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## Hybrid work organisation in the construction sector in Bulgaria: employees or sub-contractors?

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The article investigates the hybrid employment and work-organisation practices contributing to the flexibilisation of the construction-sector labour market in Bulgaria. Although it is commonly assumed that the formal economy is separate from the informal economy, authors such as Williams (2003) draw attention to a “hybrid”, semi-formal work practice where formal employees receive two wages from their formal employer: one declared and the other – undeclared. We argue that in the context of South-Eastern Europe this phenomenon is accompanied by other arrangements blurring the boundary between formality and informality. In the construction sector in Bulgaria work teams (“brigades”) are formally employed by a construction company, but *de facto* act as sub-contractors, as the brigade “leader” negotiates the terms and conditions with the employer, manages the team and distributes its wages. The article examines the implications of this hybridisation for the employment status, working time, and wages and job-skills using three case studies conducted in the European comparative research project WALQING (Work and Life Quality in New and Growing Jobs).

Key words: informal economy, hybrid organisation, Bulgaria, construction, South-East Europe, crisis, brigades

### 1. Introduction

Flexibilisation of employment is measured by the degree of the use of atypical work arrangements. Thus, at first glance, employment in Bulgaria seems rather typical: standard, open-ended employment contracts dominate, while part-time work or temporary agency work is marginal: only 2.5% of those in employment worked part-time in 2014, 5.3% worked on short-term contracts (Eurostat, 2016), while temporary agency work engages around or below 1% of the employed, according to different sources (European Parliament, 2013, p. 35). But does that mean that Bulgarian employers do not use flexible solutions at all? On the contrary, we argue that flexibilisation of employment has been taking place especially after the economic crisis starting in 2008–09, but in different forms from the well-documented ones emphasised in the academic and policy debates in Western Europe or North America. In this article we illustrate one of the mechanisms of flexibilisation developed on the basis of combinations of formal and informal employment elements, a form of hybridisation. However, this process of hybridising is different from the one defined by Boyer (1998) (a third, mid-way situation between diffusion and adaptation of practices within multinational companies). It is more of an institutional recombination, whereby local agents negotiate a mixture of new and old know-how that leads to genuinely new forms of organisation, in the sense of that proposed by McDermott (2007).

The persistence of the informal economy and informal practices (e.g. “envelope wages”) is the context that allows flexibility to develop through hybridisation. While the informal economy flourished in the first years of the post-communist transition<sup>1</sup> and restructuring

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<sup>1</sup> The informal economy (also called the “second economy”) was certainly present to some extent even within the highly regulated economy of state socialism (Kornai 1996).

caused job losses of sometimes millions of people in industry and agriculture (Chavdarova, 2001), there was a shared belief that, with Europeanisation and economic growth, informal practices would be significantly limited or even “eradicated” from post-socialist countries. However, more than quarter of a century after the fall of communism, informal economy and informal work persist in South-Eastern Europe (SEE). Already in the 2000s scholars documented how in Bulgaria, a country on its way to European Union membership, the prevailing strategy of the “big informals” (oligarchs) was to “change the rules”, and that of the “small informals” (micro or small enterprises), to circumvent them (Stoeva 2005). According to Petkov (2015) research carried out in the first decade of the 2000s on the initiative of the International Labour Organisation (ILO) and the European Trade Union Confederation (ETUC) definitively rejected the presumption of a progressive lessening and disappearance of informal work. On the contrary, in most Balkan countries (especially the Western Balkans, but not only) the economic crisis forced a significant part of the population, being unemployed, to adopt an individual or family survival strategy towards alternative forms of employment in the informal sector. Different approaches to measuring the informal economy and to defining the informal sector have been attempted. Without entering into this discussion here, according to several recent sources the informal economy is still operating at a very high level in South-Eastern Europe (SEE)<sup>2</sup>, and is estimated to earn about one-third of GDP in countries such as Bulgaria and Romania (Williams, 2015).

