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**SOFIA UNIVERSITY "ST. KLIMENT OHRIDSKI"**

**FACULTY OF GEOLOGY AND GEOGRAPHY**

**Department of Socio-Economic Geography**

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MILEN GEORGIEV VELIKOV

**LABOUR MARKET DYNAMICS AND INTERLINKAGES IN BULGARIA 1989-  
2021 - QUANTITATIVE AND QUALITATIVE CHANGES**

ABSTRACT

OF DISSERTATION WORK FOR AWARDING EDUCATIONAL AND SCIENTIFIC DEGREE  
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**Supervisor:**

Associate Professor Georgi Bardarov, PhD

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The dissertation consists of an introduction, 4 chapters, a conclusion, bibliographic list, 24 tables, 19 figures, 54 appendices, a summary of scientific contributions and a list of publications related to the topic of the dissertation.

The total volume of the work is 289 pages.

*Title: LABOUR MARKET DYNAMICS AND INTERLINKAGES IN BULGARIA 1989-2021 - QUANTITATIVE AND QUALITATIVE CHANGES*

*Keywords:* Labor Market in Bulgaria, human capital, employment, unemployment, human resources, professional values, Population and Housing Censuses in Bulgaria, employers.

The dissertation was discussed and scheduled for public defense by the Department of Socio-Economic Geography at the Faculty of Geology and Geography of Sofia University "St. Kliment Ohridski".

The public defense will take place on ..... by::: .. h. C

hall ..... of GGF.

## ***DECLARATION OF ORIGINALITY***

I DECLARE THAT THE CURRENT DISSERTATION ON "DYNAMICS AND RELATIONSHIPS OF THE LABOR MARKET IN BULGARIA FOR THE PERIOD 1989-2021 - QUANTITATIVE AND QUALITATIVE CHANGES" FOR THE ACQUISITION OF EDUCATIONAL AND SCIENTIFIC DEGREE "DOCTOR" IS AN INDEPENDENT AND ORIGINAL WORK, AND USED SOURCES OF SCIENTIFIC AND EMPIRICAL INFORMATION ARE CORRECTLY DOCUMENTED AND CITED ACCORDING TO THE STANDARDS IN FORCE IN THE REPUBLIC OF BULGARIA.

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I HEREBY DECLARE THAT I AM FAMILIAR WITH THE RULES IN THE CODE OF ETHICS OF THE ACADEMIC COMMUNITY OF SOFIA UNIVERSITY "ST. KLIMENT OHRIDSKI " FOR RESPECTING AUTHORSHIP, FOREIGN CONTRIBUTIONS AND CORRECT CITATION AND FOR THE INADMISSIBILITY OF PLAGIARISM.

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(MILEN VELIKOV)

# INTRODUCTION

## Relevance of the Topic

After November 10, 1989, Bulgaria completely changed its political, institutional and economic course. On this date, the General Secretary of the Bulgarian Communist Party, Mr. Todor Zhivkov, was released, and this event is considered to be the beginning of the so-called democratic transition in our country, which lays the foundations of a new political model, economic and trade relations, change of ownership and the establishment of the hitherto unknown market economy in our country.

The changes after 1989 came unexpectedly. They created conditions for upheaval, panic, fear and stress in the population. The hitherto unknown processes of high unemployment were only one of the elements that contributed to what accelerated the negative demographic processes. The turmoil also affected the structure of the Labor Market (LM). This directly affected employment levels caused by different types of unemployment, the introduction of new relationships, and regulations and legislation have been repeatedly adapted as a result of non-functioning mechanisms, introduced models or half-hearted reforms. Different types of discrepancies were observed - economic, managerial and political, and the lack of consensus and will delayed the start of reforms and their full and timely implementation.

On the other hand, with the presence of these changes, an attempt has been made to lay the fragile foundations of liberal regulation of payroll in our country, including free negotiation of working conditions, wages and the possibility of negotiating labor relations. The initial expectations were that it would facilitate the entry of a new type of employment and relationships, to help the rapid formation of private business, entrepreneurial thinking and trade unions.

Until then, the state monopoly has been strongly expressed in all areas of economic life. If before 1989 the state had the role of providing jobs and finding jobs for everyone, then after 1990 this changed drastically, which shook people's expectations regarding their professional development and career development. The process of privatization and change of ownership was slowed down. Insecurity overwhelmed people, lack of justice and apathy accelerated the demographic crisis (Figure 1). This also exacerbated the crisis of political confidence, worsened the quality of the dream transition and led to

huge disappointments due to high unemployment, accelerating corruption, polarization and division in Bulgarian society.

Figure 1: Population by census years for the period 1900-2011 (Source: NSI)



All this dramatically changed the way of thinking and expectations of Bulgarians - towards themselves, their employer and the state. Shortly after the general enthusiasm, in the early 1990s, it was cooled down by the institutional chaos in which our country had found itself, the political crisis and the uncertainty about the direction of reforms. The processes and changes that followed were not smooth or easy, often unknown, but they started after specific historical and political events in Bulgaria and beyond, events that have a new direction and irreversible consequences in society after their occurrence in 1989. .

The changes after 1989 affected the opinions and attitudes of Bulgarians towards labor, private and state property. The attitude towards the institutions, the rule of law and the role of the state is changing. Accumulated negativism reinforces people's nihilism and apathy, deepens divisions and fuels a crisis of trust between people.

## Purpose, Object, Subject, Tasks of the Research

**The object** of the study are the participants of the LM in Bulgaria - employed, unemployed, employers, state, trade unions for the period 1989-2021, with the emphasis on the subperiod 2011-2021.

**Subject of research** - is to clarify the roles and relationships of the participants in the LM, which determine the pace, dynamics and processes of it.

The aim of the dissertation is to clarify the factors, the role of individual players and the reasons that affect LM during the period of 30 years and to formulate measures to optimize the situation of LM in Bulgaria in the near future.

### **Research objectives:**

1. Analysis of the current state of LM in Bulgaria with its quantitative parameters (for the period 1989-2021).

2. Determining the demographic and social aspects that affect the dynamics of LM in Bulgaria over the past 30 years.

3. Clarification of the interrelations between the main participants of the LM in Bulgaria for the period 1989-2021.

4. Clarification of the motivation, attitudes and professional values that influence the LM in Bulgaria for 2011-2021.

**Research methodology.** The following methods were used in the different stages of the dissertation: questionnaire, mathematical-statistical method, direct observation, graphic, spatial analysis, psychometric research. In terms of content, the dissertation includes an introduction, four chapters and a conclusion, each chapter containing a different number of subheadings, depending on its content and purpose.

I would like to thank my girlfriend Joanna for all the patience, support and the many personal compromises she made to my dedication to this project. Despite all the difficulties we managed to overcome this period together.

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Thanks to all my teachers who have left a lasting imprint on me and have not given up driving in a constructive direction my unceasing enthusiasm combined with a lack of patience.

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Thank you for the example of all those who made me think, change and open my mind to a new perspective, new knowledge, new hopes for the better.

# CHAPTER ONE

## THEORETICAL AND METHODOLOGICAL BASIS OF THE RESEARCH

### I.1. Characteristics of the Labor Market

The topic of LM is studied mainly by economists, demographers, and in recent years by psychologists. The importance of the role of labor in man has been the subject of debate since antiquity, and the meaning he puts into it determines his motivation for work, as well as human progress. In the past, LM was a designated place, a "bazaar", where people offering labor and manufacturers looking for workers for their production activities met. For example, such a "labor bazaar" originated in Venice, in the square in front of the Doge's Palace. Nowadays, LM should be perceived as a form of social organization, as a mechanism for the distribution of one of the factors of production - labor. The specific commodity "labor force" is exchanged on the labor market - the ability of the individual to perform labor activity. The bearer and owner of the labor force is the person who, after reaching the age specified by law, acquires the right to work.

According to Kazakov (2010), the realization of the labor function is an expression of the ability to work and the labor quality of the human personality, which we reduce to the labor force. This property is cultivated gradually. Sotirova (2007) argues that labor is a technological, instrumental activity that arises from a particular technology and organization, using the appropriate means of labor. She believes that in the industrial age, labor became the main factor of production, and employment - the main and most widespread form of economic activity. Again, Sotirova (2006) argues that the emergence of labor is associated with the division of labor. The division of labor, in turn, gives birth to another type of mechanism for meeting human needs - trade. According to Nikolov (2016), the most characteristic feature of primitive man is his ability to work. It means any activity of man to create things that are not ready in nature, but are the fruit of his imagination and his mental and muscular efforts. Every work activity had to end with a certain result. Achieving these results is precisely the goal of work.

According to Paunov (2009), work, in addition to its deep nature of social coercion, is an innate human urge to appropriate activity, which is genetically present in every person, whether forced to

work or not. Ilieva (2009) argues that work is a major source of sub-identity and affects self-esteem and self-concept of personality. The centrality of the work role from the relative dominance of the content related to work in the mental processes of the individual and is expressed in the degree of commitment, investment of knowledge and skills in the performance of the work role compared to other activities. According to Bogdanova and Todorova (2015), through work in the profession, a person declares himself as a participant in society, recognizes himself as "significant, as realized, as self-expressed, as experienced through his constructive activities and presence in public life." The topic of the role of labor is also considered by Mihova, Kergoat, Nikolova, Donev (2007). According to them, changes in labor are among the factors that reflect on demographic behavior and participate in the formation of current trends in the development of the population in our country. Reproductive attitudes are affected by precarious employment, unemployment and low incomes.

**"Labor market"** means the place where the commodity "labor" is exchanged for remuneration. One of the characteristic features of the labor market is the process of formation or production of human capital (Dulevski, Stefanov, Atanasova, Paunov and Maleshkov 2016). This is also a market in which strikes and protests are observed by a large number of people in case their rights are violated. Another feature of the LM is the more frequent violation of the balance between supply and demand of labor, as well as the duration of the transaction. In general, LM can be defined as a meeting of labor supply and demand. This market is also considered as a set of rules, regulations, institutions, as well as the emerging relations between the representatives of supply and demand. This is the most popular market and it solves basic and vital problems of people. Considering the nature of the goods on the current labor markets, only the possibility remains undisputed - the sale of the service, against which an agreed price is received - salary. The labor market is also the only market in which only a transaction related to the purchase and sale of labor services is possible. There is no other market in the economy for which so many legislative acts and regulations regarding the conclusion of a deal have been adopted.

According to Dulevski, this market is extremely important, as it has extremely strong social aspects, a sense of justice, a sense of realization and, of course, a very strong sense among people of feeling underappreciated for what they offer in this market. Sotirova and Dimitrov (2016) believe that the most popular understanding of economists about the market is that of a mechanism, a tool, and when adopted and approved as a rule, a norm of behavior, it is treated as an institution through which its participants, led by their interests, seek to maximize their benefits by mutually agreed rules. The

price of labor is seen as a market, monetary assessment, which forms the income of the owners of this factor of production or resource that is "labor", in contrast to the prevailing national tradition and practice view of wages as a sum of costs incurred by the employer for the use of labor.

## **1.2. Basic Definitions of the Labor Market**

The **economically active population (EAP)** includes persons who invest or offer their labor for the production of goods and services - employed and unemployed persons. **The workforce (WF)** includes persons aged 15 and over who carry out activities for the production of goods and services, even for one hour, against payment in cash or in kind. They do not work at the moment, but are considered as employed although temporarily absent due to illness, leave, pregnancy, parental leave and other similar reasons. Those who work over time at their own expense, even for an hour, and receive income from it in cash or in kind

The labor force includes the employed and unemployed:

**Employed** - Persons who are employed under the Labor Code (LC) and in an employment relationship under the Civil Servant Act, under which legal relationship, they receive remuneration in cash or in kind in the form of salary and regardless of the type of contract; Persons who have a job but have not worked during the observed period due to illness, maternity, etc .; Persons who manage their own enterprise and perform work for personal gain or for receiving mixed income - employees with civil income, working only in the reporting unit; Persons working without payment in companies, enterprises and farms of relatives, members of their households. **Unemployed** are people aged 15-74. years of age who do not have a job during the observed period; actively looking for work for a period of four weeks, incl. the observed week, or have already found a job that they expect to start within three months after the end of the observed period; have the opportunity to start work within two weeks after the end of the observed period.

