance;

- work completed;
- increase of productivity;
- finding new solutions in the field of high technologies;
- ahead of schedule fulfillment of the set targets or contract terms;
- achievement of specific targets;
- extra hours of work or work during holidays/weekends;
- quality of production;
- innovation;
- increase of turnover;
- by manager's decision;

Few of the firms included in the survey have a system of criteria for bonus formation. Such a combination of criteria typically includes for example quality of service, volume of sales, reduction of production errors and costs. The rest (60%) of the firms included in the survey do not use any types of bonus schemes.

Figure 74. Usage of different types of bonus schemes

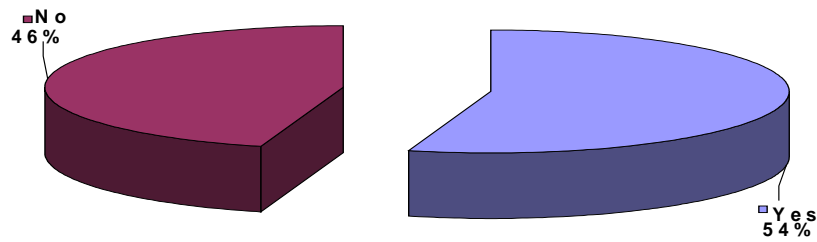


The systematic evaluation of employees is a regular practice for 54 % of the firms included in the survey while in the rest 46% the evaluation is non-systematic (Figure 75). The firms use various methods for work performance evaluation. Some of them are:

- method of subjective evaluation performed by immediate managers;
- attestation method - by filling in attestation cards or forms;
- tests;
- evaluation system based on job descriptions;
- the method of "allocation of personal tasks and their evaluation through a point system";
- based on the evaluation of individual targets and skills;
- a combination of analytical and non-analytical evaluation techniques;
- brain-storming;
- evaluation system based on production quality;
- evaluation based on achieved results (achievement of specific planned goals, sales volume);
- points-based evaluation system;
- total sales;
- evaluation using coefficients and indexes;
- special corporate method.

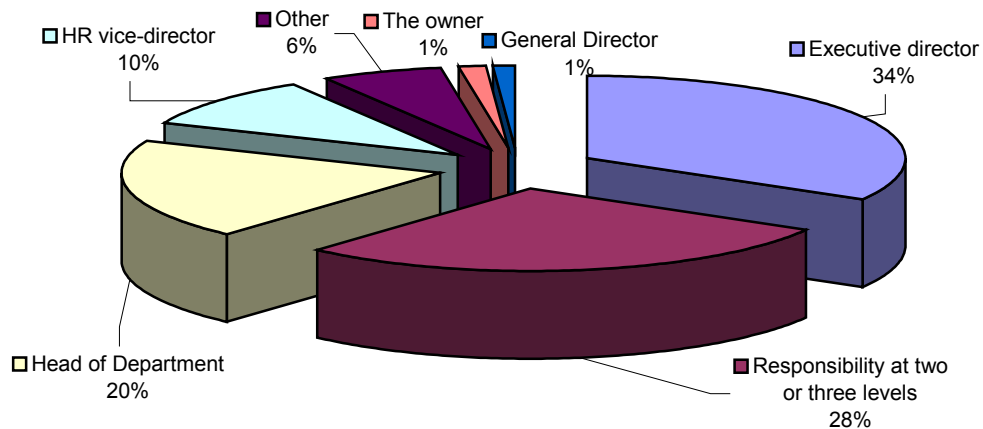
The most widely used of those methods are the attestation method and the comparative method.

Figure 75. Usage of systematic evaluation of employees



At about 33 % of the firms included in the survey the evaluation process is a responsibility of the executive manager (Figure 76). On the second place (about 20 %) are the firms where the evaluation process is a responsibility of the head of department. The HR vice-director is responsible for personnel evaluation in 10 % of the cases and while the general director and the owner of the firm are responsible in 1 % of all cases. Often this responsibility is shared between the executive director and the head of department or between the head of department and the HR vice-director. Data analysis shows that in about 28 % of the firms, the responsibility is shared between executive officers of different ranks. Only 6 % of the organizations have described other variants for sharing personnel evaluation responsibility

Figure 76. Distribution of responsibilities for the evaluation of employees



Some of the main criteria for employees evaluation used by the firms included in the survey are as follows:

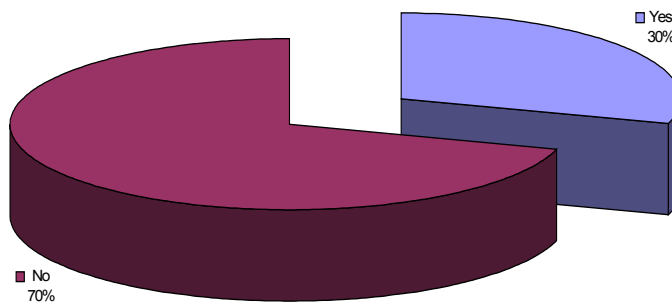
- qualification (24%)
- productivity (21%)
- quality of work (16%)
- education (12%)
- experience (10%)
- contribution to revenue (8%)
- responsibilities (6%)
- skills for decision-making (4%)
- technical skills (3%)
- length of service (3%)
- skills for work with clients (2%)
- many criteria (1%)

- professional work (8%)
- personal qualities (7%)
- type of work (6%)
- ability to work within a team (1%)
- loyalty (1%)

4.2 National Insurance System

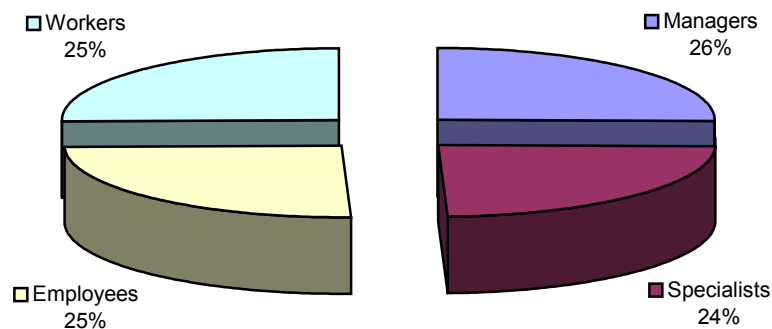
Private medical insurance is still not a widely used practice in Bulgaria as Figure 77 shows. The survey shows that only about 30 % of the companies included in it pay for the medical insurance of their employees. Most of the firms (about 70 %) do not cover the private medical insurance of their employees. This fact is most probably due to the changes which have occurred in the field of medical insurance for the last few years and which have not been completed yet.

Figure 77. Offering private medical insurance to firm's employees



The companies that offer private medical insurance to their employees include all personnel categories as it can be seen from the chart. The difference in percentages between the executive and specialist categories is due to the fact that in some companies specialists are not a separate category (Figure 78).

Figure 78. Distribution of offers for private medical insurance according to employee's specialties



In relation to the private pensions schemes the answers are similar to those regarding the private medical insurance with only a slight difference in distribution. The survey shows that about 38% of the organizations offer their employees private pensions and 62% of them do not (Figure 79). In those firms that offer private pensions it encompasses all employees - this is obvious from the almost equal distribution of percentages among the various categories of employees (Figure 80).

Figure 79. Offering private pensions to firm's employees

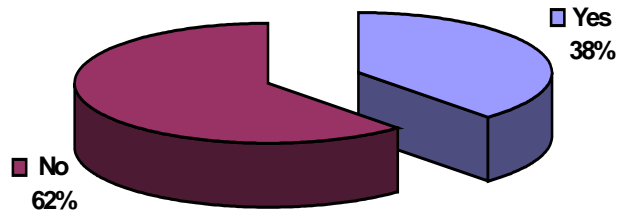
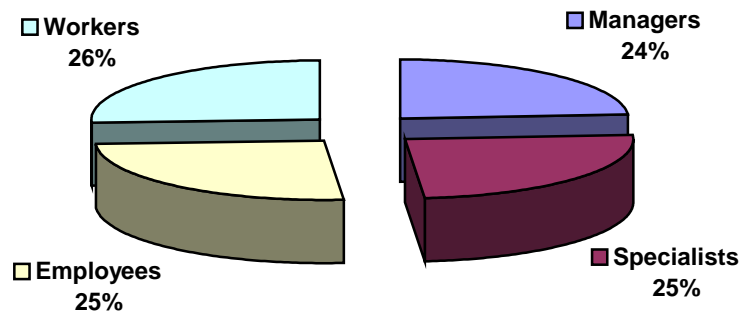


Figure 80. Distribution of offers for private pensions according to employee's specialties

