

## INNOVATIVE PRACTICES IN THE MANAGEMENT OF A MINING COMPANY

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**ABSTRACT.** The report presents some innovative practices of three mining companies which have successfully applied the principles of the Open door policy. The application of this policy helps to improve and facilitate the human resources management and the process of communication with stakeholders, the receiving and reporting of feedback and conducting discussions. Generally, it establishes good working atmosphere, especially in terms of the modern need for constant changes at all corporate levels. The policy could also contribute to the improvement of the economic performance. In this sense, based on a critical analysis of current practices, the opportunities for its application in the management process of the mining company are summarized. Open Door Policy is a modern management tool that affects different key aspects. On this basis some guidelines for increasing the effectiveness of this process and for acquisition of strategic advantages are justified.

**Keywords:** Open door policy, mining company, innovative management practice, economic efficiency, mining industry

### ИНОВАТИВНИ ПРАКТИКИ ПРИ УПРАВЛЕНИЕ НА МИННО-ДОБИВНОТО ПРЕДПРИЯТИЕ

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**РЕЗЮМЕ.** В доклада са представени иновативни практики на три минно-добивни предприятия, които прилагат успешно принципите на Политиката на отворени врати. Използването на тази политика спомага за подобряването и улесняването на процеса на комуникация със заинтересованите страни, получаването и отразяването на обратна връзка и провеждането на дискусии на широка основа. По този начин се установява добра работна атмосфера, особено в условията на необходимост от постоянни промени на всички нива, и се изгражда позитивен корпоративен имидж, който допринася за подобряване на икономическите резултати. Чрез критичен анализ на практиките са представени възможностите за нейното приложение в управленския процес на минно-добивното предприятие. Обоснована е постановката, че Политиката на отворени врати е съвременен и работещ инструмент при управление на предприятията, тъй като влияе благоприятно на различни негови ключови аспекти. На тази база са набелязани някои насоки за повишаване ефективността в управлението и придобиване на стратегически предимства.

**Ключови думи:** Политика на отворените врати, минно-добивно предприятие, иновативни управленски практики, икономическа ефективност, добивна промишленост

### Introduction

One of the most important resources for the business organizations are the human resources. In the current economic conditions their impact on economic performance is critical. Constant adjustment of human resources management to the new realities and challenges is needed at the present stage of development. For this purpose, innovative methods and practices that are adequate to the requirements of the environmental dynamics should be applied. Such an innovative management practice is the Open Door Policy, which has found a place in the international and the big Bulgarian companies in the last decade. However, it is still rarely used in medium and smaller in size companies, despite its proven advantages.

A good example in the field of innovative practices are the mining companies in Bulgaria, which started to use this management approach long ago. The achieved economic results indicate that it is applicable in different conditions, because it increases the efficiency and the competitiveness of

the company and helps the acquisition of strategic advantages over its competitors.

### Open Door Policy- theoretical and applied aspects

The Open Door Policy was applied for the first time by the Republican President William McKenzie and the Secretary of State John Milton Hay. It referred to the foreign policy orientation of the country and was determined by the direction of US-China relations from the late nineteenth and early twentieth century. The effects achieved by its implementation were a precondition for its transition in the sphere of the international economic relations. Today, it's widely used in the business organizational management.

The Open Door Policy is a kind of communication policy, aimed at establishing mutual cooperation and respect between the senior management and employees. Its focus is oriented towards the communication process. The policy is based on the principles of openness and transparency. According to

them, the manager, the president or the head should be open to his/her subordinates. He/she should discuss with colleagues every topic related to the work process. The manager's door has to be open to suggestions, complaints and ideas of the subordinates and he/she has to be ready to hear all opinions without prejudice. The gathered information should be subjected to critical evaluation and analysis and, if deemed necessary, appropriate changes for organizational effectiveness should be made. Employees are free to share their ideas, discuss current problems and offer possible solutions. They can share ideas and suggestions and analyse them, ask and address different work topics to the middle and the senior management. This effectively promotes openness and transparency in the relationship between all team members, regardless of their position, responsibilities and obligations. The expected results are focused on improvement of the organizational environment, systems, processes, operations and products, leading to greater economic efficiency and competitive advantages for the company.