Recent academic debate suggests that the theoretic distinction between formal and informal actually seems to be less relevant to social science research than once presumed. It is well documented that there is a large variety of practices combining elements of formal and informal activities, including employment. But often these practices are examined only at the macro level, as a potential threat to social security that can vulnerabilise employees. Often, such analyses are also accompanied by a normative discourse accusing informality of being something “bad”. However, the concrete mechanisms of hybridisation that allow flexibilisation at the micro level have been neglected in academic research. That is why such an investigation should reveal strategies of companies and employees as well as the impacts of those strategies on the quality of work and employment outcomes. Those mechanisms should include the “forced flexibility” of “bogus subcontracting”. While the hybridisation of employment and organisation of formal and informal practices in SEE can be observed in a variety of sectors such as agriculture, tourism and care, the case of the construction sector is particularly relevant because of its importance as a major employer and the combination of qualified and non-qualified labour. In addition, this sector is highly dependent on the economic conjuncture and therefore shows significant fluctuations in employment (FIEC, 2015). Construction work often involves migrants and/or minorities (e.g. Roma in the case of SEE), it is project-related and characterised by the high mobility of personnel.

In this perspective, the objective of the article is to discuss the flexibilisation of work and employment in Bulgaria on the example of the country’s construction sector. After presenting the literature review (1) and the methodology of the research (2), we discuss construction sector trends (3), the implications of this hybridisation in the context of imposed flexibility for employment status (4), for working times and load, and finally for the wage-setting (5).

## 2. Analytical framework: hybrid practices of employment and organisation in the context of informality and path-dependency

This part builds on the informalisation literature and recent research on atypical work, with hybridisation and path-dependency the approaches taken to analyse atypical work in the Bulgarian construction sector.

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<sup>2</sup> See more about the typologies of Central and Eastern European capitalisms in Bohle and Greskovits (2012).

In the last two decades interest in atypical work in developed societies has been gaining momentum, as such forms of work are increasingly observed to be imposed for the purpose of flexibilising employment. In this context many studies have demonstrated that problematic arrangements dominate and can produce various forms of precariousness, low-wage work and problems of social exclusion (Kalleberg 2009). Standing (2011) also points to a global process of “precarisation” linking the increasing amount of short term, irregular, non-standard employment and the consequently increasing insecurity and social risks for workers, to long-term economic transformation and globalisation. Recent evidence from European comparative research shows that European employment models are currently under strong pressure to change (Bosch et al., 2009, Holtgrewe et al., 2015), both externally caused by the globalisation of production, technologies, governance and ideology, and internally caused by the ageing population, rising female participation rates, etc. One consequence of these pressures is the continuous fragmentation and precarisation of employment in Europe, including Central and Eastern Europe (Mrozowicki et al. 2016). This is in line with Burgess et al. (2013) who find growing evidence that precarious work is generally increasing throughout Europe (Broughton et al., 2010). Precarious work involves a combination of atypical employment contracts, limited or total lack of social benefits and statutory entitlements, low wages and unprotected risks of occupational injury and disease (Evans and Gibb, 2009 in Pulignano et al., 2016). In countries of Central Europe such as Poland (Mrozowicki et al. 2016) atypical work follows patterns observed in Western Europe (e.g. the spectacular increase in so-called junk contracts, Mrozowicki et al. 2016), while in SEE flexibilisation follows patterns of labour market dualisation (Piore and Sable 1984) into a core and periphery and other practices in the informal economy that are still not well documented.

For a long time the informalisation of work was seen as simply “work without a contract”. However, since the decade of the 2000s there have been scholars claiming that there also is a process of informalisation in the formal sector (ILO/WIEGO 2001). According to Williams et al. (2013) employment cannot always be neatly separated into formal and informal types. To transcend this dichotomy, a “degrees-of-informalisation” approach has been proposed for understanding the totality of employment relations as a spectrum extending from the wholly formal to wholly informal (ibid.). While the terms “formal” and “informal” are useful broad descriptors of the relations involved, there are spectra of both the extent and nature of informality in employment relations. This approach recognises the plurality of forms of the informal economy and work and their varying consequences for economic development and social cohesion. For example, one of the most prominent forms of informal work in South-Eastern Europe is the under-declared wage. This gives reason to authors such as Williams et al. (2013) to claim that there is predominantly “waged informalisation” in such countries as Romania, Bulgaria and Cyprus. While in the 1990s corporate and personal taxes were relatively high, many countries in the region introduced flat taxation, including Bulgaria in 2008, with now one of the lowest in Europe (10%). However, waged informalisation was then mainly used to avoid payment of social security contributions, something that in the short run is advantageous to both the employer and employee. But our observations suggest that this type of waged informalisation represents only a part of the organisation and work realities. The waged informalisation is accompanied by other elements that are examined in the next sections, such as forced flexibility and work organisation, embedded in the employment system in a hybrid way. The question is, why? The strategies of employers, especially in the context of crisis and uncertainty, is to transfer risks to employees by using flexible arrangements, in other words by employing labour only when they actually need it. In addition, there is a joint interest of employers and employees in escaping the social security burden.