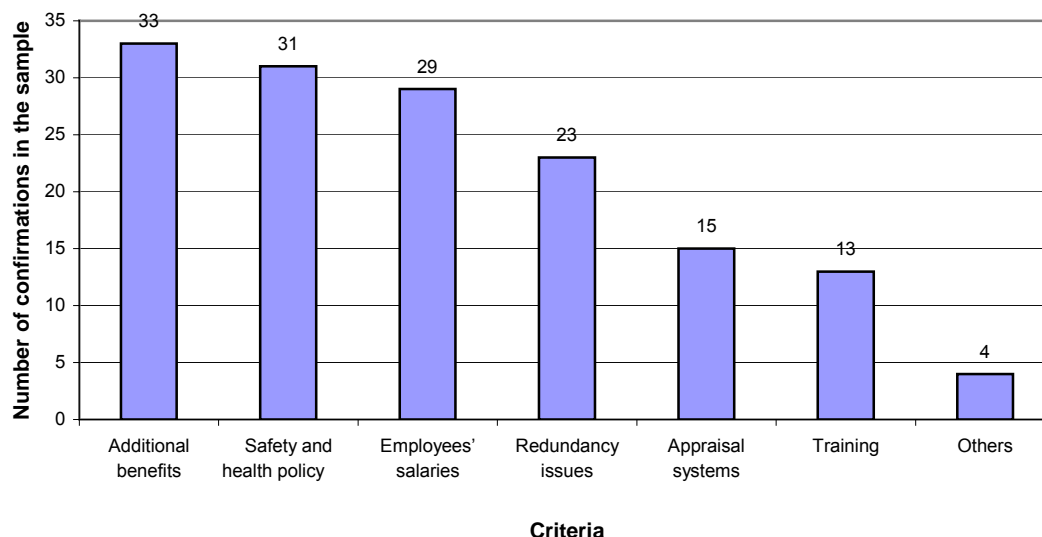


4.3 Unions

Raw data show that in more than half of the companies included in the survey there are no functional syndicates. In the rest of the firms (in which there is a functioning trade union) various aspects concerning their employees are negotiated. The most frequently negotiated aspects are the additional benefits (in 33 of the companies), the

safety and health policy (in 31 of the companies), followed by the employees' salaries (in 29 of the companies), and the redundancy issues (in 23 of the companies). Less frequently negotiated is the training and evaluation system - in 13 and 15 of the companies included in the survey. Only 4 of the companies have given other answers - e.g. social policy or redundancy order (Figure 81)

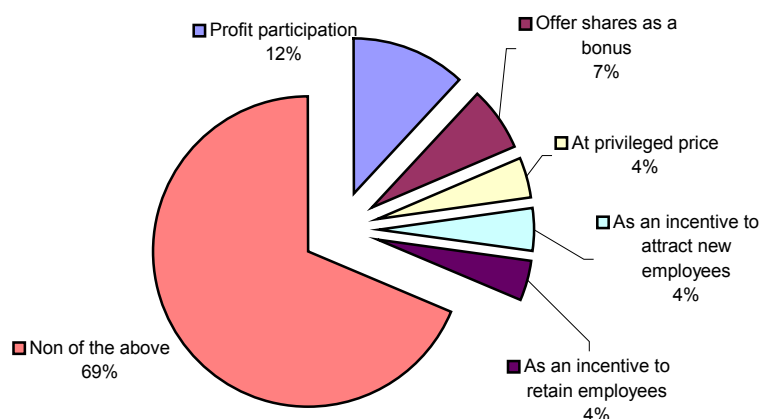
Figure 81. Issues negotiated between the employer and the company union



4.4 Motivation

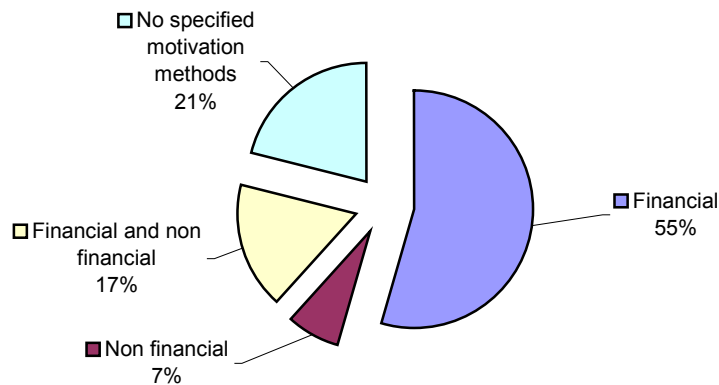
The option for acquiring stocks or bonds by the employees is quite rare in Bulgaria. About 69 % of the companies included in the survey do not provide such an option. Only a small portion of the companies (about 12%) provides the possibility for profit sharing thus motivating their employees to work better. Less often, the shares are offered in the form of performance bonuses - in about 7% of the firms. The offering of shares on special prices is extremely rare met in only 4 % of the cases. The acquisition of shares by the employees is not considered a mean for retaining qualified specialists in almost all of the surveyed companies. Only 4 % of the firms consider the acquisition of shares a sufficient motivation for the attraction and retention of specialists (Figure 82).

Figure 82. Application of the share-gaining motivational practice



Most of the companies realize the importance of personnel motivation. The analysis of data gathered through the survey reveals two main types of personnel motivation - financial and non-financial. The highest percentage of companies (about 55%) prefer the financial type of motivation of their employees in the form of bonus payment received by the employees in case of overfulfilment of plan indexes - often in the form of a thirteenth salary. A comparatively smaller percentage of companies (17%) combine the financial and non-financial types of motivation. Most of the companies in this group give material prizes (presents) to their employees or give them the opportunity to receive additional qualification/training paid by the company. The smallest group (7% of the companies included in the survey) is the group of companies that offer only non-financial type of motivation to their employees (Figure 83).

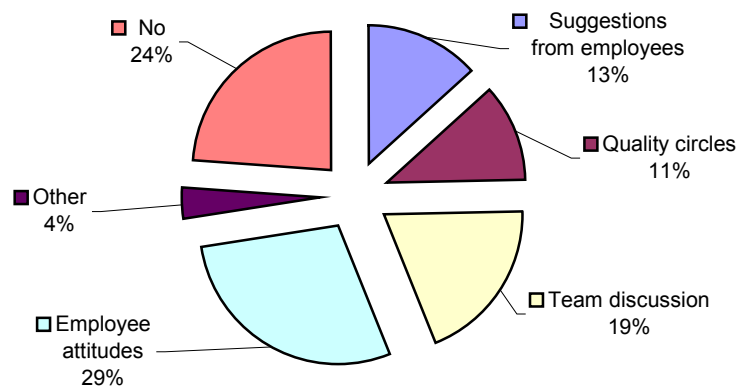
Figure 83. Distribution of motivation techniques (financial and non financial)



4.5 Communication

About one quarter of the companies (31%) do not adopt the systematic methods of direct company support from their employees. The rest of the companies adopt these methods - in 37 % of the cases due to employee attitudes, in about 25% due to team discussion, in 17 % due to suggestions offered by the employees and in 15% in due to the functions of quality circles. Only 4 or 5% of the companies included in the survey have pointed out other reasons. About 19% of the companies have chosen more than one possible answer, which explains the incongruities in the figure below (Figure 84).

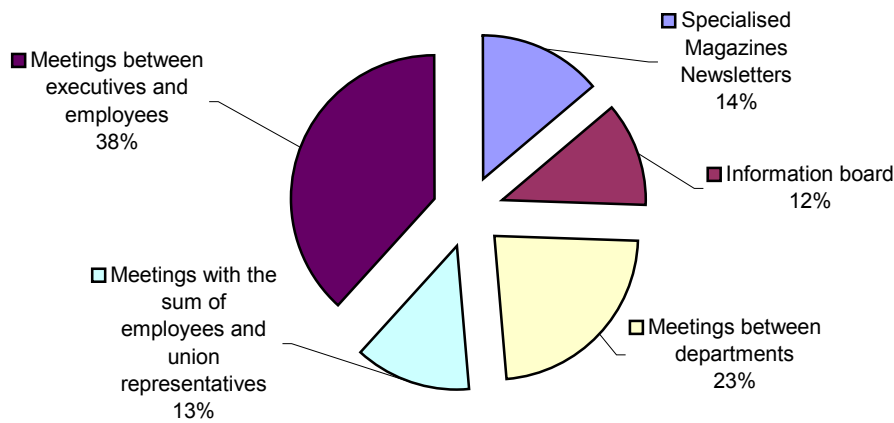
Figure 84. Distribution of cases confirming the practice of adopting systematic methods of direct company support



Communication with the employees is relatively well organized in all companies included in the survey. Most of them (27%) are using one of the below methods to transfer information to their employees about the changes which occur within the organization (company). About 23% of the companies use two of the above methods, 20% use three methods, 1 % use four methods and only 9% use all five methods. Only four of the companies included in the survey (representing 5% of the total number) do not use any of the above methods for communication with their employees as half of them rely on direct contact (Figure 85).

