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**PROJECT BG051PO001-7.0.07-0018**  
**"Development through transnational cooperation and experience exchange"**  
The project is implemented with financial assistance from  
Human resources Development Operational Programme  
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## **Summary of REPORT**

### **on the results of a study conducted in Bulgaria and Italy**

### **pursuant to Activity 4 under Project "Development through**

### **international cooperation and experience exchange"**

#### **I. INTRODUCTION**

The main purpose of this study is to provide answers to some major questions about the condition of the services offered in the field of management, marketing, sales and servicing of the supply of built-in appliances in Bulgaria and Italy, in terms of economic needs and employment quality.

The study goes through three phases: preparatory, core study, and final phase.

***The preparatory phase covers the following activities:***

1. Preparing a methodology of the study;
2. Formulating in-depth interview questions;
3. Formulating participatory monitoring questions – in the partner company in Italy and its contractors;
4. Formulating questions for the questionnaire survey.

***The core study phase covers:***

1. Study of the Bulgarian Kitchen Appliances sector and the place of Leks Group AD in the built-in appliances trade;
2. Study of the Italian Kitchen Appliances sector and the place of Faber in the production and trade in cooker hoods;
3. Conducting a questionnaire survey among the employees of Leks Group AD and Faber.

***The final phase covers:***

1. Summarising the results;
2. Preparing a report.

This report presents our selected studies. We conducted four parallel studies of the staff working in different departments of Leks Group AD and Faber S.P.A.

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The main subjects of our study are the service staff, the trade representatives and the staff of the management and advertising department. Thus our objectives and expectations will be fully met.

The study is economically coherent; the individual parts are clearly defined. The type and number of respondents targeted by the studies are determined. The method for data collection and possible processing and analysis is set.

After processing the final results, we will have a clear answer to the questions formulated hereunder. We use four types of questionnaire surveys developed for the four different target groups. The current report will present further the answers to the survey we have conducted.

To that end:

1. A questionnaire survey was developed to help provide answers to questions which are important for our study and concern the experience of the two countries - good practices, information systems and defining personnel recruitment requirements, defining staff's knowledge and competences, the internship options, the staff exchange options. After the data generation phase the data are to be processed in accordance with the bottom-up process of the empirical approach. The data are processed in a strictly defined manner, thus generating the information useful for the study. The information collected is analysed for trends and patterns which explain facts and dependences (opinions) about the studied issue.

2. An economic analysis was made regarding the implementation of the study through observations and research of the company development forms and models in Bulgaria and Italy; special focus is placed on:

- the structure of the sector, number of employed persons, turnover, trends, including innovation impact, etc.;
- branch development forms and models, as well as main issues and challenges to sector's development;
- skills, qualification and competences of the employed persons and the labour force;
- expectations, needs and requirements to the competences, professional qualification and educational attainment of the employed persons in the sector;



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- the main issues and challenges to sector's development;
- the experience of the two countries - good practices of human resources development, information systems, tools and partner networks;

## **II. MAIN CHARACTERISTICS OF THE UNDERTAKINGS - PARTNERS UNDER THE PROJECT AND OF THE DEPARTMENTS FROM WHICH THE TARGET GROUPS OF THE PROJECT ARE TAKEN**

### **1.1. LEKS GROUP AD**

Owing to its successful trade policy and proprietary know-how, today Leks Group is not only an **exclusive representative of Faber, Eurolux and Lino, but it is also** the only international company strictly specialized in the **import and sale of built-in kitchen appliances on the territory of Bulgaria, Serbia, Macedonia, Montenegro and Kosovo.**

#### **BRIEF HISTORY OF THE COMPANY**

The company started with the production of plastic articles for export to Russia and Yugoslavia. In the period 1989 – 2005, it entered and developed on the markets on the territories of the following countries:

- Bulgaria - via Lukateks EOOD
- Macedonia – through cooperation with Electro-Promet, Kavardartsi
- Serbia - through cooperation with Enel, Pozarevac
- Kosovo – Besa Commerce, Pristina