Thus, informalisation can be used, together with other tools, to flexibilise employment. According to Chavdarova (2013), in Polanyi’s perspective the institutional transformation of economic life underway after 1989 in Central and Eastern Europe (CEE) could be defined as the deinstitutionalisation of socialist redistribution, and the institutionalisation of free-market

exchange. In this complex process, hybridisation<sup>3</sup> refers to the long and painful process of mutual adjustment to internal and external pressures, leading to the gradual stabilisation of the various elements of the historical context into hybrid forms (Boyadjieva et al. 2012). In this sense it is argued that the overall post-communist social reality, with its complex coexistence and blending of old and new forms of social organisation, can be an example of “hybridity”. But examples of macro-level hybrid forms are also observable at the micro level, as in individual companies. Thus path-dependency (Stark/ Bruszt, 1998) is relevant to the analysis of hybrid forms of work organisation in the construction sector. And we argue that the teamwork of the so-called work brigades (brigada)<sup>4</sup>, characteristic of the 1980s, was transformed – as a response to the crisis pressure of the post-socialist realities – into something between employment and (bogus) sub-contracting, with the aim of flexibilisation[8]. In this perspective flexibilisation not only includes under-declared wages but a large variety of hybrid work organisation and employment practices as exemplified by the brigade.

The brigade, defined as a “work team”, was one of the core elements of work organisation in communist Bulgaria. In the 1980s these teams started to get increasing autonomy, including “bargaining rights” with management (Petkov/Thirkell 1991). In the 90s massive restructuring changed completely the organisational and employment landscape, and these forms of autonomous teamwork seemed to have disappeared in the context of “retaylorisation” (see Kirov, 2001). However, new types of brigades appeared in construction. In contrast to the old socialist brigades, the new brigades were often based on kinship/close relations but, like the former ones, they could bargain and enjoy relative autonomy. This hybrid type fit with employers’ strategies: to shift responsibilities onto the teams (e.g. in recruitment, workload distribution, wage-setting) in order to manage varying demand (especially in times of crisis), but it was also accepted by construction workers as the better alternative to unemployment. However it is an open question to what extent the observed realities could be qualified as a mutually beneficial arrangement, or just represented a different form of exploitation.

Similar forms of these hybrid brigades have been observed in other contexts, e.g. Russia or India (Hammer 2013), again as a mixture located somewhere between formality and informality. For Hammer, extensive subcontracting in Russia has also led to the emergence of labour-procuring, informal intermediaries, called foremen or brigadiers. In the Russian case, “the function of the brigadier designates a technical skill level in the first instance, although brigadiers tend to recruit from their own ethnic networks” (ibid, p.7). The specific solutions emerging at the intersection of the companies’ strategies and the societal and institutional context seem to lead to an extreme labour-market segmentation.

### 3. Methodology

This paper is based on research carried out in the European comparative project *walqing* (Holtgrewe et al. 2015), which investigated problematic and disadvantageous working conditions and quality of work and life in a selection of economic sectors with expanding employment between 2000 and 2007 (Holtgrewe et al. 2015; Markova et al. 2015). The

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<sup>3</sup> According to Chavdarova: “The need to seek agreements, the coercive compromises and the unstable balance of forces led to a situation where the institutional design throughout CEE was implemented in the form of inconsistent bricolage (Stark, 1996: 995) of fragments from different formal structures and characteristics of the social order” (Chavdarova 2013).

<sup>4</sup> According to Hill et al. (1997) “the government decided to extend self-management in the 1980s and introduced brigade organization, which gave employees greater responsibility for work and personnel issues. Brigades operated in parallel to management and relations between the two were often ambiguous”.

complexity of measuring the quality of work and life and working conditions in this project required a multidimensional, in-depth approach to the sectors and occupations of interest<sup>5</sup>.

The Bulgarian research team investigated the quality of work and life and working conditions in construction (the other sector covered was waste management). The fieldwork for the three case studies took place in 2011 and 2012 (see Table 1). Seven expert interviews with stakeholders at the sectoral level (employers' associations, trade union federations and labour inspectors) contributed to the understanding of work realities and institutional contexts in the construction sector. Then, three company case studies (with 27 semi-structured interviews in total) and a case study of a professional group (with 16 semi-structured interviews) were carried out. The three companies selected – “BulConstruction”, “EcoConstruction” and “GreenConstruction” – were typical of the construction sector in Bulgaria which is dominated by medium-size and small companies (see more about the construction sector in the next section) operating in different geographical areas of the country and for different clients, domestic and international.