The policy includes expressing opinions and taking a clear position on a given subject by the employees. This activity should lead to favourable changes in the business organization, which, in turn, has to prompt growth and business development. The focus of the Open Door Policy is to create an attitude of constant and constructive dialogue between employees on different hierarchical levels through the exchange of experience and knowledge. By imposing such an active communication policy, the company aims at sustainable and adequate external and internal innovations. It relies on establishment and maintenance of a team spirit and desire for equal partnership and cooperation between the team members. So, every team player becomes an active participant in the workflow. By introducing such a policy, the employee's role is regarded as key to the overall development and the future prospects. The basis of the Open Door Policy concept is an acknowledgment of the team's role for achieving results from the overall business activity. The expected effects are associated with an environment of cooperation and trust between employees on all hierarchical levels and the management. This could be achieved by recognition and respect for the role of each of them as a person and as a specialist in a particular field whose ideas and experience could be useful. Moreover, because of its application, every employee should be committed to the workflow.

This management approach is successful because it is based on the view that the best problem's solution most often comes from the workplace itself. An adequate use of the Open Door Policy contributes to improving the communication process, receiving and recording of feedback and conducting discussions on a broad basis. If it is applied in an appropriate and adapted to the specific company's conditions way, it should lead to greater trust between employees and managers. As a result, problems and possible solutions are subject to an open and inclusive debate, which increases the transparency of the company itself. This is particularly important in the context of a continuing need to improve every process. The open communication between the team members is a real opportunity. Thus, the company's activity is taken as a personal responsibility, which reflects positively on the final performance.

The focus of the Open Door Policy is on improving the communication process and introducing changes at all company's levels - operations, processes, systems and structures. Therefore, its implementation should lead to greater openness, transparency, flexibility and adaptability, and hence, higher efficiency. The main policy objective is to promote cooperation between employees from various business areas and different hierarchical levels. The Open Door Policy is a valuable tool because it offers a clear flowchart of communication with formal rules and a mechanism for its good implementation. However, it does not provide ready-made models and recipes for achieving results. For this purpose, the policy should be adapted and oriented to the specific conditions and needs and should comply with the factors influencing the organization. The critical review of its implementation in business organizations allows the summary of benefits of application. Its main advantages are the transparency, the creation of a work environment based on trust and respect between employees and managers, the relevant conditions conducive to change and improvement of the change management process, the balanced communicational process and the good feedback mechanism. In addition, the application of the policy promotes high economic efficiency and labour motivation.

Under certain circumstances, the Open Door Policy may have some shortcomings when it's used improperly or incorrectly. For example, such defects are the formation of informal groups within the formal organizational structure that can affect negatively the overall organization and to worsen the outcomes of the labour process. In addition, a shortcoming can be a conflict of interest between the employees, the middle and senior management. It may appear in case of jumping on some hierarchical level when the subordinates express opinions, ideas or proposals. If the application of the policy is not accompanied by clear rules, it some others deficits may occur. The employees could hesitate or feel uncomfortable to express their true opinion to the superiors, because they fear of criticism and censorship. In addition, the permanent going from office to office can reduce the efficiency of the workflow.

Another application of the Open Door Policy in the companies refers to the active communication with all stakeholders. The openness to investors, local communities, society and state authorities is connected with the social commitment to the sustainable business development activities. Working in collaboration with national and local communities leads to understanding the managers' aspiration for improvement of the workflow and for creating a favourable business image. The involvement of citizens as active participants in joint projects in the fields of education, sport, culture, health and environment overlaps the corporate interest with the public interest. The business activities' transparency influences the company's sustainable growth and the acquisition of strategic advantages over their competitors.

The objectivity of the analysis requires to underline that there are various applications of the Open Door Policy in the company's management. Despite its innovativeness and effectiveness, it cannot be regarded as a panacea for every problem in the human resources management process. However, its application leads to a number of positive effects

for the company. It's an opportunity for development based on innovative contemporary practices. The Open Door Policy establishes a good working atmosphere, especially in terms of the need for constant change at all levels. If we proceed from the fact that the growth and the development of a company in today's economic conditions are directly related to innovation, the policy is a suitable method for this purpose.