Employment is an indicator of the degree of use of labor resources in a country and can be considered in two aspects - in a broad sense it covers all those who are engaged in community service, regardless of whether they receive remuneration in any form. In a narrow sense, the term covers only persons who, for their work, receive remuneration in the form of salary or other income.

**Types of unemployment:**

- *Forced* - The employee wants to work at a certain level of pay, but can not find a job;
- *Voluntary* - It is associated with a desire to find a better place for pay or working conditions;
- *Registered or unregistered* unemployment in the labor office;
- *Marginal* - type of unemployment among the vulnerable segments of the population (youth, women, people of pre-retirement age or disadvantaged);
- *Unstable* - caused by temporary reasons - dismissal in a given season, seasonal unemployment;
- *Seasonal* - fluctuations in economic activity in some industries such as tourism, agriculture
- *Cyclical* - Caused by repeated declines in the country or region;
- *Frictional* - This is the time during which a person is unemployed when changing jobs. It is temporary and short-term. It is not caused by unbalanced states in the labor markets, but by the nature of the labor market and the way it functions;
- *Structural* - Occurs in significant restructuring of the economy, liquidation of old industries or professions. There are two types - stimulating and destructive;
- *Technological* - is associated with increasing modernization and the level of mechanization, in which part of the workforce becomes redundant or needs retraining;
- *Institutional* - occurs with the intervention of institutions - state and / or trade unions in establishing the level of pay, which may lead to dismissal;
- *Classic* - there are new jobs, but employers do not hire new employees due to the legally high salaries imposed on them;
- *Long-term* - according to EU statistics, it has lasted more than a year. It is an important indicator of the so-called "social exclusion";
- *Hidden unemployment* is not reflected in official statistics. It includes people who have refused to look for work, such as early retirement, sometimes part-time and other categories of unregistered unemployed, but who are not included in the statistics and are not subject to social support (Vladimirova; Stefanov; Panayotov; Bancheva; Radev ; Hadjiev; Stoyanova; Mikhailov; Dimitrova and Ivanova, 2014).

The **economically inactive population** includes persons who are not employed and are not defined as unemployed. These include - pupils, students and full-time students; persons receiving disability pensions; persons who have stopped looking for work; persons who do not need to work, regardless of the source of income. Economic activity is a consequence of the assessment that it is worth replacing part of our freedom, energy and time with a certain amount of money with which we ensure our biological existence and public recognition of our importance (Paunov, M; Paunova and Paunov, 2013).

### **I.3. Development of the Labor Market in Bulgaria from the Liberation to 1989**

After the Liberation, it was necessary to create a statehood, a functioning economy, administration and legality. As a result, changes in the attitudes, values and mentality of Bulgarians were accelerating, which lead to various catharsis at the level of an individual, group and society.

Prodanov (2008) develops the thesis that in Bulgaria, after the Liberation, there was a dominant agrarian and patriarchal society, with a significant degree of illiteracy, authoritarian traditions and underdeveloped democratic culture at the state level. In the first census after the Union, the share of the urban population was only 18.8% - 593,547 citizens and 2,560,828 peasants. The predominant type of population had lived for centuries in large patriarchal communities, with a low degree of dynamism and diversity. The country, which was late in its modernization, was trying to catch up with the most developed countries, but without having the social structure of an urban educated and dynamic society with a long tradition of respect for human rights. The liberation of Bulgaria comes at a time when in Western Europe capitalism had not only carried out the first industrial revolution, but the beginning of the second. Our country was much more backward economically and with much less resources, acutely experiencing the crisis of its separation from the economic organism and the markets of the former Ottoman Empire.

In 1934, the wooden plow still prevailed over the iron plow. Until then, Bulgaria was still on the periphery of the European Economic Area. In 1929-1933, our country was among the poorest in the world in terms of annual income per capita of the agricultural population, followed only by India. A working class was slowly forming, some of which initially still had some links with small-scale production in the countryside. On the other hand, the accumulation of capital in the hands of the emerging Bulgarian bourgeoisie was proceeding at a rapid pace. One of the main methods for the initial accumulation of capital in Bulgaria was usury, which became widespread, especially in the

first decades after the Liberation in connection with the purchase of Turkish lands and the supply of peasants with livestock and equipment. It created conditions for the rapid enrichment of individuals at the expense of ruining a large number of debtors. Another factor was the robbery of the state treasury via various direct and indirect means, especially in connection with entrepreneurship in the construction of railways, lines, bridges, roads. The third prerequisite for capital accumulation was domestic and foreign trade.

According to Minkov (1984) after September 9, 1944 and due to the rapid development of industrialization in Bulgaria, the processes needed additional labor, which was collected and hired mainly among the rural population. All this led to intensive migratory movements from the villages to the cities and from the mountainous and semi-mountainous areas to the plain villages and the old and administrative centers. These internal migration processes, huge in scale for their time, developed with such intensity that one of the most interesting and important demographic phenomena of our time took place - the urbanization of the Bulgarian population. These changes caused serious changes in the life and psyche of the former peasant, who had to replace his old way of life with the new one - urbanized, emancipated and free from prejudice way of life in the cities.

Labor under socialism was formed as a consciousness of duty, as the contribution of each member to social wealth depends on the pace and completeness of meeting the ever-increasing needs of the people, improving the living standards of the people. That is why everyone was obliged to work with the awareness of duty to the people. The total size of the labor force in 1977 increased to 59.4% of the population. The selection of personnel for a given type of work was not always completely organized and purposeful. The choice of profession was sometimes made quite by chance or by external suggestions, and not according to the psychophysical qualities, abilities and vocation of the person. After 1963, in most cases, the newly created jobs exceeded the growth of labor resources and this allowed to achieve maximum involvement in public work of all major sources of labor.

According to Kolev (2017), the economic results achieved during socialism were due to various circumstances. One of them was that human resources had been mobilized by force and authoritarianism. In the beginning, thanks to the enthusiasm, as well as the command-administrative pressure in the direction from the "top of the pyramid to the masses", higher labor activity was achieved. From another point of view, socialism created the preconditions for a culture of asymmetry in the relations between the state and the individual, as the passive subject in this axis was the individual, and the active - the state. In this way, the cultural norm ruled, according to which

individuals were forced to fully comply with the norms and standards set by the state. After all, several generations of Bulgarians were being taught that "the state bears the main responsibility for both society and the individual." One of the tracks on which the depersonalization of the individual took place under totalitarian socialism was centralized planning. The impulse that underpinned entrepreneurship and the restless spirit in search of the new and the original were frozen through pre-determined planning tasks. Hard work remained in history along with a sense of ownership of the land. As early as the 1960s, attitudes towards the yard and the private farm began to dominate, compared to the attitudes towards cooperative and collectively cultivated land, and this process intensified especially after the establishment of agro-industrial complexes (APC).

After the end of the cooperation, from 1956 to 1975, a total of over 2,500,000 people migrated from the Bulgarian countryside, most of them from the villages to the cities. For the period from 1957 to 1985, 72 new cities emerged. Thus, by 1985, the number of people living in cities was 5,800,000. Throughout the period of socialism, priority was given to vocational training. Engineering education was developing at the fastest pace since the Second World War. By 1954 alone, ten higher technical schools were established. In the beginning of the 70's the higher schools became 26, and in the middle of the 80's - they were already 30.

Appropriations, thefts, waste and production of low-quality products became an integral part of public morality in large enterprises. Socialism affirmed the practice of blurring responsibility. Thus socialist gigantism melted individuals into the "mass" of large enterprises. In these huge "seas of people" the number of full-time employees was constantly growing, most often sinecure positions for relatives and acquaintances were invented. In most cases, kinship and settlement rationality dominated over economic rationality, and informal relations over formal ones. There was a national culture for non-market use of labor. In an administrative-distributive way it was determined who, where and what work to start, and through petitions and "connections" when to rise or move to a better service.

Industrialization, education and urbanization under socialism managed to create a chance for a new life for more than three million Bulgarians, who turned from peasants into workers and employees; cities and city dwellers became a preferred symbol of life and imitation; in the factories, not in the field, the predominant part of the national product of the country began to be produced; most individuals found their identity in the industrial profession and urban lifestyle; engineering and



technical professions were permanently placed in the social structure of society; industrial and machine labor were preferred to agricultural and monotonous labor; factory patterns of behavior became decisive; growth in service was an expression of status and well-being; the beginning of the building of the "information" society in our country was set.

At the same time, the industrialization under socialism was carried out according to ideological schemes, and not on the basis of the cultural traditions, specifics and scale of the country; it was subject to party patterns and not to the free enterprise of millions of people; did not lead to a society of mass consumption; by massive pollution of the surrounding country it broke the natural connection between man and nature; did not turn industrial labor into orderly, rational and pragmatic; overpopulates cities with prefabricated houses, and rural quarters and lifestyles were eliminated in industrial neighborhoods; it was developed at the expense of draining the resources from the Bulgarian village; and finally, during all these decades, it had been wrongly assumed that the country's industrialization must be carried out in imitation of "foreign" Soviet industrial experience.

#### **I.4. Quantitative Measures Used in the Analysis of the Labor Market**

In the measurement of LM based on national censuses, the most common measures are related to its participants, dynamics and relationships, which give its quantitative and qualitative values at the level of individual, group or nation.

##### **Demographic measures**

**Population** at a given period, which is often until the end of the calendar year - 31.12. Persons who live permanently (have a current address) in the country as of 31.12. of the respective year and have not been absent from it for a period longer than 1 year.

**Growth rate and population growth rate** - the main indicators of the rate (dynamics) of changes in population, regardless of the length of the periods for which it is reported, are growth rate and increase rate. (Slavev, 2012)

*The growth rate* is the ratio between one value and another, which is accepted as a basis for comparison. It is expressed as a simple ratio (growth rate) or in percentages. The growth rate is the ratio of the absolute growth of the population and its initial number for a certain period.

**Average annual population** - arithmetic mean of the calculated population at the end of the previous and the end of the reporting year.

**Natural growth rate** - calculated in per mille, as the ratio of the difference between the birth rate and the death rate for a certain period of time (usually one year). The natural growth rate is the ratio of absolute natural growth to the average annual population multiplied by 1000 (Belcheva, 2004).

**Birth rate** - the number of live births for a certain period of time (usually one year) compared to the average annual population per 1000 population. The crude birth rate (CBR) is the ratio between the number of live births in a calendar year and the so-called midyear population. The value of the indicator is often given in per mille, which implies that the ratio is multiplied by 1,000. **Mortality rate** - the number of deaths over a period of time (usually one year) compared to the average annual population per 1,000 population.

**Mechanical population growth** - the difference between the number of settlers and the number of emigrants in and from each settlement.

**Migration balance** - the difference between the settled and the emigrated in a certain territory for a certain period of time. "Mechanical population growth" and "net migration" can be used as synonyms for the migration balance. When the absolute migration balance is applied to 1000 people of the population, then a "coefficient of intensity of migratory growth" is obtained.

**Below, in, above working age** - the age limits for distribution of the population in these categories are determined according to the current retirement age in the respective year, adopted by a Decree of the Council of Ministers. For the needs of demographic research in Bulgaria it is accepted to consider as below working age the ages from 0 to 15 years, as working age the ages between 15 and 64 years. and over working age the ages above 65+.

**Age dependency ratio** - shows the number of people in the "dependent" ages (population under 15 and 65 and over) per 100 people in the "independent" ages (15 to 64). Calculated in percentages. The coefficient of demographic replacement - shows the retirement age in a certain territory for a certain year with how many active retirees have been replaced. Calculated in percentages.

#### **Socio-economic indicators:**

**Labor productivity** - these are indicators measuring the result of the production activity (numerator) and indicators of labor input in the production process (denominator). At the national level, the result

of production activity is measured by Gross Domestic Product (GDP) and Gross Value Added (GVA), created by all production sectors in the national economy. The preferred indicator of the labor factor in the composition of labor productivity is the time worked measured in man-hours.