**Table 1. Company, description, number of employed and number of interviewed**

Description	Number of employed	Number of interviewed pers.
BULCONSTRUCTION, a medium-sized investment and construction company, family-owned, founded in the early 1990s	83	9 (3 managers: 2 male, 1 female – HR) 2 site managers (1 male, 1 female) 4 workers (male)
GREENCONSTRUCTION, construction and renovation of housing, administrative and commercial buildings	80	6 (1 manager (male) 1 site manager (male) 1 documentation specialist (female) 3 workers (male)
ECOCONSTRUCTION, focused on the construction of energy-efficient buildings	22	13 (2 managers - 1 male, 1 female – HR) 1 technical manager (male) 1 dispatcher & mechanic (male) 9 workers (male)

The case-study selection from the Bulgarian construction sector reflected the national prevalence of small and medium-sized companies. A special focus on a “green” construction specialisation was an additional factor in selecting the cases, though this aspect is beyond the remit of this article. The Bulgarian case-study matrix covers typical examples from small, medium-size and “green” construction companies.

“EcoConstruction”, established in 2003, is a small company building energy-efficient housing and industrial buildings and is located in a regional centre of Bulgaria. It finances, builds and sells its own buildings. It employed 22 construction workers at the moment of the fieldwork. “BulConstruction” is a family-owned, medium-sized company that specialises in housing complexes, administrative and trade centres and industrial sites. At the time of the research it had 83 employees. It was established at the beginning of the 1990s in a municipal town in Bulgaria. The company operated also in the Middle East and, now that the market in its hometown has collapsed, is currently seeking opportunities in Western Europe.

<sup>5</sup> Initially, at the macro level the project identified “new growing jobs” within European sectors. Five economic sectors with expanded employment and problematic working conditions were chosen for research, among them construction. Social partnership engagement was researched through stakeholder interviews (Kirov, 2011; 2015). The project investigated management strategies and their impact on job quality in 55 company case studies in 11 countries. Additional 22 case studies of professional groups (occupations) were carried out to analyse employees' personal attitudes, their quality of work and life, career development and labour perspectives. In comparative perspective, each country team investigated two sectors, implementing expert interviews with social partners; 2-3 company case studies in each sector (including interviews with general and HR management, social partners' representatives, workers and first-level managers or team leaders; and interviews with low-qualified workers in the key occupational groups).

“GreenConstruction” designs, constructs and renovates residential and administrative buildings as well as industrial complexes. After some decline during the crisis, it now employs a core staff of 50-60 people. It was established in 1993 and gradually began to specialise in “green” construction.

The empirical data analysis uses the content-analysis method. The conclusions are based on the case studies and cannot be generalised to the construction sector for all companies and workers. The findings, however, enlighten us as to the typical characteristics of employment and quality of labour in construction and reveal unexplored phenomena related to work organisation, quality of labour and working conditions.

## 4. Forced flexibility in construction

This section examines briefly developments in the construction sector in Bulgaria in order to further outline differences between “core” and “periphery” employment and to discuss practices of imposed flexibility.

### 4.1. The construction sector in Bulgaria: from growth to crisis

The construction sector in Bulgaria underwent significant changes in the 1990s (Kirov 2003). State-owned companies were almost entirely privatised. Standard employment in large state-owned enterprises was partially replaced by a diversity of employment forms, mainly in SMEs. Workforce volatility in the sector was high during all the post-1989 period. After spectacular growth in the 2000s, the sector was among the worst hit by the global financial and economic crisis that started in 2008. Consequences for the rates of employment have been severe: more than 100 000 jobs were lost in the period 2008–12 (NSI cited in CCB, 2012) from a total of 250 000 in the last pre-crisis year, 2007. According to CCB data (2010) more than 80% of the construction companies in the country made dismissals in the period 2010–12. More than 90% of the companies registered decreases in construction work volumes and about one-fifth of all companies ceased their operations. In the period 2011–12 alone the employed in the sector decreased by 11.9% (from 168 to 148 thousand), while in the total economy this decrease was only 4.3% (from 2494 to 2386 thousand). According to the National Statistical Institute (NSI), in 2012 the construction sector engaged about 7% of all employed persons, remaining the biggest employer in the country. Construction in Bulgaria is today dominated by small and micro-enterprises. Large companies (more than 250 employees) numbered only 58 in 2010 (there were 97 in 2008), medium-size enterprises 567 (924 in 2008), while small and micro-sized companies were respectively 2685 and 18 771 (in 2008, resp. 3911 and 17 696).