## **Best practices in some Bulgarian mining enterprises**

There are various examples for application of the Open Door Policy in present business practice. It is applied in many mining enterprises and has significant results. Different variations are potentially possible when it is adapted to the conditions in the company and its specific needs and goals. The advantages of its adequate and timely implementation lead to visible and measurable positive effects. Some of the best business industrial practices are associated with the increased attention to all stakeholders – personnel, investors, local community, society and state authorities.

### ***Openness to the personnel***

The big companies in the mining industry recognize the human resources as key element to the sustained success in an environment of increased competition in the modern technological society. Investments in education, fair remuneration, health and safety, protection of civil and labour rights are among the priorities in corporate governance. The companies have elaborated and implemented mechanisms for complaints against unacceptable workplace practices and human rights violations. They facilitate the process of giving proposals, improving the organizational environment and overcoming conflicts. The signals may be submitted in writing in special mailboxes and verbally by telephone. In addition, anonymous complaints about disturbing situations in accounting, internal control and ethical issues are accepted.

Supervisory bodies exist in different companies to examine the presented signals. They have to check and take a decision on them in due time. The management policy of the big mining companies is built upon a minimum tolerance of discrimination, harassment and retaliation against the employees that have expressed concerns about certain business practices.

One of the leading Bulgarian mining companies has developed and operates a special internal communication channel that has various opportunities. It provides updated information on organizational life and assists in making presentations on different activities.

This channel promotes social communication between employees who not only are acquainted with the company's news but can also post personal ads. The advantage of this information channel is the ability to conduct inquiries and votes among the employees. The integration of the personnel into the decision-making process enables everyone to feel significant. This kind of openness is among the competitive advantages of any enterprise facing new economic and social challenges.

### ***Openness to the investors***

Annual reports with achievements are prepared in order to increase the degree of transparency and the stakeholders' certainty of the company's activities for sustainable development. The commitments to investors in the mining companies include regular reports, visits, action plans and personal meetings with officials. All big companies draw up plans for openness to stakeholders that are based on strategies and objectives for continual improvement of the activities in this sphere. In the most common case these plans were initiated by investors who require updated information on the progress every three months through conference calls.

### ***Openness to the local communities***

A good practice associated with the use of the Open Door Policy in the big mining companies is the realization of a wide range of social projects at regional level. The purpose of this practice is the regional development in the sphere of education, sport, culture, health and safety. In this respect citizens' information centres in several Bulgarian cities have been established. Their activities involve informing the local population on all issues related to the company's activities. Such issues are the different environmental aspects, the opportunities for opening new jobs and the corporate social responsibility. The centres are a meeting point for the local community with the company's managers and specialists where they can discuss every topic and social problem. Thus, an efficient partnership is established between the municipality, the society and the mining companies.

### ***Openness to the society and the state authority***

The application of the Open Door Policy in the mining companies contributes to greater involvement of the corporate management in the cooperation with the authorities at all levels. Every company prepares a report on sustainable development by taking into account the interests of external stakeholders and their contribution. The compliance with the environmental standards, the efficient use of raw materials, energy consumption, water use, biodiversity, emissions, effluents and waste investments are part of the commitments, made by enterprises to the society and state. Various topics are discussed at regular meetings with the Government - concession fees, environmental regulations, health and safety, wage levels and career opportunities in the mining industry. The Open Door days, which are held annually, are also a good practice for the mining companies. Thus, the citizens are acquainted with the working process and its technological features as well as the embedded innovations.

## **Conclusion**

The studied best examples in the implementation of the Open Door Policy in the mining industry prove that this management tool has a place in the modern Bulgarian business practice. Its big advantage is the establishment and maintenance of team spirit, equal partnership and good cooperation between team members, who are recognized as active participants in the workflow. It is essential to show attention to all stakeholders – personnel, investors, local community, society and state authorities. The openness is among the biggest competitive advantages of each company.

Because of the implementation of the Open Door Policy, all society members are fully engaged with what is happening in the company. Thus, it influences positively on the economic results and the competitiveness, providing new opportunities for development and growth.

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