**Gross domestic product (GDP)** - a method of measuring the quantity of goods and services produced in a given territory over a period of time. GDP per capita is the most commonly used indicator for comparing the well-being of different countries, and its change is for the improvement or deterioration of the economy. Most often, GDP is measured by the expenditure method and is expressed as the sum of four main components:

$$\text{GDP} = \text{Consumption of goods / services} + \text{Investment} + \text{Government consumption} + \text{Net exports (the difference between the value of imports and exports)}$$

**Economic Activity Ratio (EAR)** is the ratio between the economically active (labor force) and the population of the same age and shows what part of the working age population is economically active and the rest of the working population is the non-labor population. The coefficient of economic activity is measured in percentages (%) and shows the share of economically active persons (employed + unemployed) among the population in a given age group. **Employment rate** - the ratio between the number of employees and the population of the same age. The employment rate is measured in percentages (%) and shows the share of employed persons in the population of the same age. The most commonly used employment rates are those for the population over the age of 15 and those for the population between the ages of 15 and 64. **Unemployment rate** - the ratio between the number of unemployed and the number of economically active people. The unemployment rate is measured as a percentage (%) and shows the share of the unemployed as part of the labor force.

**Gross wages (GA)** is the remuneration that a person receives for their work before deducting the obligatory and voluntary contributions for social and health insurance and the tax accruals at the expense of the employee. **Net wages** are the net annual income for the specific family model, obtained by deducting from the gross annual wage social security at the expense of the insured and the personal income tax, plus family allowances for children (where applicable). The **average monthly gross salary** is calculated by dividing the accrued salary funds for the reporting month by the average list number of employees, excluding persons on maternity leave. The **minimum wage (MW)** shows the lowest, according to the law, level of gross pay for an 8-hour working day. It is determined by the Council of Ministers, after obligatory consultations with the social partners (representative organizations of employers and workers).

## **CHAPTER TWO**

### **MAIN STAGES IN THE DYNAMICS AND DEVELOPMENT OF THE LABOR MARKET IN BULGARIA FOR THE PERIOD 1989-2001**

#### **II.1 Political and Economic Transformations in Bulgaria after 1989 and Their Impact on the State of the Economy and the Labor Market in the Country**

From the end of 1989 in Bulgaria began the democratic transformations and systematic transformation of public relations. In June 1990, elections were held for the Grand National Assembly, which adopted a new constitution. According to it, Bulgaria became a republic with parliamentary government and a united state with local self-government. The main institutions of the state are the National Assembly (Parliament), the President, the Council of Ministers, the judiciary (court, prosecutor's office, investigation), the Constitutional Court, the Supreme Judicial Council, local governments and others. The highest body of the legislative power in Bulgaria is the unicameral National Assembly. The main body of the executive power is the Council of Ministers, which is headed by a Prime Minister. The government is elected by parliament, at the suggestion of the prime minister. The government's activities are controlled by parliament. In its new history (after the Liberation in 1878 until 2021) the country was ruled by over 50 prime ministers. The longest-serving prime minister after the democratic changes in Bulgaria is Boyko Borissov. In the public life of the country take part non-governmental organizations, as well as trade unions, which operate at the sectoral and national level. The Confederation of Independent Trade Unions in Bulgaria (CITUB) and the Confederation of Labor "Support" (LC "Support") play an important role in the implementation of socio-economic partnership with employers and the government. Other institutions that are involved in the greater flexibility of LM are the network of intermediaries that help jobseekers find it easier. In Bulgaria, the leading role is played by the Employment Agency (EA) (formerly the National Employment Service) at the MLSP. It has a well-developed network of Labor Offices (BT) throughout the country.

#### **II.2 Results of the Census in 1985, 1992 and 2001. Analysis of Changes in Natural, Mechanical Growth, Age Structure, Educational and Ethnic Structure, Employment and Unemployment**

The crisis in Bulgaria, which has existed since the early 1990s, has given a strong impetus and direct impact on the demographic processes in the country. Public upheavals have accelerated migration dynamics and have led to various aspects of this crisis that we are witnessing today. Bulgaria, in the 1990s, was an example of a country in which demographic indicators deteriorated dramatically (birth rate, mortality, marriage) and became very extreme in the period 1996-1997. In the spring of 1989 there was a significant decline in the population of the Turkish ethnic community, due to the so-called "Revival process". This process began in 1984, but escalated into strong ethnic tensions in the summer of 1988. In just one year, some 340,000 Bulgarian citizens of the Muslim faith left the country.

With the opening of the state borders in 1989 and due to the difficulties of the transition in our country, many decided to leave our country. For the most part, these are mostly young people, which led to an even greater and rapid deterioration of demographic structures in our country. Since 1990, the natural increase in our country has been negative (-0.4‰ in 1990), and with different fluctuations the excess of mortality over birth rate is deepening. The lowest birth rate was reached in 1997 (7.7‰ - the lowest value in the world that year, together with Latvia). Impressive is the high level of overall mortality in Bulgaria, similar to countries such as Russia and Ukraine. The demographic aging of the population and the total life expectancy also play a key role in this. On the other hand, the stress and anxiety of ordinary people increase the overall morbidity, accelerate the presence of alcoholism and drug use, provoke deep depression, increased suicides in our country after 1989.

In the middle of the 80s of the XX century (as of December 4, 1985) the population of the country amounted to 8,948,649. Nearly 1/3 of the total population was concentrated in 10 cities with a population of over 100,000. These were Sofia, Plovdiv, Varna, Burgas, Ruse, Stara Zagora, Pleven, Tolbuhin (today's Dobrich), Sliven and Shumen (Table 1). In 1992, the trend of population decline continued, especially in rural areas. Its number dropped to less than 3 million. In 1992, out of a total of 8,487,000 people, only 2,783,000 lived in villages. The lack of work there was one of the key prerequisites for the decline of the people there.

**Table 1. Population growth in towns and villages between 1986-1992.**

<b>Urban / rural population</b>	<b>Total</b> ↓ - 461 332	<b>Average annual growth (number)</b> ↓ - 65 904	<b>Average annual growth (%)</b> ↓ - 0,8
in cities	-95 387	-13 627	- 0,2

In villages	-365 945	-52 277	-1,8
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**Source:** NSI

On the other hand, low birth rates are a reflection of the lack of security, work and confidence in people that they will cope. Lack of livelihoods and high unemployment are another key element of the low birth rate during this period. Poorly explained and implemented reforms, the loss of bank savings and various frauds, alienate people and accelerate their apathy that nothing depends on them. With such beliefs, the presence of heirs is a matter of another type of attitude, which at the time was not very popular.

Data from the 2001 census show that the negative changes continue to deepen. For the second time in the demographic history of Bulgaria, a decrease in the population was registered in the period between two consecutive censuses, amounting to 554,333 days (6.5%). Emigration from the country was significantly higher than immigration. As a result, during the period 4.12.1992-1.03.2001, the population of Bulgaria decreased by 217 809 people, and in total for the period 4.12.1985-1.03.2001, due to external emigration, the country lost nearly 680,000 people (7.6%). There was an increase in mortality. At the beginning of the new century Bulgaria was characterized by relatively high mortality - 14.1 ‰ in 2000 and 14.2 ‰ in 2001, while in 1965 it was 8.1 ‰. The mortality rate in Bulgaria was higher than in most European countries. The main reasons for the very high mortality rates were the collapse of the health care system in the transition from socialism to democracy and the severely deteriorating economic conditions, which led to extreme social insecurity, stress and unhealthy lifestyles.

Adverse changes in birth and death rates led to a sharp decline in natural population growth. Since 1992, the gap between births and deaths has been steadily widening, and in 1997 the largest negative natural increase was recorded - minus 57,736 people - 7‰. The trend in changes in births and deaths was typical for most European countries, but for Bulgaria they had some of the most negative values (Table 2).

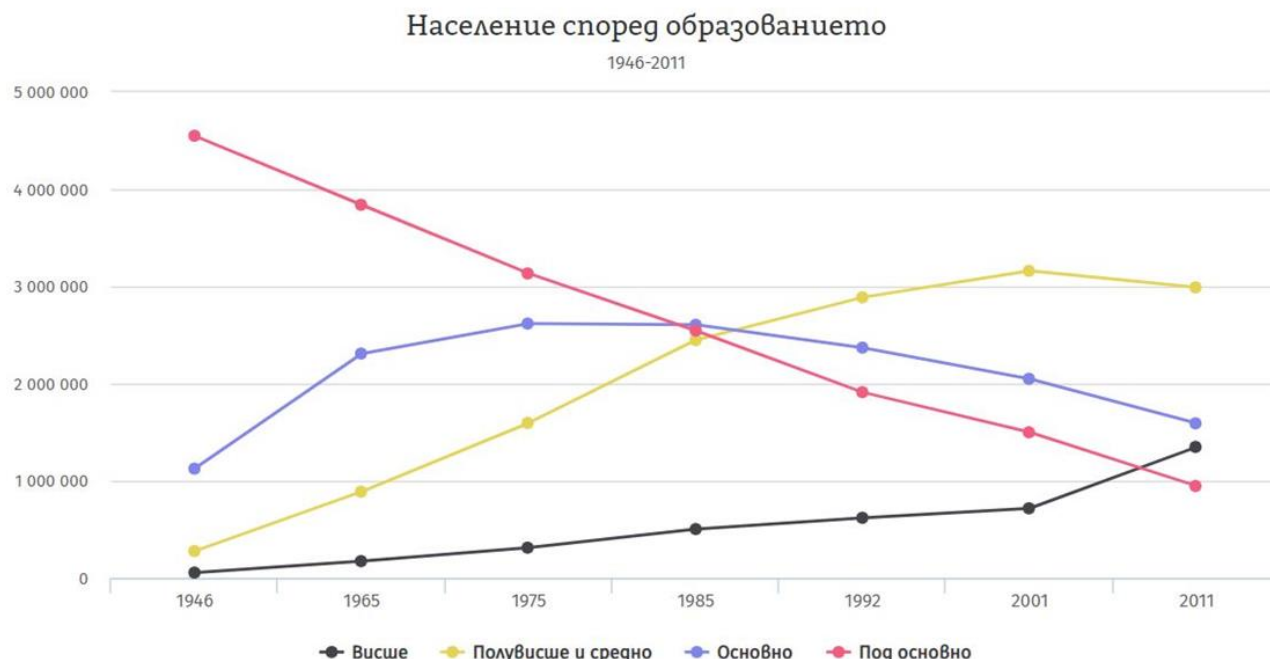
**Table 2. Population growth from one census to another - 1986-1992 and 1993-2001**

	1986-1992 г.	1993-2001 г.
<b>Total</b>	-461 332	-554 333
in cities	- 95 387	-226 071
In villages	- 365 945	- 328 262

<b>Total</b>	- 0,8	- 0,9
in cities	- 0,2	- 0,5
in villages	- 1,8	- 1,6

**Source:** NSI

During the observed years, significant changes were registered in the age structure of the population of Bulgaria. From 4,376,000 at the end of 1985, the number of employed persons of working age decreased to 3,177,000 at the end of 1992, or by 23.1% in relative terms. This shock reduction was a consequence of closed enterprises, reduction of work volumes, lack of such. To some extent, the reduction of the employed population was also due to the already described contraction of the able-bodied contingent, as a result of the aging of the population and the intensive emigration processes in recent years. The most important reason, however, was the unprecedented general decline in production, which had led to the hitherto unknown layoffs. For the first time in the demographic development of our country, in the last hundred years, the number of working age population began to decline, and for the period 1977-1985 the decrease amounted to 101,000. One of the main reasons was the aging population, another was the decrease of the average number of children in a family. The distribution of the population by age as of March 1, 2001 shows significant changes. The share of young generations (under 20) of 51.1% in 1900 reached 22.1% in 2001. The number and share of children under 14 years of age decreased even more drastically. At the beginning of the last century they were 1,504,825 people or 40.2% of the total population, and at the beginning of the new century - 1,216,841 people or 15.3%. The relative share of children decreased by 24.9 points. Significant changes occurred in the educational structure, mainly due to the intensive emigration from the late 80's (Revival process) and early 90's of the XX century. In the period between the two censuses (1985-1992) there were positive changes in the educational status of the employed persons (Fig. 2).