### 4.2. Employment conditions of “peripheral” and “core” employees

The examined cases illustrate well the fluctuations in conditions in this sector. The construction companies examined in the *walqing* research (see Table 1) differ among one another in terms of company size and location, but in all of them similar practices of employment are observed. Moreover, interviewees indicate that these practices are typical for the entire sector. The “core” staff in the studied companies consists of a small number of employees on permanent contracts: administrative workers, engineers and high-qualified construction workers. Depending on the work organisation approach that the company has taken since the beginning of the crisis, these workers either perform project-specific tasks related to their qualifications (e.g. at EcoConstruction and GreenConstruction), or have been pre-qualified for the entire construction process, from the start to the end of a construction

project (e.g. at BulConstruction). Work on permanent contracts implies that these workers are not, or are less likely to be, affected by aspects such as seasonal work, variation in working hours and wages.

While the core/periphery distinction is largely used in the literature, it is also widely applied by the actors in the examined sector. The interviewed sectoral stakeholders explained how it shapes employment and working conditions of the workers such as contracts, working time and pay:

*...in general...the “core” construction workers – those with the qualifications, responsibilities, know-how, innovations – have permanent contracts. It’s the low-qualified workers that were first dismissed. The “core” staff of the companies mainly consists of engineers, administration and highly qualified workers. (– employer organisation representative).*

*My contract is not permanent yet, I am still employed only for a certain period. The end of this period is the finishing of the project... Yes, I am concerned and worried that I might be sent off even before the end of the construction works on this site... (– worker at Bulconstruction).*

The “periphery” workers are employed temporarily – for the completion of specific, pre-negotiated (piece of) construction work (e.g. the rough construction work). The majority of these workers have low-level qualifications, but our cases suggest that the practice of recruitment on temporary contracts also covers qualified construction workers (e.g. at EcoConstruction and GreenConstruction). The temporary aspect of recruitment implies (frequent) change of employers and construction sites, variation in working time and wages. As the pay is often related to (the amount of) work completed (i.e. “piecework”), working longer daily hours enables the workers to complete a construction task faster, earn more, and thereby start another activity or at another site sooner, with the same or a different employer. Since the beginning of the crisis, construction work demand has notably decreased and this has affected the working time as well as the number of work days per week.

The practice of “core” and “periphery” was intensified by companies from the beginning of the crisis, and has had a catalysing role in precariousness. In the pre-crisis years the three examined companies preferred employees with specialised skills adequate to all aspects of the construction work, while temporary employment of an external workforce mainly occurred in case of large increases in work volume. After 2009–10 work volumes severely decreased as property sales collapsed and, in response to the economic and labour-market circumstances, the companies either kept skilled employees for specific tasks and recruited specialised workers (*brigades*) for the types of work they did not have qualified employees for (e.g. GreenConstruction; EcoConstruction), or, they retrained the workers while providing a pre-qualification to make them capable of delivering all the current skill needs for the industry – i.e. all the construction processes involved in the project, and recruiting less often on a temporary basis in the instances of increased workload (e.g. Bulconstruction).

*We have cut a lot of people, now we have 120-150 people. Normally the company worked with 350 people plus approximately 500 subcontractors... We now have pretty big projects that just are sitting and waiting (– manager, BulConstruction).*

### 4.3. Flexibility and security – for whom?

The described changes in the workforce recruitment, employment and work organisation suggest that the “core – periphery” model that emerged in the early 1990s (Kirov 2003) developed rather as a reaction from the employers’ side in response to the economic and labour-market challenges, – a way to secure flexibility and the survival of companies.

The permanent contracts of the “core” employees provide them job security in the workplace with open-ended continuation, better social protection and employee rights. The other employment types, where benefits are lacking, put employees’ long-term security at risk (Broughton et al. 2012). In general the temporary employment contracts are known to create insecurity among workers who can become unemployed after a construction project is finished. We observe however how in the Bulgarian construction sector not only temporary but also permanent contract benefits can be undermined. In order to respond to decreasing demand, employers can force their employees for example to take unpaid leave or sick leave.