This period of company's history can be divided in the following phases:

- In 1992, the company started the production and sale of electric tube heaters and pig-iron hot plates. By 1999 it held about 60 % of the market share of these articles, selling on the Bulgarian, Yugoslavian and Macedonian market 600 000 heaters and more than 300 000 hot plates per year.
- At the end of 1997 the company turned a brand new page in its corporate development, obtaining the exclusive rights for Bulgaria, Serbia, Montenegro, Kosovo and Macedonia from the world leader in the production of cooker hoods FABER and the global leader in the production of built-in appliances NARDI. Thus, owing to its innovative spirit, trade approach and creative policy, for more than 15 years now the principal scope of business of Leks Group is the import and sale of cooker hoods, built-in appliances and sinks of leading European and global manufacturers.

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- In 1999, the company terminated its proprietary production activity. Despite that, Leks Group continues to date the excellent partnership relations with the Swedish company KANTHAL which it established in that period of its history. It further obtained from the global concern E.G.O. the exclusive rights for sale of its products required for the manufacturing of white goods.

- 2006 marked important structural changes for the company: Leks Group Bulgaria AD was established in Bulgaria as a successor of Lukateks EOOD and the subsidiaries SKOLEKS seated in Skopje and BEOLEKS seated in Belgrade were established respectively in Macedonia and Serbia. Leks Group operates in Kosovo and Montenegro with the assistance of its official distributors BESA COMMERCE and OKOV.

### **LEKS GROUP TODAY**

The main scope of business of Leks Group is the import and sale of cooker hoods, built-in appliances and sinks. In 2004, the company patented in the European countries the trademark Eurolux offering to date the widest range of built-in appliances for the modern kitchen. Cooker hoods, built-in appliances, sinks, mixers, hydrodisposers - manufactured by the leading manufacturers FABER, NARDI, ELLECI, APELL, RITTER, among others – everything a modern kitchen needs under one roof. Today the company is fully proud of its second trademark LINO which is coming in strong in the markets where the group operates successfully. The trademark was patented in 2006. According to the Bulgarian patent legislation and the Madrid Agreement it covers almost all European countries. It targets customers who insist on optimal price-design-quality ration.

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### **1.2. FABER - ITALY**

Faber is a World leader in the cooker hoods industry. Established more than half a century ago, today the Italian company is a synonym of revolutionary technology and exclusive design in the name of clean air in the kitchen.

### **BRIEF HISTORY OF THE COMPANY**

The history of the cooker hood begins in 1955 with the birth of the Faber brand. In 1963, the company presents the first in the world one-motor cooker hood and in 1986 - the first of its kind decorative cooker hood. In 1994, Faber's quality system was the 1<sup>st</sup> in the hoods sector to be certified ISO 9001 standard and awarded by SGS Society with the "Excellence Certificate n.001 – the 1<sup>st</sup> one in the World. In 1995, the Italians invent the first cooker hood with electronic control. 1998 marks the start of the long-term cooperation between Faber and Leks Group AD. The Bulgarian company becomes exclusive representative for Bulgaria, Macedonia, Serbia, Montenegro and Kosovo. In 2005, Faber becomes a member of the Swiss Group FRANKE.

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## **FABER TODAY**

Today the company has an unaffordable for competition product range of more than 100 cooker hood models. One of every two cooker hoods in Italy is Faber.

As a member of **CECED** /European Committee of Domestic Equipment Manufacturers/, Faber stands up to its commitment to measure and communicate the aspiration capacity and noise level of cooker hoods according to the approved European standards **EN 61591** and **EN 60704-3**. The two standards are unique international specifications for studying the real aspiration capacity and noise level of cooking hoods during operation.

**Faber has 6 manufacturing plants on 3 continents, and representative Trade Offices in:**

- Italy
- France
- Sweden
- India
- Turkey
- Argentina
- Russia – Trade Representation
- USA – Trade Representation

The Group is continuously expanding its position in strategic places all over the World.