**Figure 2. Population by education for the period between 1946-2011 (Source: Infograph)<sup>1</sup>**

Absolutely and relatively increasing the number of people with higher education - higher, semi-higher, secondary. They accounted for 69.1% of the employed at the end of 1992, compared with 52.5% at the end of 1985. At the end of 1992, 20,000 (0.6% of the employed) were illiterate. The number of employed women with higher education was growing faster than that of men. One of the great positives of the socialist system that Bulgaria was going through was the high quality of education and the strong reduction of the illiterate population.

In 2001 there were changes in the number of persons in the Bulgarian ethnic community, which again decreased from 7,271,185 to 6,655,210 or by 615,975 (8.5%). The second largest Turkish ethnic group in Bulgaria had also decreased in the last eight years - from 800,052 to 746,664 or by 53,388 (6.7%). Compared to 1992, the number of Roma in Bulgaria has increased by 52,512 or 18.4%. As of March 1, 2001, out of a total of 3,855,000 economically active persons, 2,595,000 (67.4%) were employed and 1,257,000 (32.6%) were unemployed. Trends in employment and unemployment in the period between the last two censuses were formed under the influence of ongoing deepening demographic and socio-economic processes. Declining birth rates and increasing mortality, declining population and able-bodied contingents, deepening aging populations, increasing the number of people with disabilities and growing external emigration were the main

<sup>1</sup> Higher education (висше образование), A college education and Secondary education (полувисше и средно), Primary education (основно), Under primary education (под основното)



reasons for this. The main processes in the economy, in transition, were characterized by a sharp decline in production as a result of adverse external and internal factors - continued restructuring of the economy, slow and inconsistent privatization in the public sector, inflation crisis (1996-1997), introduction of the currency board arrangement (1997), unfavorable external conditions (Yugoslav embargo in the former Yugoslavia, etc.). These factors directly or indirectly led to a deterioration of LM and a decrease in the general and age employment of the population. For the period 1993-2001 the employed population decreased by 689,000 or by 21%, and the unemployed increased almost twice. This accelerated the crisis of confidence in the new political elite, in almost all kinds of changes, their mechanisms and the conviction of the people that they would have a positive effect on them.

The number of employees was declining in almost all sectors. The most significant was the decrease in agriculture and industry, as the entire production sector in Bulgaria almost completely collapsed after 1989. The ongoing agrarian reform led to significant changes in employment in agriculture (Table 3).

**Table 3. Persons in paid employment by branches as of December 4, 1992 and March 1, 2001**

Industry group	Number		Structure - %	
	1992	2001	1992	2001
<b>Total people</b>	<b>3 286 655</b>	<b>2 598 024</b>	<b>100</b>	<b>100</b>
Agriculture, hunting and forestry	471 288	265 466	14.3	10.2
Mining industry	81 795	37 302	2.5	1.4
Manufacturing industry	931 002	592 398	28.3	22.8
Electricity, gas and water supply	63 884	56 469	1.9	2.2
Construction	195 483	112 513	5.9	4.3
Trade, repair, etc.	310 763	399 655	9.5	15.4
Hotels and restaurants	76 306	92 848	2.3	3.6
Transport and communications	249 715	194 291	7.6	7.5
Financial intermediation	38 139	35 363	1.2	1.4
Property and business services	88 060	113 548	2.7	4.4
Government and defense - compulsory insurance	227 842	255 622	6.9	9.8
Education	256 667	199 783	7.8	7.7

Health and social activities	189 411	139 831	5.8	5.4
Other activities and not shown	106 300	102 935	3.2	4.0

Source: NSI

### **II.3 Labor Market for the Period 1992-2001 and Impact on it Based on the Considered Amendments**

The transition in the 1990s to social transformation and the unknown market economy was marked by serious political and social upheavals and a significant economic downturn caused by a number of internal and external circumstances. Among the internal factors, political instability had been holding back, undermining public confidence in economic reforms and the lack of determination to implement them. The initial steps on the road to a market economy were too timid and inconsistent, there was no universal approval and each government was changing the plans of the previous one. Delayed privatization, high inflation and sharp jumps in the exchange rate repelled foreign investors, which slowed down the mechanisms of the market economy. As a result of the "shock therapy" carried out in 1991, the deficit of goods and services was overcome, but consumer prices increased almost 5.7 times. Limited domestic consumption (due to low incomes and high unemployment) and strong competition from imported goods (in a liberalized market) have a negative impact on the capabilities of most Bulgarian producers. The additional restrictions also created a huge external debt of our country, outdated technologies in many industries, especially in conditions of chronic shortage of funds for raw materials and energy, which must be imported at world market prices. It is necessary to note the lack of managerial qualities and skills, knowledge of international trade, finance, marketing by the new entrepreneurial elite. This reduced our economic efficiency, a consequence of poor governance, in an environment of uncertainty, crisis and lack of consistency. Universal apathy, on the other hand, facilitated all negative work practices and attitudes that the state should take care of employees.

From the external factors, the loss of traditional markets of Bulgarian goods for the socialist countries, the difficulties in the process of reorientation of foreign trade relations to Western markets, where Bulgarian goods were unknown or insufficiently competitive, had a negative impact. As a result of these reasons, the series of management decisions during the first years of the transition shrank by about 1/3. This naturally led to severe financial and economic crises, peaks in

unemployment. In one of these crises, in 1996-1997, there was very high inflation and sharp impoverishment of the population. As a result, 15 banks went bankrupt and GDP fell by 10%. In February 1997, in order to overcome the crisis, an agreement was signed with the IMF and the World Bank, which promoted economic reforms, the introduction of a currency board and the fixing of the national currency to the euro, through the German mark. Accelerated privatization, restructuring and liberalization in some economic sectors (financial, banking, energy and telecommunications) were initiated, and priority was given to speed rather than high-quality. The losing state-owned enterprises, which had been in an "awake coma" for several years, were being closed and state resources were being poured in without any return. In 1998, there were the first results in reducing inflation and increasing foreign exchange reserves, after years of attempts at denial and the danger of civil war.

The transition from strong centralization to full liberalization was changing the environment in which labor relations took place. The process, which had a direct impact on employment, proceeded in several directions: the refusal of the state from the centralized management of labor relations with various legislative decisions; reducing the influence of the state in determining the price of labor; establishing a tripartite model of cooperation - trade unions, government and employers; promoting mobility; elaboration of normative base of the new labor model, etc.

## **CHAPTER THREE**

### **TRENDS IN THE DEMOGRAPHIC AND ECONOMIC DEVELOPMENT OF BULGARIA BETWEEN THE 2001-2011 CENSUS AND THEIR IMPACT ON THE LABOR MARKET**

#### **III.1. Demographic Changes in the Number and Dynamics of the Population, Natural and Mechanical Growth, Structures by Sex / Age, Educational, by Place of Residence, Ethnic and Religious Structure for the Period 2001-2011.**

The distribution of the population by age as of February 1, 2011 shows that significant changes have taken place in the age structure of the population. The share of young generations (under 20) reached 22.1% in 2001 and decreased to 18.4% in 2011. On the other hand, the share of the population of older age groups (aged 65 and over) increased to 16.8 % at the beginning of the XXI century and 18.5% in 2011, which confirms another negative trend - the aging population in Bulgaria. The intensive process of urbanization of the population, due to migration processes and administrative-territorial changes in the settlement structure of the country, in recent decades led to very large differences in the age structure of urban and rural population. As of February 1, 2011 the relative share of persons over 65 years of age in the cities is 15.8%, and in the villages this share is 25.5%.

As of 2011, the educational structure of the population aged 7 and over has significantly improved, following a clear trend of increasing the number and share of the population with higher and secondary education while reducing the number of people with primary and lower education. One of the reasons for this is the greater accessibility of education in Bulgaria, the lowered criteria due to reduced birth rates and younger contingents, the entry of more private educational structures that provide additional options for choice, as well as the greater preference for completion of educational degrees outside Bulgaria. As of 2011, the number of persons with higher education is 1,348,700, or one in five (19.6%) has a university degree. Compared to the 2001 census, the number of non-graduates increased by 5.5%. There is also an increase among persons with secondary education between the two censuses - also by 5.5%. In 2011 the share of persons with lower education was 13.9%.

The increase is again negative, which is a trend in recent censuses (Table 4). The reasons for this are the low birth rate, high mortality and migration processes, which are slowing down, but emigration is still higher than immigration in Bulgaria.

**Table 4. Population growth from one census to another from 1901 to 2011**

Periods	Number			Average annual growth - %		
	Total people	In cities	In villages	Total	In cities	In villages
1901-1905	291 292	47 254	244 038	1.5	1.2	1.6
1906-1910	301 938	39 833	262 105	1.5	1.0	1.6
1911-1920	509 458	136 853	372 605	1.1	1.5	1.0
1921-1926	631 770	163 756	468 014	2.1	2.6	1.9
1927-1934	599 198	172 420	426 778	1.3	1.8	1.2
1935-1946	951 410	432 637	518 773	1.2	2.4	0.9
1947-1956	584 360	820 883	-236 523	0.8	3.8	-0.5
1957-1965	614 157	1 266 753	-652 596	0.9	4.4	-1.5
1966-1975	499 905	1 238 263	-738 358	0.6	2.8	-1.8
1976-1985	220 878	738 852	-517 974	0.2	1.4	-1.5
<b>1986-1992</b>	<b>-461 332</b>	<b>-95 387</b>	<b>-365 945</b>	<b>-0.8</b>	<b>-0.2</b>	<b>-1.8</b>
<b>1993-2001</b>	<b>-558 416</b>	<b>-230 018</b>	<b>-328 398</b>	<b>-0.9</b>	<b>-0.5</b>	<b>-1.6</b>
<b>2002-2011</b>	<b>-564 331</b>	<b>-136 273</b>	<b>-428 058</b>	<b>-0.7</b>	<b>-0.3</b>	<b>-1.9</b>

Source: NSI

In 2011 the Bulgarian ethnic group covered 5,664,624 people, or 84.4% of the persons who had voluntarily declared their ethnic self-determination. There is a minimal increase in the share of this group compared to 2001 - 0.9 points. The Turkish ethnic group is the second largest. They identified themselves as ethnic Turks - 588,318 people. Their relative share decreased by 0.6 points compared to 2001. The Roma ethnic group is the third largest. As of 2011, it numbers 325,343, up 0.2 percentage points from 2001.

### **III.2. Socio-economic Transformations in Bulgaria Under the Rule of Simeon Saxe-Coburg and Bulgaria's Accession to the EU**

The parliamentary elections in 2001 put an end to the bipolar model in the recent history of our country. The winner of the elections was NMSS, which had been created and headed by the Bulgarian Tsar Simeon Saxe-Coburg-Gotha, who had returned from exile. Due to the high tax and social security burden, there were strong incentives and prerequisites for income evasion and, accordingly, non-payment of taxes and social security contributions. The government decided to deal with the consequences through administrative intervention. It was realized through the introduction of minimum insurance thresholds by professions and mandatory registration of employment contracts, which represented an effective increase in the insurance burden. For their first term, the government of Simeon Saxe-Coburg-Gotha and the ruling majority were also making changes in the banking sector - privatization of banks and reforms of banking legislation. The share of private property in the banking sector reached 97.6% of banks' assets, with the majority of banks registered in Bulgaria being owned by large foreign investors. As a result of the privatization of banks, competition in the banking sector was increasing.

In the regular parliamentary elections held on June 25, 2005, the ruling NMSS party won 53 seats in the 40th National Assembly, the Coalition for Bulgaria (with the leading BSP party) 82 seats, and the MRF won more seats than with the previous parliamentary elections (12.81%, which corresponds to 34 MPs). In August 2005, and after receiving the third term to form a government, his successor was the MRF, and Sergei Stanishev was nominated as future prime minister.