*There have been instances when the employers tell us – “take sick leave and wait until we are ready to start the next site”. Well, how exactly are we supposed to take such a leave? (– worker, GreenConstruction)*

While waiting for the start of a new construction project employees are sometimes forced to take either sick leave or forced unpaid leave<sup>6</sup>, but the latter has negative implications for their social security rights. In the Social Security System in Bulgaria, when an employee is on unpaid leave for more than 30 days, this period is not included in the calculation of unemployment and pension benefits. Thus even the “permanent” contracts are often in reality temporary and not out of the personal choice of the employees but rather imposed by the employer. This illustrates a mechanism to transfer insecurity from the employer to the worker by marginalising the latter (Broughton, et al., 2012).

The company policy of preserving employment by decreasing working time or forcing workers to use up their leave time during the periods they cannot be engaged at construction sites also negatively affects the individual’s income. While pay practices vary across construction companies, piecework seems to dominate. During the period of the crisis, some companies preferred a “wage rate per hour” (e.g. at BulConstruction). In both cases however, the pay for the reduced working hours is lower, which is associated with negative outcomes for the employee, such as lower income and less social security protection.

In sum, the company case studies implemented in the *walqing* project suggest that security and flexibility at company level are mainly beneficial to employers: an expression of the transfer of economic risk from the employer to the worker. Temporary work contracts and the undermining of permanent contracts, introduced by employers as a measure to tackle the crisis effects, are not an individual worker’s choice. The workers are not in a position to choose, but must agree to the employers’ interests or else risk losing their jobs. Ultimately these construction workers are not provided with adequate social security protection while changing workplaces or while unemployed (Kirov, V. et al. 2014: 102–65). While in general these findings are not surprising, our analysis fills a gap in the research on Bulgaria.

## 5. Work brigades and the hybridisation of work organisation

The greatly reduced construction volumes after 2008 was reflected in the work organisation at construction sites. While in the construction “boom years” companies usually counted on their core team of workers, specialised to execute all the basic construction activities, with the crisis they began to hire construction brigades, but only when the companies were actually building on site. The explanation given by the interviewed managers was that, unless a new project is actually under construction, these workers could not be kept busy. The companies’ strategies are to sign contracts with subcontractors or, to achieve flexibility, to use hybrid forms, namely work brigades. Brigade workers are formally employed by the company on

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<sup>6</sup> The reason for keeping them formally in the registers is that companies are expected to prove the availability of skills and employees in case of bids.



(bogus) permanent or fixed-term contracts, but as we will show below, they act as independent subcontractors. What happens in practice is that the employer makes individual labour contracts with all the members of the brigade<sup>7</sup>. As already shown these contracts are often open-ended but can be easily misused.

These informally established brigades are organised on a project basis, site-by-site. They contract their workload and wages independently of the core employees. In this way the brigades act as sub-contractor “enterprises”, recruiting and self-organising their employees, distributing internally their wages and planning their own work. Some brigade workers have been employed in this way for more than two decades:

*I have worked in the construction sector since 1998 and I continually switch sites. I take a rest from time to time, and then work again* (– qualified worker, GreenConstruction).

A common practice, when a new construction project is about to begin or some specific tasks need carried out, is that the employer proposes the job to a brigade with which the company has a long-term relationship. This is the case of one rough construction brigade working together with EcoConstruction. The brigade “leader” established this brigade about 12 years ago. Most of the brigade workers are relatives, as in the beginning the leader started working with his brother and then some of their cousins joined them. Later on the founder’s two sons joined the brigade, specialising in ironwork, concrete and scaffolding. Nine people worked in the brigade at the time of the study, skilled in all rough and finishing construction tasks – scaffolding, fixture, reinforcement, masonry, floors (terracotta) and sanitary.

The brigade leader claims to be well known in the branch for his and his colleagues’ professionalism. In the interview he explained that many companies would like to have his brigade join them, so they can easily find jobs elsewhere. As brigade leader he negotiates directly with the construction company over workload, pay and working hours. He distributes the earnings between the brigade members and personally and personally carries out quality control.

The main path for recruiting workers into brigades is that of personal connections (*vruzki*) (Chavdarova 2013) and recommendations. New recruits come to work at a company or join an external brigade, most often as the result of knowing someone who is already employed there. This procedure is appreciated by companies, as according to one interviewed manager (EcoConstruction) the brigade leader is the best position to recruit:

*We came to the conclusion that the brigade leader should engage the people he wants to work with because then the results are much better, with better coordination, communication and subordination.*

In the examined cases, most brigade workers have previous relations with the investigated companies or they know someone who has already worked on some of their construction sites.