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### **III. HUMAN RESOURCES MANAGEMENT. RESEARCHES IN ITALY AND BULGARIA**

**The management of the human resources and their development and improvement possibilities for the determined target groups of employees is the main subject of this study.**

Human resources management is qualified as an activity of the managers on the respective levels for the management of people during the working process.

It requires a high qualification and preparation of the managers and includes:

1. Motivation;
2. Communication;
3. Leadership;
4. Management of groups;
5. Resolving of conflicts.

Human resources management may be considered as managers' activity resulting from the strategic aims of the organization and directed towards:

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- Working out of politics, programmes and plans for the formation, development and payment of the human resources, as well as for the improvement of the interaction between the management and the working people organizations;
- Planning, organizing, managing and overseeing of the workers and the employees;
- Selection, hiring, preparation, evaluation and motivation of the employed;
- Creation of conditions and prerequisites for the adequate use of the people in the working process and for the achievement of high work efficiency.

In the enterprises, investigated in this study, an increasingly higher emphasis is set on the human aspects and values. Managers and experts capabilities to increase the competitiveness of the economic entity by ensuring mutual motivation and integrity in the working process are being considered as highly significant. Human resources management is a process stimulated and influenced by the technical and organizational changes of the environment the economic entity is operating in.

That stresses the great importance of the high level managers' participation in the process of corporate culture formation.

It is the human resources management which takes the central place in the high level strategic activity in both companies. This concept is mastered, developed and moved forward by the management teams themselves. That makes strategic integration and strong culture necessary. They are formed on the basis of the leadership style of management.

Strategic integration and strong culture need people, attached to the corporate strategy and ready for a change by accepting and adopting the culture of the investigated enterprises.

The following criteria, intrinsic to human resources management were used in the study:

- possibility to file claims and express personal concern about questions such as the conditions for training and development;
- possibility to discuss questions related to the business;
- unified status;
- efficient system to combat the threatening of and striving for the working place;
- creating of interesting and diverse working conditions;
- possibilities for internal career growth;
- programme for co-workers involvement;
- impossibility for compulsory dismissal;
- payment system dependable upon the work results;
- participation in the profit;
- conducting of an inquiry about the subject of manifestation of the existing directives.

The inquiry among the Faber, Italy and Leks Group, Bulgaria workers and employees resulted in the following:



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- the degree of human resources management practice application in the business process was directly linked to the fair relations between the people, the mutual trust and the responsibility of the managers to fulfill their promises existing in the organization;
- the people, working under conditions characteristic for the conditions of human resources management demonstrate a high confidence in their work place retention and a higher degree of satisfaction with their work;
- in Faber, Italy, where the human resources principle is implemented to a higher extent on a modern scientific level, the extent of motivation of the workers – residents is considerably higher.

In the course of the true investigation from the conducted inquiry of the target groups in Bulgaria and Italy, the questionnaires received were as follows:

Sphere	Completed questionnaires – Bulgaria	Completed questionnaires – Italy	Total completed from each sphere for both countries
<b>Management</b>	5	4	9
<b>Trade</b>	16	6	22
<b>Service</b>	9	3	12
<b>Marketing</b>	2	1	3
<b>Total</b>	<b>32</b>	<b>14</b>	<b>46</b>

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The results of the investigation conducted for all four researched groups show that one of the main factors for motivation of the employees is the delegation of responsibilities.

Workers should not only be delegated with rights, they should also be able of taking responsibilities within the frames of the work entrusted on them. This requires:

- efficiency of labour;
- level of information and feed back;
- learning – continuous.

Is the slogan existing for hundreds of years true: “Liberate people from all kinds of limitations and they will give you far better, more accomplished, more productive answers, than the experts”. Until now such assertions have not given the necessary results. Creativity of workers is efficient only provided the main instruments are available, and they are:



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- knowledge of how to do it;
- skills;
- suitable machines and tools.