In the first two years of this government continued stable growth rates of the economy and reducing unemployment. At the beginning of 2007, the number of long-term unemployed decreased to 9.2%, twice less than in 1998. The banking sector was stable and annual inflation was within the expected 5 to 5.5%. Economic growth rates were over 6%, with the tourism and civil engineering sectors developing particularly rapidly. Investor interest from Central and Western European countries was growing significantly. In 2006, record inflows of foreign investment were reported. At the same time, the government was failing to take the necessary measures to tackle organized crime and corruption. Judicial reform was lagging behind. Abuses in electricity distribution and district heating, rapidly rising energy prices (Kozloduy NPPs 3 and 4 are closed), education and health problems were causing dissatisfaction among the general population. Since the end of 2006, the number of strikes and rallies by doctors, nurses, teachers and retirees had risen sharply. In the summer and autumn of 2007, the government faced new challenges. Some of the European funds had not been used, the crisis in education, the judiciary and agriculture was deepening. Energy

scandals, allegations of corruption by senior government and municipal officials, and unsolved economic and political assassinations were reducing the popularity of the ruling tripartite coalition. Two months later, the country was hit by the most powerful strike wave in its history. Over 30% of Bulgarian schools had not been operating for almost two months. Despite the problems in the Bulgarian economy, there were positive trends - unemployment was only 8%, and in large cities it was below 3%. Despite efforts to fight organized crime and corruption, the EU's distrust of state institutions was growing. Another major problem was the gray economy, as a source of unfair competition and corruption, which had become a major obstacle to business in Bulgaria. This gave rise to more and more recommendations for corrective measures and policies by the government, business, trade unions and non-governmental organizations. The lower rates of tax and social security obligations introduced in recent years and the increased government control "brighten" part of the gray economy in the country. Weaknesses in the fight against corruption and organized crime in Bulgaria were the main areas of concern for the European Commission and the country's international partners before and after its accession to the EU in 2007.

As of January 1, 2007, Bulgaria is a full member of the European Community.

In the first two years of our EU membership, our country had failed to demonstrate readiness for efficient and proper spending of EU pre-accession funds, which led to a freeze on funding for PHARE, ISPA and SAPARD projects, resulting in the withdrawal of accreditation of two of the paying agencies at the Ministry of Finance and the Ministry of Regional Development. Most of the weaknesses in the implemented regional policy were mainly due to: Significant difference in the economic maturity of the regions compared to the EU; Significant intra-regional differences; Unfavorable demographic trends, risk of depopulation of large parts of the territory; Poor professional adaptability and professional qualification, inconsistent with the requirements of the LM; Imperfect business infrastructure; Lagging behind Sofia, compared to other major European cities; Relatively low standard of living; Regional differences in the burden on the environment and the capacity of the ecological infrastructure; Unequal position of women in LM in terms of equal career opportunities, pay, job diversification, etc .; Marginalization of urban areas; Differences in living conditions in villages and cities; Lack of own investment and innovation funds.

The key reason was the insufficient preparation of the administration, which in turn created preconditions for a number of abuses and corrupt practices. In practice, the poor training of

administrative staff at local, regional and central level was mainly due to the fact that in the last few years the Bulgarian state had invested too little in improving the qualifications of civil servants. This, in turn, created conditions for high staff turnover, which further weakened the ability of government agencies to manage the funds allocated to Bulgaria. An additional factor was the delayed judicial reform, which was expected to create the preconditions for stopping all attempts at abuse and corruption.

### **III.3. Dynamics of the Labor Market between 2001-2011**

An acute demographic problem during this period was the ongoing process of population aging. It was expressed in a continuous increase in the indicator of the average age of the population. In 2000 this indicator was 39.9 years, in 2005 - 41.2 years, and in 2010 it reached 41.9 years. A key indicator showing the severity of this problem was the demographic replacement rate. In 2001, for every 100 children of working age, they were replaced by 124 people of working age. After 2008, this ratio was reversed - 100 days of working age were replaced by 91 days in 2009 - by 82 days, and in 2010 - by 74 days. This shows that in the country there was already stagnation in terms of rejuvenation and development of the working population.

There was an ongoing process of demographic aging. In 2001, 15.3% of the population in the country were under 15 years of age, and in 2011 their share decreased to 13.2%. The share of the population in the age group 15-64 was slightly increasing. Compared to 2001, this share had increased by 0.4% and from 67.9% had reached 68.3%. The largest increase was in the share of the population over 65 - from 16.8 % in 2001 to 18.5% in 2011. The aging trend of the population led to changes in its main age structure - the distribution of the population below, in and above working age. Both the aging of the population and the legislative changes in determining the retirement age had an impact on the coverage of the population in and over working age. 62.2% of the population in the country was of working age, i.e. 4,576,904 people.

In 2010 the Bulgarian economy emerged from recession and GDP grew by 0.2%, this indicator was 0.2% higher than that achieved in 2009. Bulgaria's exports to the EU increased by 25% compared to the previous year. The youth unemployment rate (15 - 24 years of age) was 23.2%, and the long-term unemployed (of one or more years) were 161,700, or 46.5% of all unemployed persons. The long-term unemployment rate was 4.8%. The average annual unemployment rate was 9.47% (2009



- 7.59%). The average annual number of registered unemployed in the labor offices increased to 350,944 (2009 - 280,980).

**Table 5. Economic activity of the population by years of the censuses from 1985 to 2011.**

Years	Number				Structure - %			
	Total people	Ec. Active	Ec. Inactive	Not shown	Total	Ec. Active	Ec. Inactive	Not shown
<b>1985.</b>	8 948 649	4 686 140	4 262 509	-	100	52.4	47.6	-
<b>1992.</b>	8 487 317	3 932 468	4 546 368	8481	100	46.3	53.6	0.1
<b>2001.</b>	7 928 901	3 854 993	4 049 101	24 807	100	48.6	51.1	0.3
<b>2011.</b>	7 364 570	3 329 683	4 034 887	-	100	45.2	54.8	-

Source: NSI

In 2011 were the first signals that Bulgaria was emerging from the global financial crisis in 2008-2009. As a country with an economy that was highly dependent on its exports and foreign trade relations with other countries, the LM took the negative blow due to the outflow of investment, capital and frozen trade relations, which reduced employment and consumption levels. Several years after 2011, this changed and high levels of unemployment in Bulgaria raised the issue of labor shortages.

#### **Employment and economic activity at the country level and individual areas**

The main changes in the economy and LM in the last few years have been characterized by a contraction in production, the release of skilled labor and a reduction in the supply of new jobs. For the period 2001-2011, these factors led to a decrease in the economically active population by 523,310 people.

**Employed persons** - of all employed persons as of February 1, 2011, 1,470,063 persons (51.9%) were men and 1,364,771 persons (48.1%) were women. In 2001, there were 895 employed women

per 1,000 employed men, and in 2011 there were 928 women per 1,000 employed men. The relative share of employed persons also increased - from 32.8% in 2001, increasing to 38.5% in 2011, or by 5.7 percentage points.

In the sector of high-tech and financial-insurance activities, as well as in the sector "Hotels and restaurants" the younger age groups predominated - up to 34. With increasing age, the relative share of employees over 45 increased in the sectors "Education" and "Human Health and Social Work". Sectors such as "Education" - 72.5%, "Financial and insurance activities" - 71.3%, "Professional activities and research" - 70.0%, "Humanitarian health and social work" - 65.9% and others had a high level of education. Predominant primary and lower education were employed in the sectors "Agriculture, forestry and fisheries" - 41.1% and "Activities of households as employers: undifferentiated activities of households for the production of goods and services for own consumption" - 39.8%.

In the distribution of the employed persons by professions as of February 1, 2011 the group "Personnel engaged in services to the population, trade and security" was the most numerous - 585,637, or 20.7% of all employed persons. The second largest group was "Specialists" - 423,418, or 14.9%. The smallest number were employed in the group "Armed Forces" - 40,609 days (1.4%) and in the group "Skilled workers in agriculture, forestry, hunting and fishing" - 84,441 days (3.0%).

**Unemployed persons** - As of February 1, 2011, 494,849 people or 14.9% of the economically active population were defined as unemployed. The unemployment rate for men (16.2%) was 2.7 percentage points higher than for women (13.4). The unemployment rate by age group shows that it is highest among young age groups - 58.8% for the elderly. group 15-19 years and 27.7% for the group 20-24 years. One of the explanations for these results was due to the fact that a large part of these people attended schools, and with increasing age the unemployment rate decreased, with the most low (11.8%) was for people in the age group 40-44.

The unemployment rate was the highest among persons with primary and lower education (55.3%). With the increase of the educational level, the unemployment rate decreased among the unemployed persons with higher education. In the different economic areas there were significant differences in the distribution of unemployed persons with higher education in the sector "Real estate activities" (60.0%), sector "Human health and social work" (50.5%) and in the sector "Administration and support activities" (48.7%). The relative share of the unemployed with higher education was the

lowest in the sectors "Mining and quarrying" (4.1%) and "Construction" (5.2%). The highest number of unemployed persons with primary and incomplete primary education is in the Construction sector (29.0%).

## **CHAPTER FOUR**

### **DYNAMICS AND RELATIONSHIPS ON THE LABOR MARKET FOR THE PERIOD 2011-2021**

#### **IV.1. Political and Economic Development of Bulgaria for the Period 2011-2021**

In mid-2009, regular parliamentary elections were held, which GERB won convincingly by 39.71%. In 2013, then-Prime Minister Boyko Borissov resigned after lengthy protests in the country and widespread discontent against monopolies and high electricity bills. In May of the same year, GERB again won the elections, but the mandate to form a government was returned by Boyko Borissov. President Rosen Plevneliev instructed Plamen Oresharski, a representative of the second political force, to form the government. At the end of May of the same year, he was elected Prime Minister. His rule is short-lived, as the election of the controversial figure of Delyan Peevski as chairman of the State Agency for National Security (SANS) unleashed popular discontent, and despite the overturned decision, confidence in the government collapsed. In July 2014, he resigned. In October of the same year, GERB was again the first political force, and the Prime Minister was again Boyko Borissov. This government was in power until 2017, after resigning again. In the regular elections in 2017, GERB was again the first political party. As in 2014, so in 2017, is the party was a mandate holder, but ruled in a coalition with other political entities. The Prime Minister was again Boyko Borissov. This was his third government, which, unlike the other two, was serving its entire term. Regular parliamentary elections were scheduled for April 4, 2021. The six parties that entered failed

to form a government, and the short period during which the 45<sup>th</sup> National Assembly convened was marked by heated debates, scandals and revelations of abuse. The rule of this parliament was also the shortest in the history of Bulgaria. The regular elections for the 46<sup>th</sup> National Assembly were scheduled for July 11, with the same parties entering, with the only difference being that the first political force with a minimal difference from the second (GERB) was the ITN. The period of this meeting was again short, and the new elections were announced for November 14, as for the first time in the recent history of Bulgaria they were 2 in 1 together with the presidential ones. The 47<sup>th</sup> National Assembly of Bulgaria was formed according to the results of the third parliamentary elections in Bulgaria in one year, held on November 14, 2021, in parallel with the presidential elections. On December 11, 2021, President Rumen Radev handed over an investigative mandate to form a government to the candidate for Prime Minister of the first parliamentary group in the National Assembly - Kiril Petkov from "We continue the change", and on the same day he announced the full composition of his draft office. Until then, in Bulgaria in 2021 there were two official cabinets and three national assemblies, and the political crisis, mutual accusations and daily scandals were a constant phenomenon.

The dynamics in the Bulgarian economy and the political unrest during the period under review do not allow for definiteness and unambiguity in our assessments of it. After the global financial crisis in 2008-2009, the business in Bulgaria had its tremors, which directly affected the dynamics and interrelationships of PA. In 2011 there were layoffs in private but also in state-owned enterprises - BDZ - Passenger Transport led the ranking of layoffs in 2011 both as an absolute number of laid off (1457 days) and as a share of the total number of employees in the company. (30.85%). The other state-owned company in railway transport, the Railway Infrastructure National Company, was laying off more than 1,100. In 2011 a reform was started in the second largest employer in the country - "Bulgarian Posts", and in 2010 more than 600 people left the company.

According to a BIA report for the period between 2008-2013, the main challenges for the members of the organization were related to the continuing adaptation of the economy and institutions after Bulgaria's accession to the EU and applicable law, transition periods and new requirements; formation of institutions and capacity in the state administration; application and implementation of projects with European funding; unlocking the global economic and financial crisis with severe negative effects on investment, employment, consumption and the main sectors of the Bulgarian

economy (construction, industry, trade); limited access to finance and negative political processes with an effect on the investment and economic environment - delayed payment of VAT, public procurement and EU-funded projects, pressure incl. by legislative means for monopolization of separate sectors, etc.