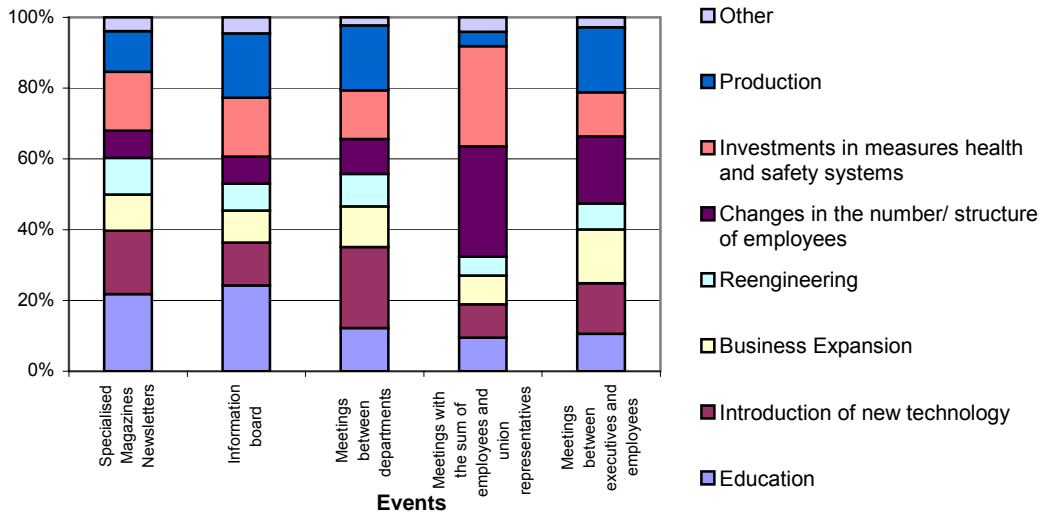
Meetings between executives and employees are the most widely used method - in 38 % of the companies included in the survey. The method of departmental meetings holds the second place on the scale of popularity. It is obvious from the collected data that such meetings are being organized in 23 % of the companies. Meetings with the sum of employees and union representatives are organized only in 13 % of the organizations included in the survey. The remaining two methods are also less frequently used - specialized information boards in 14 % of the companies and information boards - in 12 % of the organizations included in the survey.

Figure 85. Relative shares of the application of different methods for information of employees about company issues (566 marks)



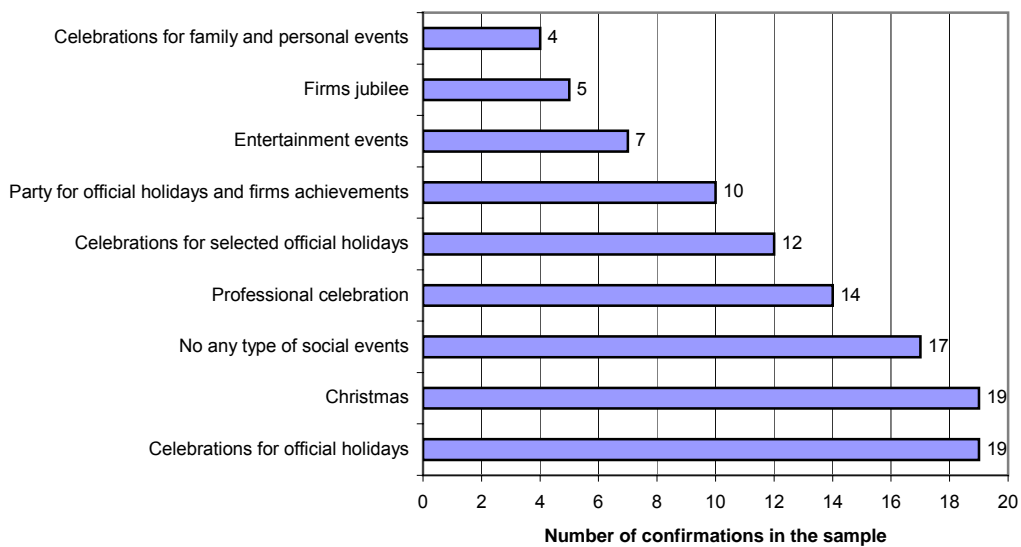
The reasons for which companies apply the specific methods of employee information vary also between the different organizations. The specialized information bulletins or newsletters are the most frequently used methods to inform the employees about future changes in the field of education, technologies, investments, labor protection, safety and production. The information boards are generally used to announce changes concerning primarily education, qualifications, production or investments. The meetings between departments are normally induced by the occurrence of various innovations or changes related to production. The meetings with employees' trade union representatives are usually held for discussions on changes in the systems for labor protection and safety or changes in the personnel structure. This is logical having in mind that labor protection and safety and personnel redundancy are two of the most important problems negotiated by employees and trade union representatives from the one hand and employers from the other. The general meetings between management and staff are intended to discuss the changes in production, personnel structure, the expansion of business or the introduction of new technologies in the company's structure (Figure 86).

Figure 86. Internal distribution of events activating different methods for information of employees



The social and public events organized by a company for its employees have always been and still are a common practice in Bulgaria. However, most of the small- and medium-sized private firms confine themselves in celebrating only the official holidays, Christmas and New Year's Day. Companies in Bulgaria also relatively often celebrate professional holidays of the industry sector they are representatives of. Parties dedicated to company's achievements, personal or family celebrations are less frequently organized. Social events like going to the theater, cinema, etc. are also quite rarely organized (Figure 87).

Figure 87. Types of social events organized for the firm's employees



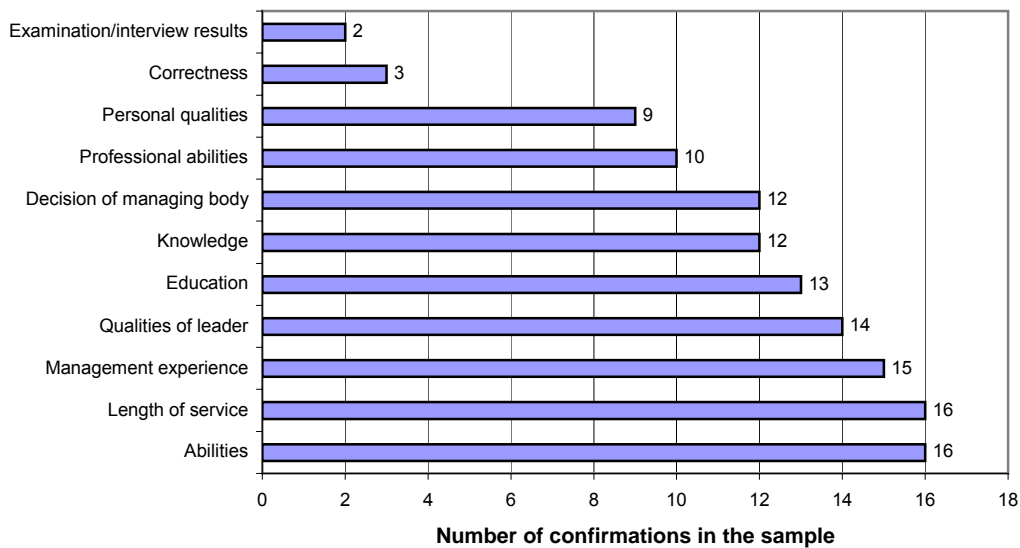
4.6 Employment

Most of the companies included in the sample (about 41%) use two or more criteria in the selection of new executives. The most common criteria are:

- applicant's skills - a criterion used by 16 of the companies;
- applicant's work experience - applied as often as the previous one;
- managerial experience;
- education;
- knowledge;
- professionalism;
- personal qualities and
- accurateness

In about 20% of the companies the choice is a result of a managerial decision. The responsibility of making that decision is delegated either to the board of directors or to the executive board or is made directly by the owner of the company. Only 6% of the companies declare that they have set a special selection procedure (post competition). The remaining 33% of the companies do not apply a special criterion or procedure for the choice of their executive directors grounding that decision on a corporate secret or lack of such post (Figure 88)

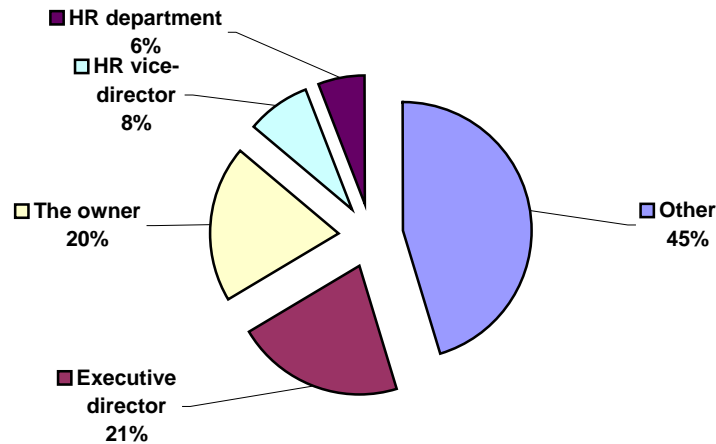
Figure 88. Criteria used for recruiting a new executive



Those who most often organize and conduct the process of employee selection in the small- and medium-sized enterprises are the executive director and the owner/s of those enterprises. In 21% of the cases in the sample the selection procedure is a responsibility of the executive director and in almost as many cases (20%) it is a responsibility of the owner. The analysis shows that the Human Resource Departments (HRD) as well as the Human Resource Managers of most of the companies do not participate in the selection process. In only 8% of the cases the selection is done under the guidance and with the participation of the Human Resource Manager and in only 6% of the cases the selection is done with the participation of HRD representatives. In about 14% of the companies the selection process is carried out with the participation of representatives of two executive organs one of which is usually the owner or the executive director. The group of those who

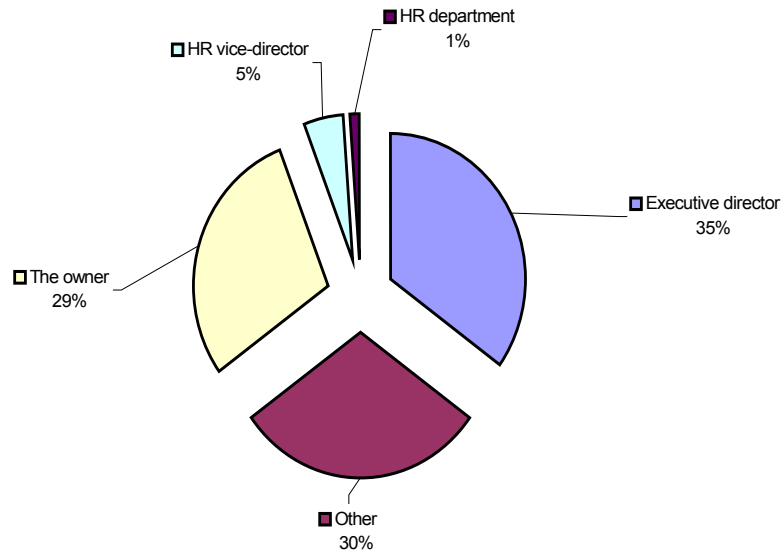
are directly responsible for the selection process also includes the production manager or the department manager, the managing director, the executive board, the board of directors, the head of department, managers and vice-managers, commissions, department officers, the general manager, the sector manager, the vice-directors - generally the responsibility in 45% of the cases is directly borne by any of the above officers or organs (Figure 89).