*He (the interviewee’s father-in-law –auth. note) had worked there and when I came to visit him I told him that I had recently lost my job. The compensation I was getting at the time from the Employment Agency was running out and there was nothing ahead for me. He told me he knew some people from a construction company, so he called them and that’s how I got this job in the first place* (– non-qualified worker, GreenConstruction).

The examined brigades have a long history of working on construction sites of various companies. Some respondents had worked on previous GreenConstruction sites, but meanwhile for other companies as well.

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<sup>7</sup> As part of policies to combat informal economy in Bulgaria, all newly signed labour contracts must be registered at the National Social Security Institute within three days of their conclusion.

*We worked for another company and finished the work there. We were employed on fixed-term contracts as usual. In other words, once the work is done the contract expires... They do not terminate our contracts actually but put us on unpaid leave, and since you are left for two months or more without pay, what is there left for you to do but terminate the contract yourself and look for a job elsewhere? ...so then you look for work elsewhere and you find it. (– qualified worker, GreenConstruction).*

The brigade workers are in disadvantageous position compared to the core staff who could be on (real) open-ended labour contracts and in addition receive different benefits from the company, e.g. accommodation, transport etc. Brigade workers are engaged only during the project (or, if kept formally beyond it, are not paid, as the previous citation explains).

The brigade leaders negotiate with the companies over workload, time-schedule and overall wage amount. The leader plans all the tasks the brigade needs to accomplish. He also assigns the work roles of every member of the brigade. In this way brigades are *de facto* in the role of subcontractors (see details summarised in Table 2), but without tax and social security obligations as required of officially registered enterprises. Formally, the employer manages the brigade members' contractual relations. The employer is legally responsible to pay the social security contributions for its employees – at least for the amount of the official wage received. Employers benefit from such relationship, as flexibility is ensured and this relationship does not entail most of the complications of HR management for a large number of employees. The employer is mainly occupied with monitoring the construction process and the quality of the provided services. Brigades negotiate with management over the total payment for the work provided at each specific site. There is a further internal distribution of pay among the brigade members. According to the studied companies' managements, this is a very useful practice because tensions and conflicts among employees are avoided. In this way the company does not need to intervene in the way various teams and brigades divide their own earnings. The brigade leader decides how to divide the money between the workers internally (following a more-or-less democratic procedure):

*...in fact we leave that entirely to the workers in the group or/ team to decide how much everyone will get and in this way conflicts are avoided. They have some kind of system that we hope is fair... (– technical manager and technical documentation specialist, GreenConstruction).*

Brigade workers' wages are set at a piece-rate. The wage distribution within the brigade depends on the worker's qualification (apprentice, journeyman, or foreman) level and output:

*We are paid by the hours worked and we also know what amount of work is required for an hour's pay.... For example one square meter of plaster or ground-coat requires 0.5 man/hours. In other words, for 8 hours of work a plasterer or ground-coater should produce 16 square meters of plastered wall or coated floor. (– technical manager, BulConstruction).*

**Table 2. Similarities and Differences between sub-contractors and brigades**

	<b>Sub-Contractors</b>	<b>Brigades</b>
Legal Status	Company	No specific legal status, informal arrangement
Contractual relation to the employer	Contract	Oral agreements
Workload	Negotiated, according to the volume	Negotiated, according to the volume
Employees	Employees of the sub-contractor	Employees of the principal "employer"
Working time	Set by the sub-contractor,	Set by the employer together with the brigade leader
Pay	Managed and decided by the sub-contractor company	Managed by the brigade leader, decision-making is more or less

	<b>Sub-Contractors</b>	<b>Brigades</b>
		participative
Legality	Yes	Not all aspects comply with the law
Work organisation	Set by the sub-contracting company, taking into account the preferences of the contractor	Set by the brigade leader, taking into account the preferences of the employer
Recruitment	Arranged by the sub-contracting company management	Arranged by the brigade leader

Brigades are flexible about workload and working time. For example, extra work is encouraged at EcoConstruction. The workers in the rough construction brigade work overtime, but only because of the pay system in that brigade (pay for completed work). In this way, overtime is not paid additionally (even if required by labour law) simply because they are not registered. Once the brigade has finished a particular construction task, it can take on a new one, allowing workers to earn more.