In 2014, employment in Bulgaria gradually increased, due almost entirely to the growth of employees in the private sector by 44,300, and employment in the public sector decreased by 13,800 people. The number of self-employed increased by 16,500 people. The sectors that report more significant employment growth were agriculture, healthcare, manufacturing, construction and professional services (so-called "business process outsourcing"). The increase in employees was entirely due to an increase in permanent employment and full-time employment - temporary employment and part-time employment were declining. Industrial production increased by 1.8% in 2014 compared to 2013. Serious growth was reported by the manufacturing industry - 3.6%. However, the dynamics in the different sectors were diverse, as export-oriented productions achieved better results.

One of the branches in our economy, which marked a huge growth in the number of companies, turnover and hires for the last 20 years was software. According to an independent report by CBN Pannoff, Stoytcheff & Co, summarized for the period between 2011-2018, conducted among 98,479 companies in the ICT sector, the 100 largest software companies in Bulgaria in 2018 generated revenues of 2.19 billion levs (1.12 billion euros). The result was 25% higher than in 2017 and was 190% higher than in 2011. The 100 largest employers in the software business in Bulgaria in 2018 provided 20,047 jobs. The total increase of employees compared to the previous year was 7.9%, and compared to 2011 - 97.6%. The first 100 employers in the software business in the country were based in five cities: Varna, Veliko Tarnovo, Plovdiv, Sofia and Stara Zagora.

The labor market situation was also optimistic about outsourcing. The most significant in this respect was the rapid growth of the Hewlett-Packard contact center - "Hewlett Packard Global Delivery Bulgaria Center". When it opened in 2008, it had 803 employees. In 2009, they swelled to 1214, and in 2010 almost doubled. After a new powerful wave of appointments in 2011, the company had 3,275 employees; another industry that was experiencing steady growth for the period 2011-2021 was the outsourcing industry. In 2017, Bulgaria ranked 15<sup>th</sup> among 55 global outsourcing destinations, according to the Global Outsourcing Index. As of 2017, Bulgaria is serving clients from

Western Europe, North America and Asia. The three leading countries that export activities to Bulgaria are Great Britain, the United States and Germany. The outsourcing industry in Bulgaria is concentrated mainly in Sofia, but the presence is growing in other major cities such as Plovdiv, Burgas and Varna.

According to the Ministry of Economy, some of Bulgaria's main competitive advantages over foreign investors are related to economic, political and financial stability - the presence of a currency board until joining the eurozone. Bulgaria has been a member of NATO since 2004 and the EU since 2007, which also ensures security. Our country has a strategic geographical location, which is key to the development of our economy, plus liberalized access to markets with over 560 million users - Bulgaria is the EU's external border, which is a chance for a springboard for markets in Asia. Here is the lowest corporate tax in the EU: 10%. Our country has some of the lowest taxes - 5% tax on dividends, 10% "flat tax" on personal income. Competitive office rents and low prices of utilities and high speed internet are another prerequisite for attracting investors to Bulgaria.

During the period 2011-2021 in Bulgaria the road infrastructure was significantly improved, a key prerequisite for the volumes of foreign investments is one of the reasons for the faster restart of our economy after the crisis of 2008-2009. After 2011 several border checkpoints were opened that facilitate the movement of people, goods and capital between the economies of neighboring countries, as in 2010 the Zlatograd - Termes - Xanthi border checkpoint was opened, and in 2013 the Makaza checkpoint was officially opened, connecting Kardzhali and Haskovo. with Komotini and Alexandroupolis in Greece. In 2021 an additional point was opened between our country and Greece - Rudozem-Xanthi, for which a Bulgarian-Greek agreement was signed in 1996. The Kaynardzha border checkpoint between Bulgaria and Romania was opened in 2017. Plans to open additional points there are also with the Republic of Northern Macedonia and the Republic of Serbia, which is expected to develop economic border areas, but there is a slowdown.

The development of the economic and industrial zones in Bulgaria is another key component for the economic progress of our country and striving for higher levels of employment. The result of various efforts - state (political), administrative, investment and local government, the presence of such areas adds great value to the economy of the regions, as well as the dynamics of LM in Bulgaria. Large economic centers that have a very strong core and a huge periphery are the economic centers of Sofia

and Plovdiv. Smaller ones that have a periphery that is often limited to neighboring municipalities are Ruse, Pleven and Shumen.

#### **IV.2. Situation on the Labor Market in Bulgaria after Overcoming the Economic Crisis of 2008-2010 (Employment and Unemployment)**

In 2010 there were beginnings and signals for economic recovery, which started with minimal growth in exports, and declines in investment and consumption were slowing down. The growth of the Bulgarian economy continued in 2011, although not in all sectors of the economy there was a recovery. The main contribution to growth was made by exports, as well as domestic demand, which also had a positive effect, thanks to the gradual revival of consumption and the slowdown in the decline in investment. In 2011 the trend of faster recovery of the industries producing products intended for export, which started in 2010, continued. Exports of goods exceeded their pre-crisis levels as early as the end of 2010, and the upward trend continued in 2011. On the supply side, industry had the largest contribution to growth, followed by services.

2011 passed in the conditions of continuing optimization of labor costs, accompanied by a negative effect on total employment in our country (Figure 3). The annual decline in employment remained relatively constant. Income from labor continued to rise, albeit at a slower pace than in the previous few years. The restraint on labor income growth had been driven by the government's efforts to optimize public sector spending. After the significant contraction of foreign direct investment in the country, its recovery depended mainly on European funds coming from the Structural Funds and the EU Cohesion Fund.



**Figure 3. Average annual number of unemployed and average annual unemployment rate in the period 2000-2011 (Source: EA)<sup>2</sup>**

The average annual number of unemployed in 2011 was 332,601. Under the influence of the global financial and economic crisis in the period 2009-2010, there were symptoms of change in the situation of LM, related to deteriorating economic conditions in the country and slowing economic growth, leading to declining employment and rising unemployment. The reported minimum economic growth in 2011 could not mechanically lead to an increase in employment and a decrease in unemployment, as there is always a slowdown.

In the period 2009-2016, with the exception of 2012 and 2013, as a result of the economic crisis, the labor force began to decline until 2017. The dynamics of employment by economic activity shows that for the period 2008-2012, which includes the crisis is the highest decline in employment in the economic activity "Manufacturing" (166,200 people or 21.6%), followed by "Construction" (134,300 -39.5%) and "Rural, forestry and fisheries "(62,200. - 24.8%). During the period 2012-2017, in the process of economic recovery and job creation, the number of employees in the economic activities "Transport, storage and post" increased the most - by 34,300 people, "Professional activities and research "- by 32,400 and" Agriculture, forestry and fisheries "- by 32,000 people.

<sup>2</sup> Unemployed total (безработни – общо), Unemployment rate (равнище на безработица)






### IV.3. Employment and Unemployment Levels by Statistical Regions for the Period 2011-2021

In 2008, five of the Bulgarian regions were among the six regions in the EU with the lowest GDP per capita compared to the EU average (27) - Northwest Region (NWR) with 28% of the EU average, North Central ) and South Central (South Central Region) by 30%, and South - Eastern (South - Eastern) and North - Eastern (NE) regions by 36% and 37% respectively. Of the Bulgarian regions, only Southwestern (SWR) stands out with 62%. The main reason for the progress of this region is that its territorial limitation includes the capital, where a significant part of economic and administrative activities are concentrated, which makes it the most attractive place for business and employment in the country. The other districts within the regions experience significant deficits in their development - investment, infrastructure, demographic, production, etc., which is why they are increasingly lagging behind in social and economic terms.

For the period 2011-2021 studied by us, the total level of employment for the country increased at an uneven pace (Table 6). The only region where there was a steady decline in the number of employees was SZR. All others had a steady level of higher employment, with very few exceptions being the SIR with a minimal decline in employment between 2015 and 2020. One of the reasons for these results was the changes in the demographic structure of the population due to migration, the labor force to the capital and the larger cities in the country, where most of the commercial sites were concentrated and there was an opportunity to create jobs. The lag of the SZR in economic terms was accompanied by a decrease in the number of enterprises in this area and the shrinking share of employees in them, as well as the predominantly aging population. On the contrary, the focus of business on SWR was emerging as a lasting trend, which further exacerbated the gap in the territorial distribution of employees and labor productivity in different regions of the country.

**Table 6. Employed and unemployed persons aged 15-64 by statistical regions for 2011, 2015 and 2020**

	<i>(number of persons in thousands)</i>					
	<b>2011</b>		<b>2015</b>		<b>2020</b>	
	<i>employed</i>	<i>unemployed</i>	<i>employed</i>	<i>unemployed</i>	<i>employed</i>	<i>unemployed</i>
Total for Bulgaria	2927.5	374.8	2973.5	302.5	3024.3	166.1
 Northwest	289.9	42.7	273.4	37.7	253.5 	38.4
 North Central	318.0	46.8	321.2	38.6	328.9	20.4

↑	Northeast	370.5	67.8	397.8	46.0	396.9	26.3
↑	Southeast	417.1	54.9	414.4	48.8	428.9	21.0
↑	Southwest	973.6	79.1	981.0	71.0	1013.8	38.2
↑	South central	558.4	83.5	585.7	60.4	602.3	21.8

**Source:** NSI

#### **IV.4. Dynamics of the Relations Between the Main Participants in the Labor Market - Workers, Employers, Trade Unions 2011-2021**

During the observed period, career was increasingly being talked about as a conscious rather than an imposed choice. With a wider choice of companies, industries and professions, more and more people were turning to career experts or senior mentors for advice or recommendations. LM opened up significantly with the entry of international companies and its accessibility created competition among employees and employers. Increasingly, career was being talked about as something that could be diversified, chosen by the person himself and driven by his desire for professional well-being. There was an attitude that it was no longer so important what you learn, but what was interesting to do. This reduced a certain type of anxiety and social pressure on people, especially those whose careers were predetermined by their parents.

This period is associated with the dynamic penetration of the Internet and the use of various social networks for work or development. The most common were Facebook, YouTube and LinkedIn. The availability of these platforms facilitated the sharing of information, the search for new knowledge, skills or the celebration of personal or professional success. Often social networks became a place to give feedback to an employer or from there to find out more about a current or future employee. LinkedIn was expanding professional contacts, looking for employers or employees, business partners, suppliers or customers. This was happening much faster than before, and the scope was the whole world, and the resources for this were minimal. Apart from that, it was also one of the platforms where job advertisements were shared and there was information about almost all employers or employees in the companies themselves. In addition, there was an increase in the number of private intermediaries of PAs, platforms for sharing job advertisements - the conditions, requirements and expectations of candidates

Apprenticeships in the past had been reformulated into organized internship programs since 2011. In this way, larger companies, usually foreign ones, attracted and trained their future new employees and potential managers, relying on internal training and academies. As bearers of global know-how (knowledge, experience) and to minimize labor costs, international investors invested time and resources in younger people, and some of them were hired on a permanent contract with the company. In other organizations, mainly in the IT industry, year-round and permanent academies were being formed to acquire the necessary knowledge and competencies that would allow hiring larger groups of people in relatively short periods of time, and this to meet the growing demand for employees with technical knowledge. In this regard, IT was also the industry with the most pronounced shortage of staff, due to the entry of new companies with such a profile and demand, which had long outpaced supply.