Figure 89. Distribution of responsibilities for the recruitment process



The analysis of data shows that the final choice is a responsibility above all of the executive director or at least he is responsible for the final choice in 35% of the cases included in the sample. The share of the owners who have kept this responsibility and privilege for themselves is also great. The survey shows that in 29% of the cases in the sample the final decision is made by the company owner/s. The final decision is extremely rarely made by the HR director or by the members of HRD - the overall number of those cases accounts to 6% of the companies. In the remaining 30% of the cases included in the sample the choice of the most suitable applicant is a responsibility of other people or organs (i.e. board of directors, executive officers, managers or commissions). Almost 9% of the interviewed organizations did not give an answer to who is directly responsible for the selection process and the final choice of employees (Figure 90).

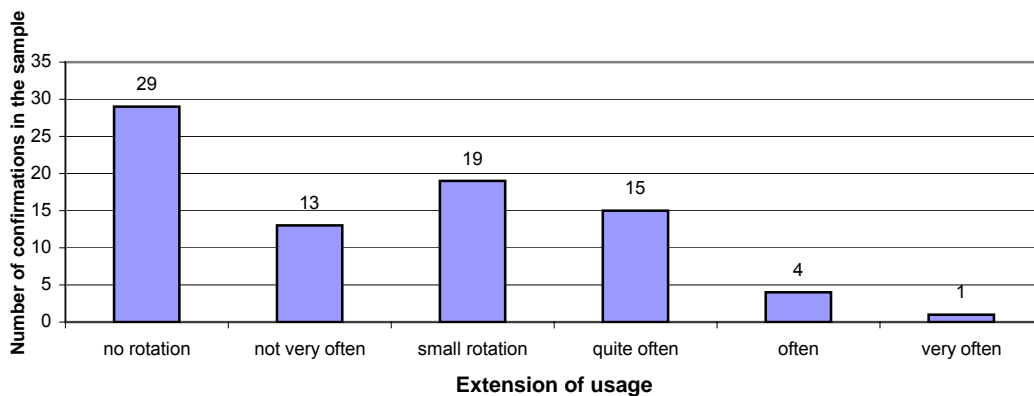
Figure 90. Distribution of responsibilities for the final employment decision



The orientation and training of the employees in the small- and medium-sized private enterprises are not very popular. Most of the owners and executive managers of those enterprises still ignore those human resource management activities.

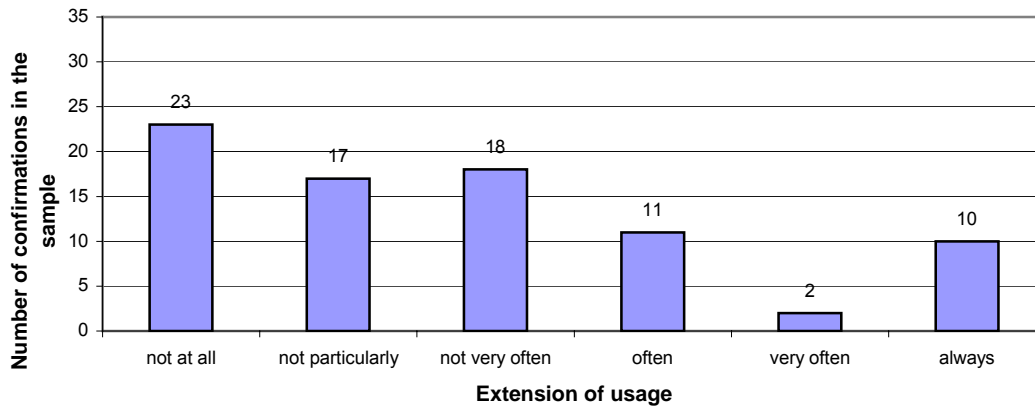
The rotation for the education and training of the personnel is either totally neglected or paid very little attention to. The survey data shows that in about 3 % of the cases included in the sample the companies do not practice personnel rotation, in 24% of them the rotation is used quite rarely and in 19 % of the companies is used quite often. Only 5% of the companies included in the sample use the rotation frequently and about 1% of the companies consider the rotation something normal and useful (Figure 91).

Figure 91. Extension of usage of the job rotation policy



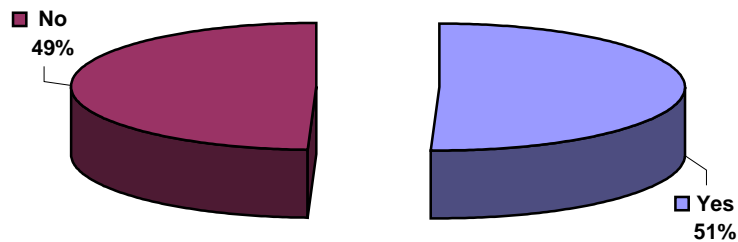
Most of the executive bodies within the structure of the organizations do not support the policy of additional training of their employees. The companies that do not follow such a policy represent 28% of the total number of cases included in the sample. The administration of 21% of the companies very rarely supports such a policy and 22% of them do that not quite often. Approximately 14% of the companies included in the sample frequently follow such a policy - 3% of them very often and only 1% of them approve such a policy and regularly provide additional training (Figure 92).

Figure 92. Supporting job rotation policy by providing additional education



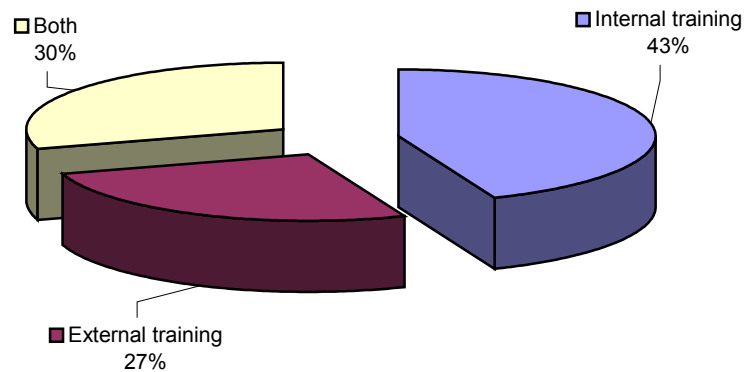
The introduction of the new employees to the specifics of their job is not considered a very important factor by almost half of the interviewed companies. This to a great extent may be explained by the little necessity of highly qualified personnel and the specialization of employee activities, as most of the companies rely on the correct selection of employees. These are some of the reasons for about 49 % of the companies not to perform an introductory or preparatory training. The rest (51 %) of the companies perform such training activities (Figure 93).

Figure 93. Performing an induction/training program



Most of the companies included in the sample (about 79%) train their employees in a later stage. Forty three percent of the surveyed companies train their employees within the structure of the company using internal resources (trainers). A substantial part of them (30%) use both forms of training, internal and external while almost equal part of them (27%) prefer the external form of training (Figure 94).

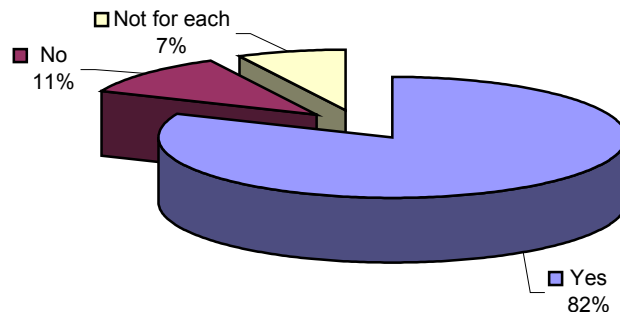
Figure 94. Priority usage of different types of training



4.7 Organizational Structure

Nowadays job description is a very useful means of clarifying the employee's obligations as well as of setting a remuneration base. The majority of companies (nearly 82 % of the cases included in the sample) have created and developed job descriptions for the whole range of posts within their organizations. Approximately 7 % of the companies have job descriptions for some of the positions, while in 11 % of the cases included in the sample (with varying line of activities) do not have written job descriptions at all (Figure 95).