Being in a vulnerable position, members of brigades practice forms of self-support. Mutual help in the brigade is highly appreciated, for example in order to arrange leave schedules, to substitute for colleagues, etc. Usually the relations in the brigade are good, and worker/s who “don’t fit in” are asked to leave by the others:

*Once relations in a group / team turn bad, then someone has to go... the one who doesn’t fit in just has to leave* (– qualified worker, Green Construction).

The differentiated treatment of the brigade and core employees contributes to worker insecurity and influences negatively the quality of work in the branch in general. However, within the teams there are mechanisms of solidarity and self-help that compensate, at least partially, for the loopholes in the employer policies. For example, the rough construction brigade at EcoConstruction is self-organised as it provides transport and some other advantages to its members. If workers need to visit their families or take days off for exams, the brigade leader takes care of replacements. In fact most of the workers come from other regions, as in the case of GreenConstruction whose workers usually rent together flats in Sofia, where the construction sites are most often located. Most of the interviewed workers are married and have families:

*Very few of our workers are from the capital Sofia. Most of the company employees are from the countryside* (– worker, Green Construction).

## Discussion and conclusion

In this paper we demonstrate mechanisms of the flexibilisation of work and employment in the Bulgarian construction sector. While, according to the employment statistics the country is characterised by the quasi absence of atypical work, our research underscores the prevalence of “forced” flexibilisation by employers. The economic crisis intensified the precariousness of construction work in Bulgaria. The effects are diversified, according to whether workers belong to the “core” or the “periphery”. Employers in the sector are pushed by economic uncertainty to practice flexibility – forced paid or sick leave, imposed shortening of working hours, seasonal layoffs, etc. As a result, both the incomes and social security rights of employees are undermined.

One of the strategies employed, as illustrated by the case studies, is that the risk is transferred down the value chain. But instead of using sub-contracting or bogus self-

employed, as is often the case in Western Europe, the Bulgarian companies employ external brigades, hiring but allowing them large autonomy, as if they were sub-contractors.

Being a hybrid form, brigades combine some elements of the former organisation of work under state socialism (especially the team-work of the 1980s) with informal practices. We have shown that brigades represent an intermediate form of work organisation, located between team-work and subcontracting. Informal specialised brigades act as sub-contracting entities. They are self-organised and negotiate directly with employers on workload, working time and pay. They distribute pay internally among the brigade members, which can be more or less negotiated. Internal quality control is also ensured within the brigade. Building their “professional brand”, they are in a position to bargain with employers to some extent, for example in setting the prices for the specific work done.

We can safely assume that, while this team-work seems to be typical of the construction sector, hybridisation effects extend beyond this sector in Bulgaria and to other countries in South-Eastern Europe, as some anecdotal cases in tourism, agriculture, etc. suggest (Kirov 2012). Of course, brigades of this type are not a unique form of work organisation – our research provides arguments that it may be expected to be widely spread because of the advantages for employers. As explained, brigades can offer lower prices, timely performance, fewer HR obligations, few accountancy or management tasks, and easy wage calculation as a lump-sum payment to the brigade as a whole. Brigades function on the boundary of the formal and informal economy that persists in South-Eastern Europe. Waged informalisation co-exists with the waged part of labour paid officially by the employer. While employees have official labour contracts, they can be forced to endure periods without being paid (on non-paid leave), or work overtime without receiving overtime pay. Thus, those advantages for employers translate into vulnerabilities for the brigade employees: wage informalisation, non-compliance with labour law, false unpaid leaves, limited access to social security participation, barriers to enjoying company benefits, etc. These vulnerabilities can be only partially compensated for by strong ties and mutual support.

Our findings are in line with the conclusions of Hammer (2013) about the reproduction of labour-market segmentation at the intersection of companies’ strategies and the societal/institutional context. There are also similarities between our observations and his findings in other contexts, e.g. in other SEE countries but also in Western Europe, as in the case of employee “posting”. But the surprising fact is that the Bulgarian cases are in the context of a European Union country having adopted in 2007 the *acquis communautaire*.

Thus, putting the hybrid forms into a larger European perspective, we could question the strength of Europeanisation effects in the sphere of labour (Delteil/Kirov 2016). The reported cases support the evidence that labour-law enforcement is weak and monitoring institutions such as labour inspections are not able to combat non-compliance. In addition, employee voice is lacking or weak (with a very low unionisation rate in the building sector). What could be really alarming is that, in the context of free movement within the European Union, brigades (could) find ways of securing transnational employment, thereby contributing to social dumping not only in their host country but also in other member states, e.g. as worker posting. These findings call for further research into hybrids at Europe’s periphery and their role in informality.

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