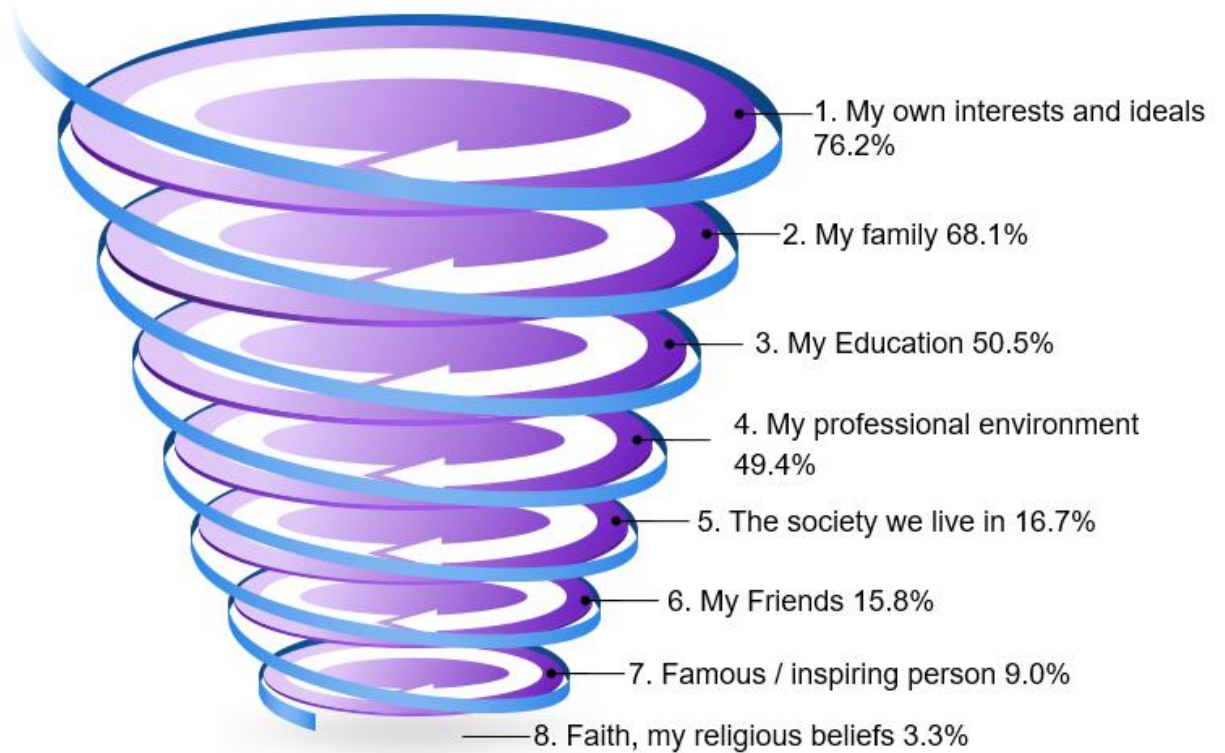
After 2011, there had been a growth of organizations and providers of trainings, courses and trainings to meet the needs for continuing education, qualification and retraining. To some extent, this was due to the unrealized expectations of business to education in Bulgaria and the training of unqualified personnel leaving there. On the other hand, it was caused by the presence of foreign companies and investors who had higher requirements, on the basis of which they tended to provide better working conditions. During this period, the number of people wishing to study in private educational institutions - schools and universities, academies or branches of foreign educational institutions in our country - was increasing.

According to our observations, after 2011 the entrepreneurship of the Bulgarian had significantly increased. One of the main reasons was due to the various European subsidies for small and medium-sized businesses, whose main requirement was the management of processes, people, capital. Another reason can be found in the fact that many of our compatriots completed their education outside Bulgaria, and this provided them with opportunities to access different types of cultures, contacts and information, as well as alternatives for business ideas. They often changed their thinking. The change of generations in the ownership of Bulgarian companies also somewhat accelerated the new entrepreneurial image, although this was slow and success was not always guaranteed. In the last few years, the so-called "Startup" thinking became more popular and encouraged, creating different types of small companies with huge potential and international or local funding.

Business in Bulgaria has been developing disproportionately in different parts of Bulgaria, and this has its challenges, dynamics and interrelationships of LM. Where processes are slow (including restitution and privatization), labor is displaced or emigrated. Another important factor for a successful business is the availability of infrastructure, proximity to a larger regional city, access to markets with greater purchasing power, proximity to the border or highway. An important choice for investors is whether to position their business in Southern or Northern Bulgaria, other businesses in the region, the availability of schools and universities, choice of suppliers and customers, the desire of local authorities to work effectively and will and seek solutions, the number of qualified people in places and their way of thinking and attitudes.

#### **IV.5. Aspects and Evolution of the Motivation and Satisfaction of Employees in Bulgaria for the Period 2011-2021 (Based on Author's Research, Surveys and Research)**

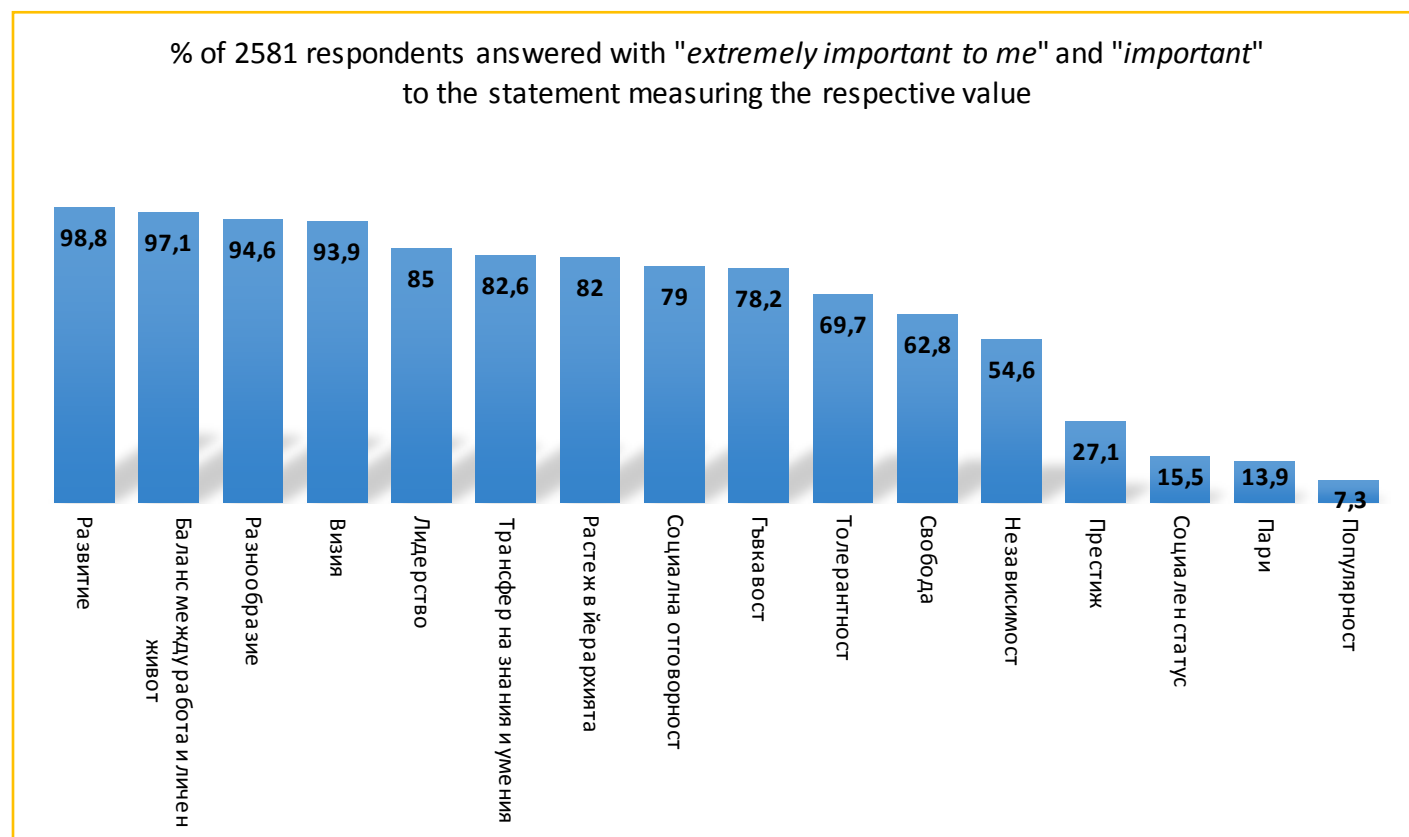
People's professional values are one of the key aspects that move motivation in different directions. They form sustainable beliefs that, in addition to motivation, determine the levels of professional ethics and attitude towards work. A survey conducted by us in 2018 on the topic "Professional Values in Bulgaria" included 2581 respondents. After our research, we determined the weight for the formation of the main factors for the formation of professional values, which gives an important scientific view of the key prerequisites that establish, develop, preserve them (Fig. 4):



**Figure 4. Factors that have the strongest influence on the formation of professional values.**

The generalized distribution of values by weight was the other added value in the formation of company culture, the coincidences in the way of thinking between employee, leader and manager, as well as the direction of meeting human needs. The most pronounced values were also the most

important in the choices that LM participants make on a daily basis (Fig. 5).<sup>7</sup>



**Figure 5. Determining the weights of 16 pcs. surveyed professional values, compared to a sample of 2581 respondents.<sup>3</sup>**

Development was a value №1 in all demographic characteristics (gender, age, education, etc.). With over 90% positive answers were the values - development, work-life balance, diversity, vision. Understanding and realizing these values on each employment side would greatly facilitate the processes of finding, hiring and engaging employees and their managers, and this will ensure higher levels of satisfaction, motivation and minimization of turnover.

The topic of generations of LM was increasingly discussed, but it cited mostly foreign studies, whose conclusions and recommendations do not necessarily apply to Bulgaria. One of the reasons was the various local events that shape the thinking of these generations and the speed of global processes that affected their representatives in Bulgaria (Table 7).

<sup>3</sup> 1. Development; 2. Work-life balance; 3. Diversity; 4. Vision; 5. Leadership; 6. Transfer of knowledge; 7. Growth in the hierarchy; 8. Social responsibility; 9. Flexible; 10. Tolerance; 11. Freedom; 12. Independence; 13. Prestige; 14. Social status; 15. Money; 16. Popularity;

**Table 7. TOP 6 of professional values by generations according to 2581 respondents**

<b>Place</b>	<b>Baby boomers – born between 1946 - 1965</b> (5% of n=2581)	<b>"X" – born between 1966 - 1979</b> (27% of n=2581)	<b>"Y" ( Millennial's) born between 1980 - 1994</b> (57% of n=2581)	<b>"Z" - born after 1995</b> (11% of n=2581)
<b>1.</b>	Development	Development	Development	Development
<b>2.</b>	Work-life balance	Work-life balance	Work-life balance	Work-life balance
<b>3.</b>	Diversity	Diversity	Diversity	Diversity
<b>4.</b>	Social responsibility	Vision	Vision	Growth in the hierarchy
<b>5.</b>	Vision	Leadership	Growth in the hierarchy	Vision
<b>6.</b>	Leadership	Social responsibility	Leadership	Transfer of knowledge and skills

The first three values are the same for all generations. This was shown by the results of our survey with this sample of respondents. Family continuity and the transmission of generational covenants could be one of the hypotheses about the equality of the first three professional values. As a challenge to our claims here, it could be assumed that the samples are not approximately equal and this would be difficult to prove our claims. However, this interesting fact should not be underestimated. Our next study aims to measure the attitudes and motivation of respondents over the past four years (Table 8).

**Table 8. What are the most motivating factors in the work for 2018, 2019, 2020 and 2021 according to 2136 respondents**

<b>Place</b>	<b>2018</b> (n=800)	<b>2019</b> (n=502)	<b>2020</b> (n=443)	<b>2021</b> (n=391)
<b>1</b>	The nature of the work itself - 61.9%	The nature of the work itself - 58.6%	The nature of the work itself - 60%	The nature of the work itself - 60.4%

2	The opportunity to learn and develop myself - 58.1%	The opportunity to learn and develop myself - 55.6%	Money (salary and bonuses) - 44.5%	Money (salary and bonuses) - 51.9%
3	Money (salary and bonuses) - 52.1%	Money (salary and bonuses) - 46.4%	The opportunity to learn and develop myself - 42.7%	The opportunity to learn and develop myself - 47.6%
4	<b>The team / colleagues - 49.9%</b>	<b>The team / colleagues - 44.8%</b>	<b>The team / colleagues - 42.2%</b>	<b>The team / colleagues - 46%</b>
5	Respect for me as an employee - 37.6	Diversity at work - 32.3%	The opportunity to work from home - 35.2%	Respect for me as an employee - 34.8%

The study of the missing factors for higher motivation was another of our research goals (Table 9). When available, results and productivity increased, which in turn reduced turnover, human error caused by distraction and carelessness, and failure to achieve goals.