Figure 95. Existence of job description for each position in the firm



Almost 31% or 25 of the companies included in the sample review their organizational structures every year. About 16% of them (13 companies) review their organizational structures when there is a need for that without stating how often that happens and 15 % or 12 of the companies review their organizational structures every 6 months. Some of the surveyed companies (7.4% of the companies included in the sample) declare that they review their organizational structures not very often and the same percentage declares that they do that every month. The organizational structures are reviewed in 6% of the companies included in the sample every month while 4.9% of the companies review their organizational structures every week. Almost 4% of the interviewed organizations review their organizational structures quite rarely and 8.6% of the firms do not review their organizational structures at all (Figure 96, Figure 97).

Figure 96. Frequency of reviewing the organizational structure of the company

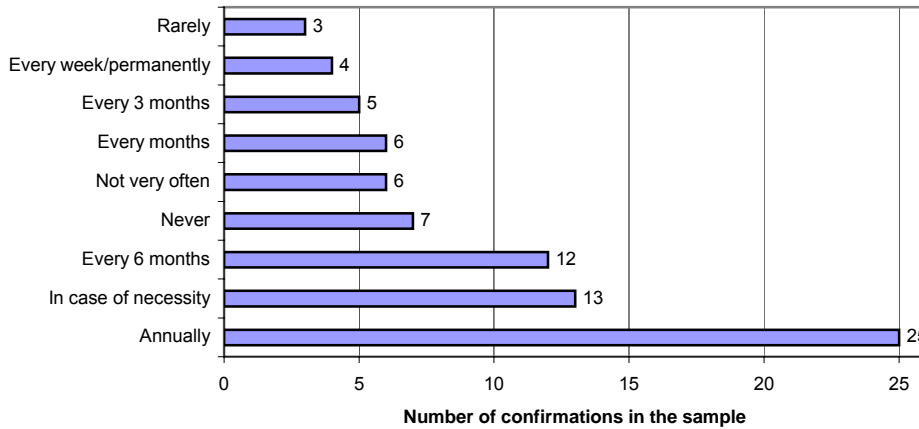
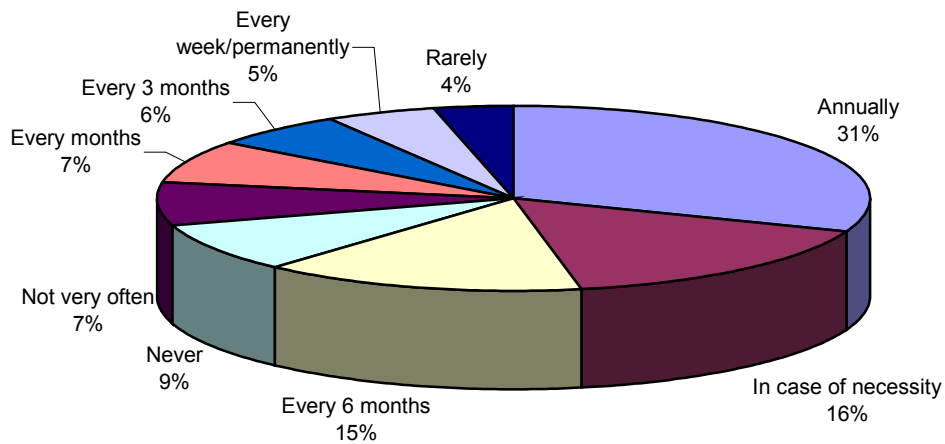


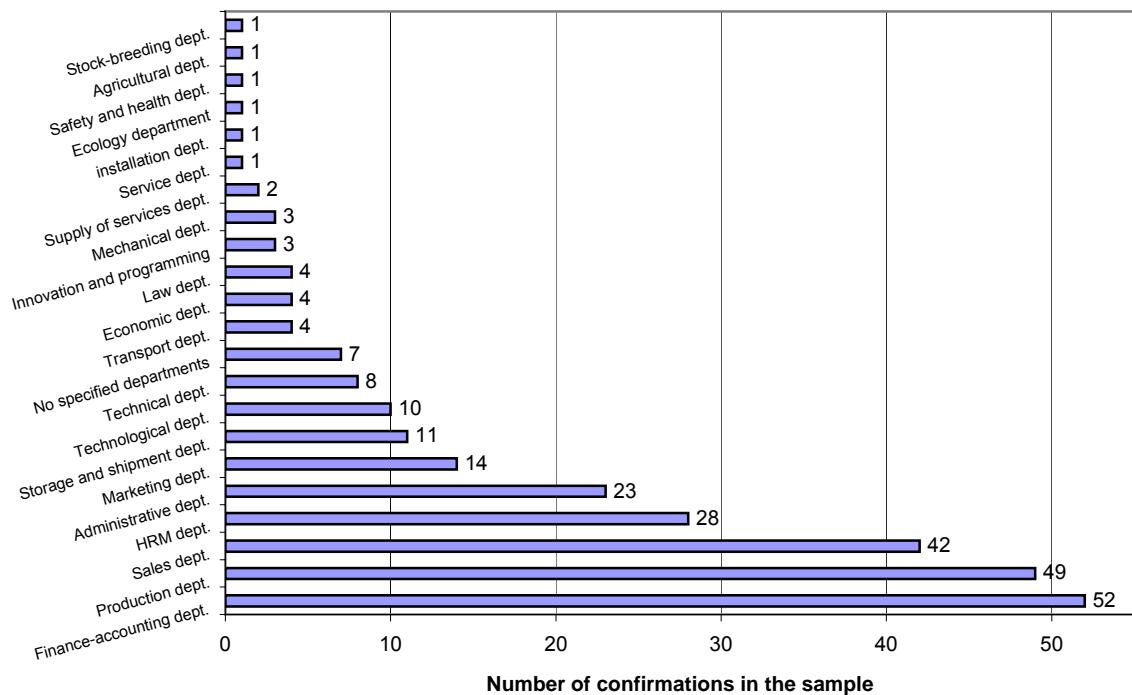
Figure 97. Percentage distribution of the frequency of reviewing the organizational structure of the company



One of the departments that is most frequently present within the organizational structures of the companies is the Department of Finance and Accounting, 52 of the companies declared that they have Financial, Accounting or Financial and Accounting departments. The presence of a Production department is directly related to their activity according to 49 of the companies. About 52% of the companies (42 of them) have a Sales or Marketing department. Human Resource Departments or their analogues dealing with the aspects of human resource management are present in 28 of the organizations, i.e in about 30% of the cases included in the sample. Although all the companies realize the great importance of the human resource management for their development, most of them do not have executive structure dealing explicitly with human resource management. One of the reasons for that is the small number of employees, which makes the presence of such structures unnecessary while larger organizations are not usually willing to have decentralization and delegation of

executive power. About one quarter of the companies (23 of them) have stated that their organizational structures include administrative departments and 14 of the companies (17% of the cases included in the sample) have marketing departments. Almost 14% or 11 of the companies have a Storage and Shipment department, about 12% of the organizations (10 of them) have a Technological department and about 10 % of the companies (8 of them) have a Technical department. The occurrence of Service dept., Innovation and Programming dept., Transport dept., Supply of Services dept., Mechanical dept., Economic dept., Installation dept., Law dept., Ecology department, Safety and health dept., Stock-breeding dept. and Agricultural dept. within the organizational structures of the companies is less common. About 9% of the interviewed companies (mostly agricultural organizations) did not state the departments operating within their organization (Figure 98)

Figure 98. Major departments within the organizational structure of the company

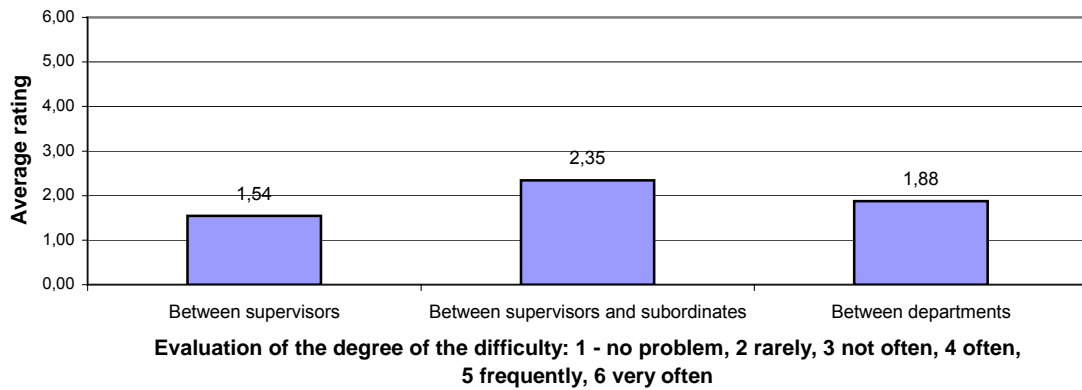


Conflicts and their solutions have always been a problem which needed to be solved in order to preserve the good climate in a organization. Based on the research data it can be concluded that most of the companies either avoid answering this question or declare that either there are not any conflicts in their organization or that the conflicts they have are trivial. As for the conflicts between peer managers in 62% of the companies included in the sample the answers were that there were no such conflicts. In 20% of the cases the answers indicate that such conflicts are very rare, in 14,5% of the cases this type of conflicts was classified as rare and only in 4% of the cases such conflicts were stated as frequent. The most common type of conflicts are the conflicts between supervisors and subordinates. Only 28% of the companies have answered that there are no such conflicts in their organizations.