The main condition for the worker to take responsibility is his level of information and the feed back information about his activity. Responsibility and self control are the two sides of one and the same thing. The level of information involves a continuous feed back information about the fulfillment of the tasks in accordance with the effective standards.

The information to be provided to the worker should be:

- meeting the requirements for efficient feed back;
- timely;
- adequate;
- operational;
- oriented towards his work.

The main tool for the execution of a certain work is the information about that very work. And ultimately, the possibility for the workers to exert self control. Control on the part of other persons leads, in most cases, to the manipulating of the worker. Such control is not necessary. Feed back information is powerful with its effect only when it acts as a tool in the hands of the worker with which he measures himself and directs his efforts. Praising and reproaching will not help him more to fulfill the entrusted production task.

Another main factor, formulated in this study as a requirement for achieving results in the work and for assuming responsibility is the continuous learning. It has various aims and satisfies different needs. It does, however, first of all:

- satisfy employee's need to contribute by way of what he has learned;
- improve his own activity;
- improve the activity of his colleague;
- render him more beneficial;
- render him more efficient;
- make his method of work more rational.

Two basic problems are resolved by the continuous learning:

- worker's opposition against innovations;
- the danger that they themselves may "become obsolete" and "out of use".

All three prerequisites:

- labour efficiency;
- feed back information;
- continuous learning

represent the planning of the responsibility of the worker for his work, for the working group and for the production.

If the three prerequisites are missing, no responsibility from the worker for his work may be expected or demanded.

In order to have responsibility on the part of the workers it is necessary:

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- that they are familiar with and clear about the hierarchy structure;
- that they know which are the areas outside their powers of authority;
- which are the decisions not belonging to their powers of authority;
- to know whom they are subordinated to, i.e. whom to address for a specific solution;
- whose decisions to listen to and whose instructions not to obey.

**From the research conducted for the human resources from the target groups, subject of this project, similar trends were derived in the management and motivation of the employees in Bulgaria and Italy, in the determining of the work remunerations and the additional incentives, as well as the required competences for occupying certain work positions. Along with that many questions and problems were defined, which are of primary interest to the target group representatives, and these subjects will be presented when working out the analysis of the study and they shall be set out in the basic subjects of the forthcoming trainings of the target groups in Italy.**

#### **IV. RESULTS OF THE MARKET RESEARCH OF KITCHEN APPLIANCES AND COOKER HOODS AND THE STATE OF THE LABOR AND PENSION LEGISLATION IN BULGARIA**

The team of experts on project Activity 4 conducted a thorough study of the sector of kitchen appliances, as well as the state of the labor and pension legislation in Bulgaria.

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As a result of the study the following information was summarized:

##### **Market for kitchen appliances in Bulgaria**

On the background of the ongoing global economic crisis, the trends in the sector in the country are as follows:

Imports of kitchen appliances occupy a major market share of the products offered and local production is very small scale.

The competitive environment is extremely saturated, and representative offices in Bulgaria have almost all the world's leaders in the production of kitchen appliances such as Franke, Bosch, Siemens, Electrolux, Gorenje, Teka, Leibherr, Miele, Philips, Ariston, Braun, etc.

The sale of kitchen appliances is carried out in three main distribution channels: furniture companies, retail chains and end customers.

In the recent years there is a growth in the production of kitchen furniture and increase in the number of furniture companies, which in turn favors the sale of kitchen appliances in the country.

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Improving the quality and speed of after-sales service for most marketed brands of kitchen appliances.

Extending the warranty period of the offered appliances due to customer requirements and improved quality of production components.

Introduction of increasing number of European and international standards in the production of kitchen appliances.

A slight decline in turnover of goods on an annual basis is noted, which is determined mainly by the deadlock in the construction industry after the boom in 2008.