The remaining 72% of the companies admit that there are conflicts between supervisors and subordinates. Twenty eight percent (28%) of them declare that such conflicts arise rarely, in 26% of them the conflicts arise not so often, for 14% of the companies the conflicts are frequent and for 4% of the companies the conflicts arise very often. On departmental level, the results are similar to those regarding peers. Fifty two percent (52%) of the companies declare that there are no conflicts between their departments, 24% classify those conflicts as rare, 14% answered that conflicts arise not so often and only 10% of the companies indicated that such conflicts arise frequently (in 6% of the companies) or very often (in 4% of the companies).

The average ratings concerning conflicts on various hierarchical levels confirm the above conclusions. The conflicts between supervisors and subordinates have the highest rating - an average of 2.35 followed by the conflicts between departments - 1.88 average. The rating of the conflicts between peers is appearing to be lower (Figure 99).

Figure 99. Degree of facing problems due to not well-defined job responsibilities



Almost 4/5 (about 81% of the sample) of the interviewed companies have not introduced complaint management systems. The rest - about 19 % of the companies included in the sample, have introduced such systems (Figure 100). Most of the latter (46 %) use a complaint box. The rest of the companies that have introduced complaint management systems either use the mediation of a special commission for social partnership (27 % of the companies) or transfer the complaints to the HR manager (27 % of the companies) (Figure 101).

Figure 100. Level of introduction of complaint's management system

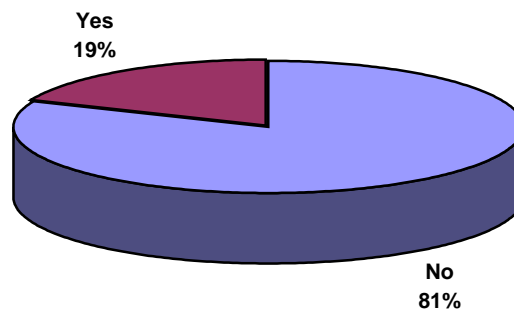
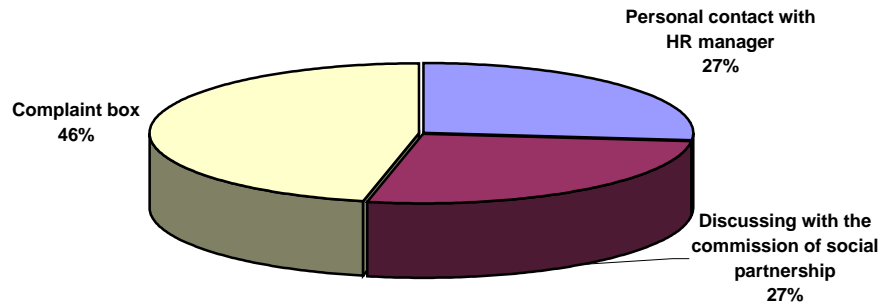
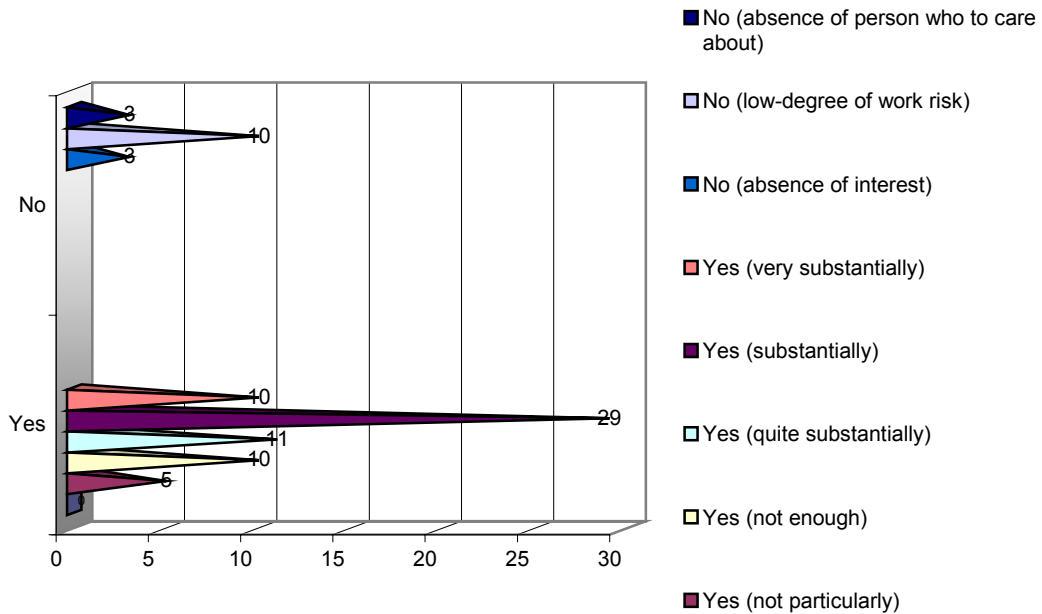


Figure 101. Specificity of work of the complaint's management system



Legislation places certain requirements to which the companies must comply in order to assure the required levels of health and safety for their employees. That is why most of the organizations have created structures entitled to monitor the compliance to all legal requirements. More than 80% of the companies have adopted Labor Safety Committees or have designated Labor Safety Supervisors. What is important to mention is that according to the companies' responses the performance of those organs is not satisfactory. In almost 8% of the companies the Labor Safety Committees do not function well and only partially guarantee the health of the employees. In about 15 % of the companies the Labor Safety Committees have better performance but the level of health protection is still considered unsatisfactory. To a greater extent are the health and safety measures undertaken in 17% of the companies. And in approximately 45% of the companies the Labor Safety Committees substantially succeed in guaranteeing the health of the employers and only 15% of the companies have Labor Safety Committees, which work very effectively and provide the highest possible levels of health and safety in the work environment. The remaining 20% of the companies included in the sample answered that they do not have Labor Safety Committees because of the low level of risk of their operations or the lack of interest from people to carry out those activities (Figure 102).

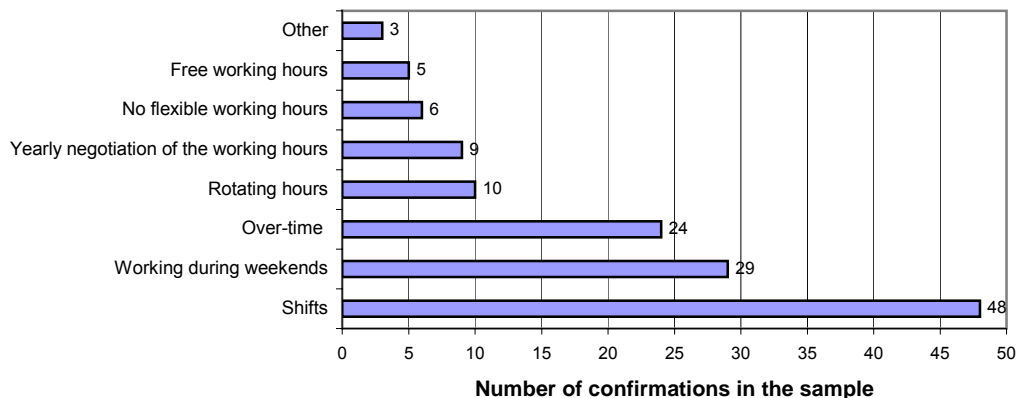
Figure 102. Operation of health and safety committees



4.8 Working Hours

Most of the companies have introduced some form of flexible working hours. Such is the situation in 93% of the companies included in the sample. Shifts-based organization of work gathers the highest response percentage - such is the case for about 59% of the companies. In approximately 36% of the companies employees are working during weekends and another 30% require overtime labor from their personnel. About 12% of the interviewed companies have introduced rotating working hours and 11% of them negotiate the working hours every year. A small percentage of the companies - about 6% - have adopted systems of free working hours. Only 6 of the companies (or 7.4% of all companies included in the sample) declare that they have not introduced any system of flexible working hours (Figure 103).

Figure 103. Types of flexible working hours



The analysis of data shows that in most of the companies there are no operating syndicates. Such is the case in 62 % of the companies included in the sample, in the remaining 38 % of the companies, labor unions are operating within them (Figure 104). Some of the basic issues negotiated by those syndicates are as follows: payment - in 22 % of the cases, safety of labor - in 26 % of the cases, working hours and duration of shifts - in 19 % of the cases, and redundancies - in 14 % of the cases included in the sample. Some of the issues that are less frequently negotiated are: working conditions - in about 4 % of the cases, additional benefits - in 7 % of the cases, bargaining - in about 6 % of the cases and transportation and food issues - in 1 % of the cases included in the sample (Figure 105).

Figure 104. Operation of an employee union at the companies of the sample

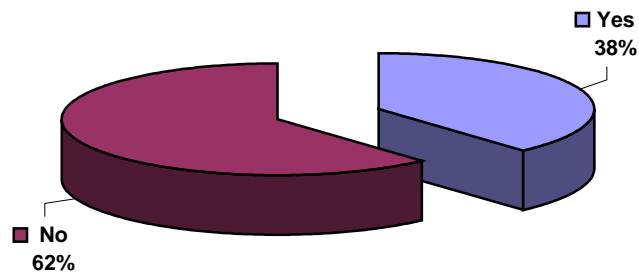
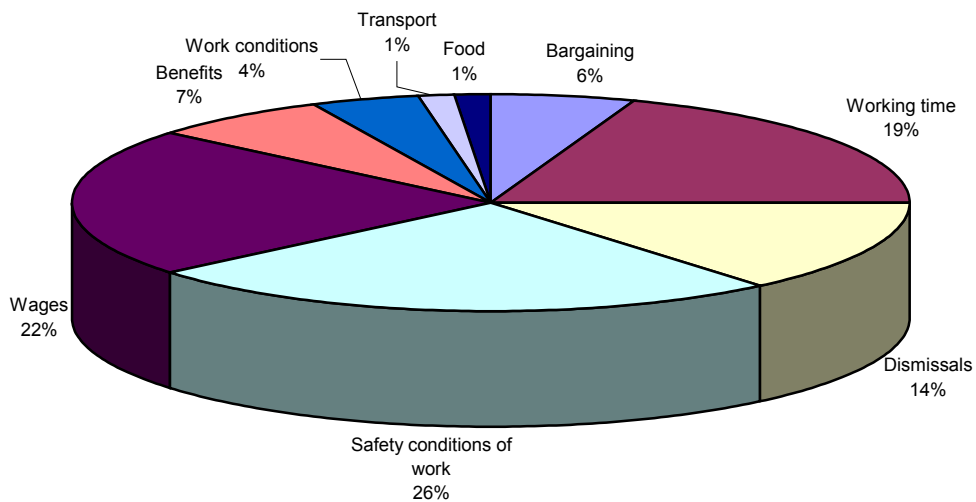


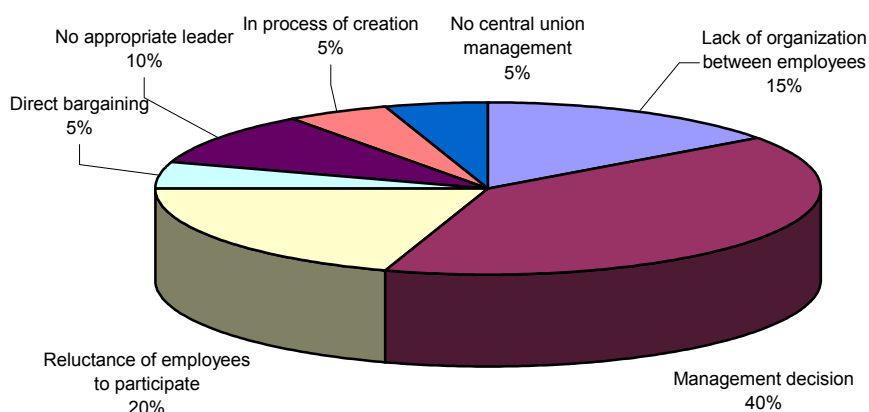
Figure 105. Percentage distribution of the issues dealt by the company employee unions



Some of the reasons for the absence of working labor unions are as follows:

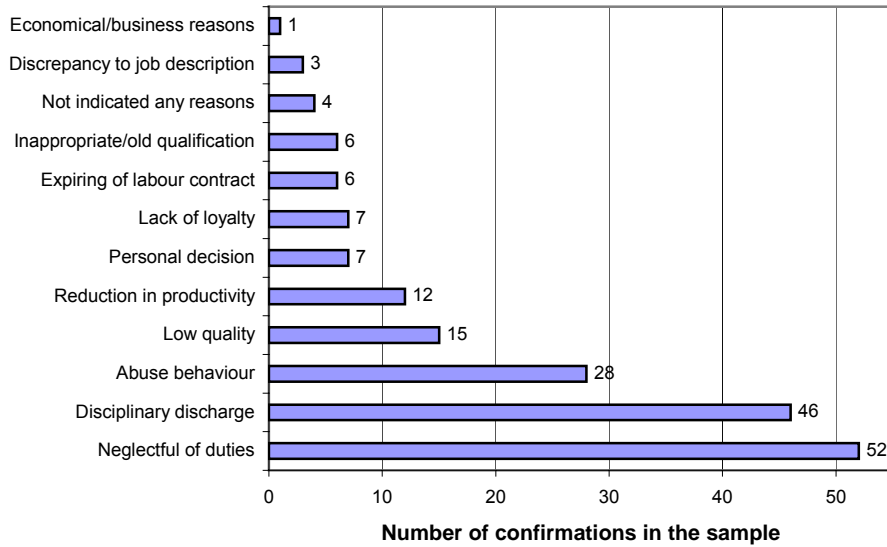
- the management is not encouraging the formation of an employee union - in 10 % of the cases included in the sample, comprising a 40 % share of the total number of reasons;
 - employees' unwillingness to be members of such unions - in about 5 % of the cases included in the sample, comprising a 15 % share of the total number of reasons;
 - lack of cooperation among the employees - in 3.7 % of the cases included in the sample;
 - lack of leaders to manage the union - in 2.5 % of the companies included in the sample;
 - lack of centralized management - in 1 % of the cases included in the sample;
- A small part of the companies declared either that they had no trade unions because of the direct negotiation of employers and employees or that such unions were currently in a process of formation (Figure 106).

Figure 106. Main reasons for not organizing employee unions



Redundancy is one of the major problems in the restructuring of the Bulgarian economy. The research among the small- and medium-sized companies shows that they almost never undertake large-scale dismissals which is one of the reasons not to negotiate about them. The companies have pointed out numerous reasons for personnel. The most frequently mentioned are: Neglect of duties - in 64% of the sample, disciplinary discharge - in 57% of the cases in the sample and abusive behavior - in 35% of the cases in the sample (Figure 107).

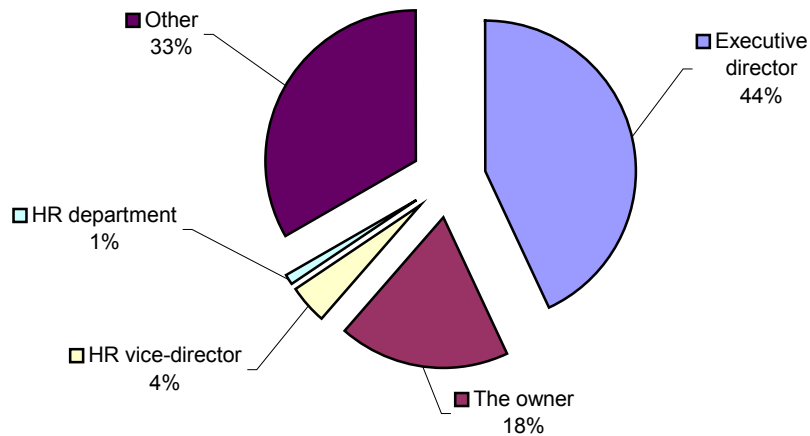
Figure 107. Reasons for dismissal of company employees



Less frequently, reasons for dismissal may be the poor quality of work, customer service, or production efficiency - in 18.5% of the cases in the sample, reduction of output - in about 15% of the cases in the sample, lack of loyalty (in 8.5%) or personal decision (in 8.5%) - in 17% of the cases. Other reasons for dismissal may be expiring of labor contract, Inappropriate/old qualification, discrepancy to job description or economical/business reasons. About 5% of the interviewed companies have not stated any dismissal reasons.

In the majority of cases the decision for dismissal of personnel is made by the executive director, in 18% - by the owner and less often (only in 4% of the cases) - by the HR vice-director or by the HR department (in 1% of the cases). The other 33% of the interviewed companies have stated that the decision for dismissal was usually made by the two parties on the contract, which could be the chairman, the manager, the head of department, the chief executive manager, the supervisor, the managing board or according to what the existing legislation dictates (Figure 108)

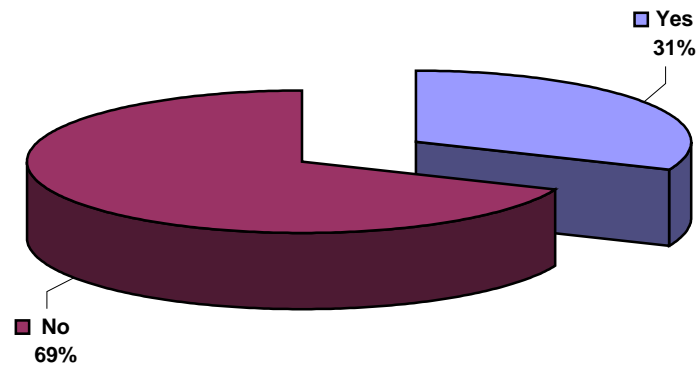
Figure 108. Distribution of responsibilities for the final employment decision



4.9 Foreign Employees

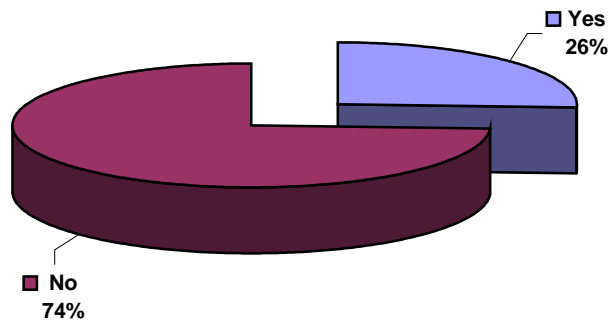
Only 31 % of the interviewed companies (that is 81 % of the companies having working trade unions) are discussing mass dismissals with representatives of the trade unions. The rest of the companies do not discuss mass dismissals mainly because of lack of syndicates (Figure 109).