## **V. RESULTS OF THE MARKET RESEARCH OF KITCHEN APPLIANCES AND COOKER HOODS AND THE STATE OF THE LABOR AND PENSION LEGISLATION IN ITALY**

By using the 'profound interview' method were formulated summarizing questions for the sector of kitchen appliances, as well as the state of the labor and pension legislation in Italy:

- 1. Structure of the manufacturing of kitchen appliances sector in Italy**
  - share of local production of kitchen appliances
    - relative share of built-in appliances
      - % sales in Italy
      - % sales through export
    - relative share of free-standing appliances
      - % sales in Italy
      - % sales through export
  - share of import of kitchen appliances in Italy
    - relative share of built-in appliances
    - relative share of free-standing appliances
- 2. Competitive environment in the production of kitchen appliances in the country**
- 3. Distribution channels (furniture sector, shops for kitchen appliances, etc.) - primary and secondary market**
- 4. Trends in the sector development in Italy - increase / drop of turnover, opening / closing of companies, employment / unemployment of employees**
- 5. Highlights from labour and pension legislation in the country**
  - % levels that employers pay for pension and health insurance and what part is paid by the employee and what part is paid by the employer
  - additional pension and health insurance
  - minimum and maximum threshold for insurance of employees
  - personal income tax



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- duration of statutory paid annual leave and legally possible unpaid leave of absence
- duration of paid maternity leave and leave for training
- termination of the employment relationship:
  - \* at the request of the employee
  - \* upon a proposal from the employer
- compensations and terms for termination of employment relations
- retirement age and methodology for determining its reach, trends for change in the retirement age
- other

As a result of the study the following information was summarized:

### Market for kitchen appliances in Italy

#### 1. Leading trends in manufacturing.

On the background of the ongoing global economic crisis, the trends in the sector in the country are as follows:

In 2012 Italian production of household appliances registered a decrease of 3.9% in value and 8% in quantity compared to the previous year. It dropped from 11.6 billion euro in 2011 to 11.2 billion euro at the end of 2012. The worst trend is in the sector of **large household appliances**, which decreased by almost 4 percentage points from growth in production value.

Levels of activity of the segment of cooling appliances (refrigerators and freezers) outline a further reduction of 12% in quantity and 11% in turnover in 2012, thus obtaining an annual production of less than 3 million units and an annual turnover of less than 700 million euro.

The decrease in the level of activity in 2012 in the segment *washing/laundry appliances* (washing machines, dishwashers and dryers) was slightly less intense (-10.2% in quantity; -8.5% in turnover), therefore the annual production decreased to 5.4 million units, which is equivalent to less than 2 billion euro in turnover.

Negative trends are recorded in the segment of **cooker hoods**. In 2012, Italian production of hoods registered a decreasing trend of -6.3 percentage points in turnover and 3.3 percentage points in quantities. The final balance accounts for production of 4.35 million units, which is equivalent to 440 million euro.

## VI. CONCLUSION OF THE RESEARCH

During the execution of Activity 4: *Development through transnational cooperation and exchange of experience*, the following parallel studies were successfully carried out:

- Trends and developments in the market for kitchen appliances in Bulgaria and Italy;
- Rules and regulations in the field of human resources in the two countries;
- Status and development opportunities for the human resources of various departments of Lex Group AD and Faber S.P.A.

The studies found:

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- A number of topics and issues of interest to the human resources in both companies;
- "Best practices" for management and development of human resources;
- Trends and innovations that help to preserve gained market positions and successfully develop the two companies.

The study will be fundamental for the following project activities - analysis, training of target groups and drafting of specific proposals for the transfer of innovative practices. Based on detected trends and challenges in both countries, an analysis on the implementation of best practices in Bulgaria and Italy will be prepared - Activity 5 of the project.

**Drafted by:**

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/Research Expert/

**Svetla Todorova**  
/Research Assistant/

**27 August 2013**

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*Note: The provided summary is a shortened version of the full report. Anyone who is interested in the content of the full report, can send request for receipt to department secretary of Faber S.P.A*

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