Figure 109. Discussing mass dismissals with union representatives



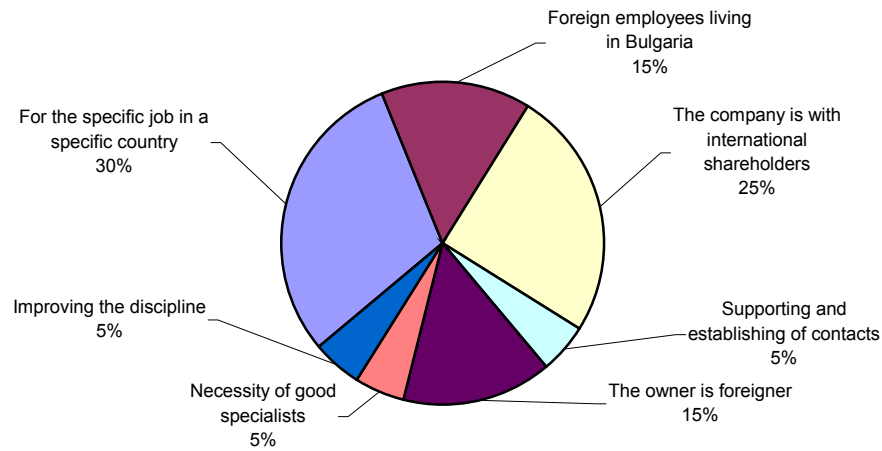
Most of the companies answered that they do not employ foreigners. The share of the companies that do not employ foreigners is 74 % and that of companies which employ foreigners is 26 % (Figure 110).

Figure 110. Occupying foreign employees



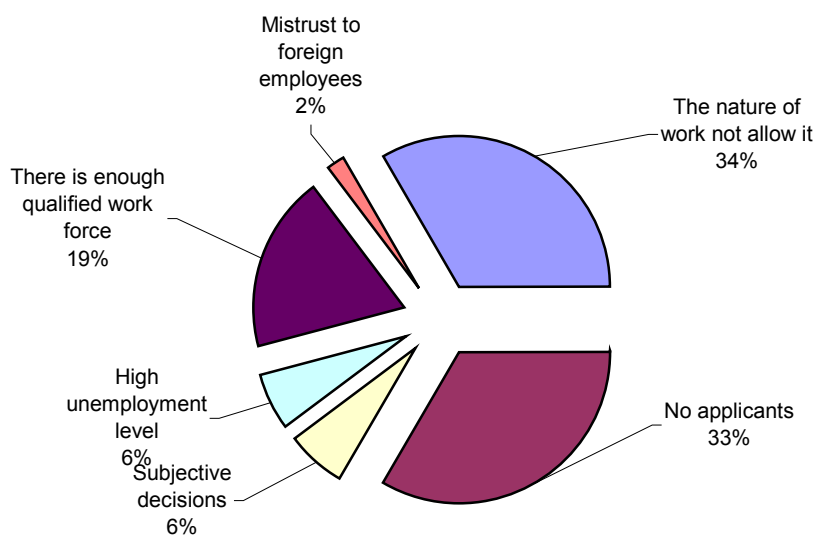
The most frequent reason (30% of all answers) for employment of foreigners is the specific job in a specific country. Another reason is the fact that the company is a joint-venture, and this, naturally, calls for employment of foreigners (25%). Another reason is that the owner is a foreigner (15% of all cases). Foreigners with permanent residential status in Bulgaria are less frequently employed (15% of all cases). Only one of the companies answered that the employment of foreigners leads to better work discipline, another one answered that it employs foreigners because it needs good specialists that cannot be found on the local labor market or that the employment of foreigners supports the creation of contacts and the collaboration with international partners (Figure 111).

Figure 111. Reasons for occupying foreign employees



Almost 20 % of all companies included in the sample do not employ foreigners because the nature of their operations does not allow it. Another 20 of the companies replied that the lack of foreign employees in their organizations is because there are not enough foreign applicants. About 11% of the companies think that there is enough qualified workforce on the local markets and state this fact as a reason for not employing foreigners. About 4% of the companies employ only local residents because of the high unemployment figures in the region. In 4 % of the interviewed companies the decision is made by the executives and in only 1% of all cases included in the sample the limited employment of foreigners is due to lack of trust in the foreign applicants (Figure 112).

Figure 112. Reasons for not occupying foreign employees



Conclusions

5.0 Recapitulation of Primary Research Results

Greece seems to show a convergence with Bulgaria for most HR practices. The points that differ between the HR policies followed in the two countries are presented below:

- ⇒ Even though in Bulgaria more HR departments have been officially established in their companies, these departments do not practice the strategic role they should, thus showing a limited participation in the payroll practice, evaluation process, recruitment process and generally in the strategic planning of the HR field
- ⇒ The most decisive criteria that determines salary rates for Greece are team performance, knowledge and skills acquired opposed to job evaluation systems and job descriptions that holds in Bulgaria. Bulgaria seems to have more organized and formal procedures when determining the payroll practices according to the criteria mentioned. Whereas Greek firms show interest in what their employees have acquired from the job as well as the cohesiveness that is produced during teamwork. These two elements are significant for a productive environment
- ⇒ Bulgaria rewards its employees primarily exactly to what the national employment policy or specific sector's policy dictates, whereas Greece rewards mostly above what these two policies set.
- ⇒ Greece shows a fifty-fifty influence of the annual profits of the company and achievement of specific targets over the payroll practice of employees' salaries, Bulgaria motivates its employees more by using these two practices. In opposition, Greece uses more the bonus scheme as a form of motivation
- ⇒ In the case a firm offers private medical insurance or private pensions to its employees, Greece shows a preference in providing them to managers and specialists whereas Bulgaria distributes them impartially to all levels of employment.
- ⇒ Greece judges candidates primarily on their previous job experience and education while Bulgaria on their abilities and length of service.
- ⇒ Whereas Greece seems to follow a small rotation policy which is often supported by additional training, Bulgaria shows a more rigid environment that encourages specialization.
- ⇒ Greece is a big supporter of having an induction (orientation) program to guide and inform new employees whereas Bulgaria lets employees adjust to the new environment themselves.
- ⇒ The existence of job descriptions are necessary for the Greek firms whereas Bulgaria does not see the need for using this technique.
- ⇒ Bulgaria acknowledges and adjusts the needs of the firm by reviewing the organizational structure annually and making internal or external changes. Greece sketches an organizational chart once, and seldom reviews it.
- ⇒ In the case of downsizing where a mass dismissal of employees is inevitable, the biggest percentage of Bulgarian firms doesn't discuss this issue with the union representatives whereas Greek firms do.

⇒ Bulgaria does not employ as many foreign employees as Greece does mostly because of the redundancy and saturation of the labor force. Greece, on the other hand, employs foreign employees because of the specialization they have to offer.

A point that needs to be stressed, common in both countries, is that even though all firms realize the importance of the HR activities, not all firms respond favorably to the operation and involvement of the HR department or HR personnel in the formulation of the firm's strategy. HR management is still viewed as an operational tool that helps with the bureaucratic activities of the HR field and does not play the strategic role it intends to. The role of the people involved in the HR departments is to help businesses accept the philosophy of the HRM which in nothing more than the acknowledgement of the strategic importance of the human factor, the apprehension of the needs of the personnel, and the utilization of the human skills.

5.1 HR Management in Greece and Bulgaria

The conclusion we can draw, according to the results of the primary data from the survey, is that human resources have acquired a strategic importance for the following reasons:

- the direct implication HR has on the changes of the external environment which requires a well selected, trained and motivated personnel that will provide a competitive advantage to the firms
- the promotion of importance the HR department has succeeded in affecting the mapping of the strategic course of the business.
- the use of flexible forms in the workplace that provide a competitive advantage, such as flexible forms of working schedules, customized systems of compensation, updated and participative communication and information systems.

Greece, as a member of the E.U. and E.M.U., has accepted the strategic importance of HRM. Today, HR departments in Greek firms have grown steadily in large capital corporations and multinational companies whereas small capital companies tend to imitate this trend. Bulgaria's economic condition is becoming steady with the fixing of the Bulgarian leva to the German mark. This currency fixing gives the opportunity to firms to grow, expand and promote healthy transactions. So the conditions for a stable external environment, which directly reflects to the internal environment of the companies, are sufficient and will cultivate the establishment of HR departments

Based on the findings of the survey, both countries (Greece and Bulgaria) follow the general trends of the rest of the EU countries, something that reinforces further collaboration and/or expansion of cooperation between the two countries. Nevertheless, there are differences, as mentioned above, that must be addressed and paid attention to for the successful meshing of the HR fields of Greek-Bulgarian firms.

The HR field in Greece and Bulgaria evolves with a stable pace and holds a responsible position towards the European and global challenges. It has a full acknowledgement of the responsibilities it bears and the importance in the formulation of a competitive advantage of firms as well as the economic and social prosperity of the labor force in these two countries.