**Table 9. Factors that would motivate more people in 2019, 2020, 2021 and 2022 according to 2136 respondents**

<b>Place</b>	<b>2019 (n=800)</b>	<b>2020 (n=502)</b>	<b>2021 (n=443)</b>	<b>2022 (n=391)</b>
1	Salary - 66.5%	Training and development - 63.3%	Salary - 70.4%	Salary - 69.1%
2	Training and development - 62%	Salary - 63.1%	Training and development - 56.4%	Work-life balance - 58.6%
3	Work-life balance - 56%	Work-life balance - 59.2%	Work-life balance - 55.5%	Training and development - 55.2%
4	Colleagues / team - 45.5%	Availability of career opportunities - 43.8%	Availability of career opportunities - 41.5%	The meaning of the work itself - 42.7%
5	My direct supervisor - 37.6%	Colleagues / team - 43.5%	Colleagues / team - 36.1%	Colleagues / team and the availability of career opportunities - 38.6%



Another important aspect that we measured for the last four years is the expectations of employees to their line managers (Table 10).

**Table 10 “The most important expectations for the line manager for 2019, 2020, 2021 and 2022 according to 2136 respondents**

<b>Place</b>	<b>2019 г. (n=800)</b>	<b>2020 г. (n=502)</b>	<b>2021 г. (n=443)</b>	<b>2022 г. (n=391)</b>
<b>1</b>	To develop me as an employee - 43.4%	To develop me as an employee - 43.6%	To be fair to my work performance - 42.7%	Be fair to my performance - 44%
<b>2</b>	Be fair to my performance - 37.5%	Be fair to my performance - 38.8%	To develop me as an employee - 35.9%	To develop me as an employee - 36.8%
<b>3</b>	To be more active in giving / requesting feedback - 29.4%	Be honest with me - 30.9%	Be honest with me - 30.5%	Be honest with me - 33.2%
<b>4</b>	Be honest with me - 25.5%	To be more active in giving / requesting feedback - 30.1%	To be a team player - 24.2%	To be more active in giving / requesting feedback - 32.5%
<b>5</b>	Look for my ideas and suggestions more noticeably - 24%	To be a team player - 26.5%	To be more active in giving / requesting feedback - 23.5%	To be a team player - 26.6%

Professional happiness is a state that implies satisfaction with what a person does as an activity. This concept is subjective and relative to each person. Happiness is not always a conscious process. It differs from motivation, satisfaction, joy - these are components of happiness, but their one-time presence does not necessarily bring happiness. Certain statements could bring subjective well-being, as values are closer to a wide range of people (Table 11).

**Table 11. TOP 5 factors that would make employees feel happier professionally in 2019, 2020, 2021 and 2022 according to 2136 respondents**

Place	2019 (n=800)	2020 (n=502)	2021 (n=443)	2022 (n=391)
<b>1</b>	<b>To develop my abilities and skills - 76.6%</b>	<b>To develop my abilities and skills - 73.3%</b>	<b>To develop my abilities and skills - 68.8%</b>	<b>To develop my abilities and skills - 63.2%</b>
<b>2</b>	To inspire others - 59.8%	To have flexible working hours - 59.2%	To have a varied and interesting life - 58.7%	To have free time for my interests - 55.5%
<b>3</b>	To have a diverse and interesting life - 59.4%	To inspire others - 58%	To inspire others - 57.1%	To inspire others - 54%
<b>4</b>	To have flexible working hours - 54.4%	To have free time for my interests - 51.4%	To have free time for my interests - 56%	To have flexible working hours - 47.6%
<b>5</b>	To have free time for my interests - 54.4%	To have a varied and interesting life - 48.4%	To have flexible working hours - 50.8	To work from where I want and when I want - 45.8%
<b>16</b>	<b>To be famous - 3.1%</b>	<b>To be famous 4%</b>	<b>To be famous - 4.5%</b>	<b>To be famous - 2%</b>

For the observed four years, the factors that would make people happier professionally were the same. In the first place was always the statement - "To develop my abilities and skills", which validated the value of development. This confirmed once again the results of the previous study for measuring professional values, regarding the definiteness of the most pronounced one. This result is one of the important components of the added value of our dissertation and something that would predetermine the different dynamics and relationships of LM - access to the feeling that you are learning and developing yourself, and this gives you opportunities and choices, something that before 1989 was not so widespread.

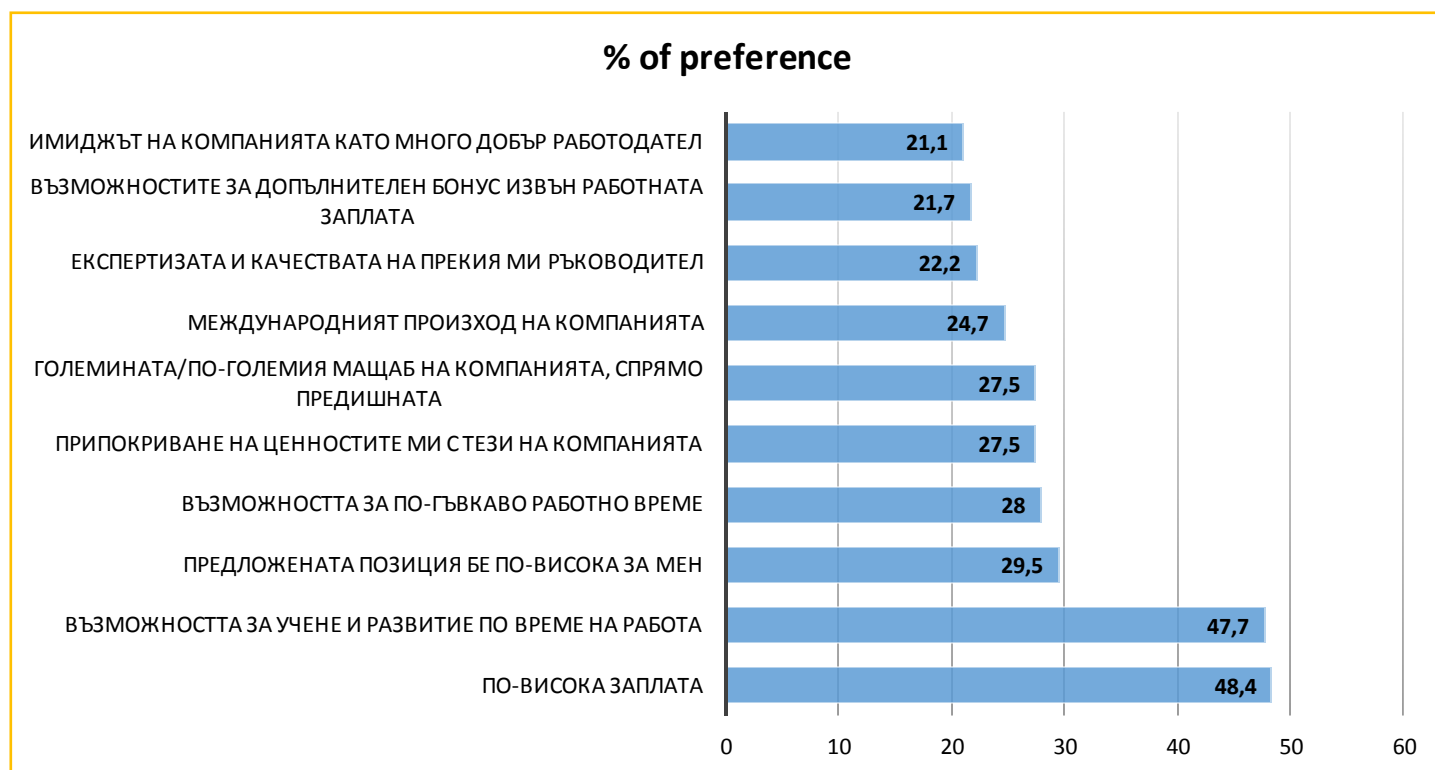
Motivation as a process is not observed in employees who experience fear or anxiety. Often, different managers or employers resort to more authoritarian methods of management, which brings short-term results, but low levels of commitment and satisfaction (Table 12).

**Table 12. The main fears of employees in 2020, 2021 and 2022 among 1336 respondents**

Place	2020 (n=502)	2021 (n=443)	2022 (n=391)
<b>1</b>	<b>Being forced to do things I don't want to do - I don't believe in - 40%</b>	<b>Being forced to do things I don't want to do - I don't believe in - 38.4%</b>	<b>Being forced to do things I don't want to do - I don't believe in - 41.2%</b>
<b>2</b>	To have a subjective assessment by my manager of my performance - 32.5%	To stay without a permanent job for more than three months - 28.7%	Do not raise my salary - 25.3%
<b>3</b>	To put me in a conspiracy or intrigue that would damage my image as a person or a professional - 30.1%	To fail in the position I am in - 23.7%	Do not fail in the position I am in - 23.3%
<b>4</b>	To fail in the position I am in - 26.7%	To have a subjective assessment by my manager of my performance - 23.3%	To put me in a conspiracy or intrigue that would damage my image as a person or a professional - 21.7%
<b>5</b>	Not to be accepted by colleagues / team - 23.3%	To put me in a conspiracy or intrigue that would damage my image as a person or a professional - 22.6%	To have a subjective assessment by my manager of my performance - 18.9%

In 2019, 2020 and 2021, the main fear of employees was "Not being forced to do things I don't want to do - which I don't believe in." Everything they had to do, against their values and ethics, employees (managers are also employees), led to demotivation, change of employer or industry.

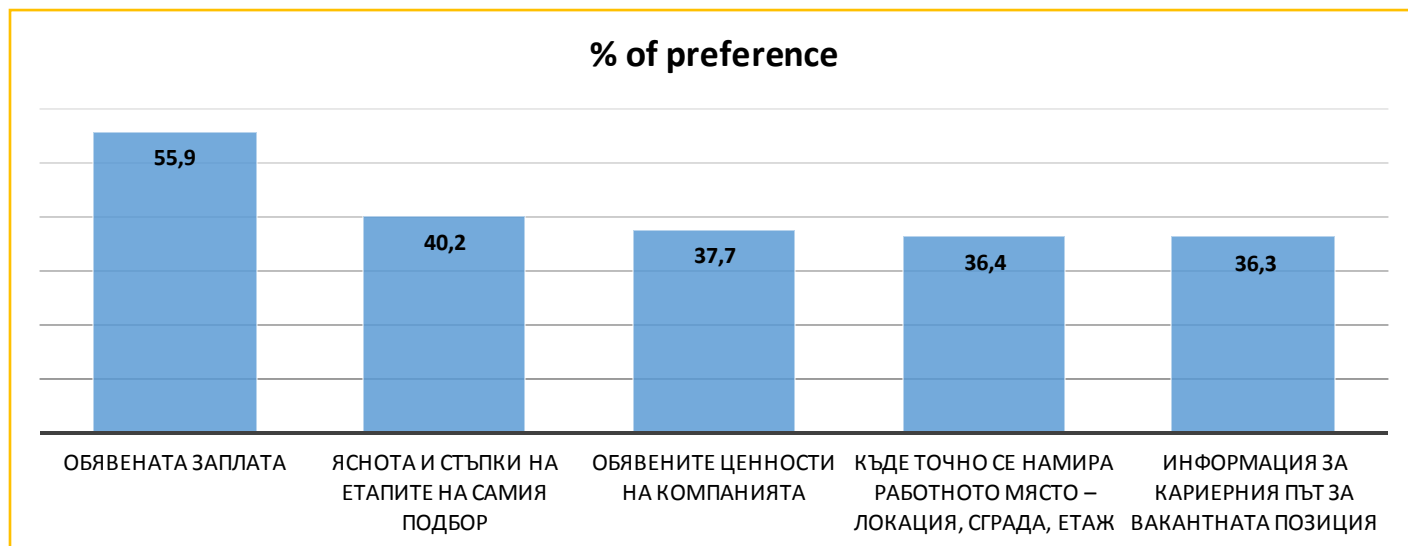
In March 2021 we conducted another study, which was aimed at measuring the decision-making factors when changing jobs, the most common reasons for refusing to receive a job offer, as well as the preferred industries to start working in Bulgaria (Fig. .6).



**Figure 6. The most common factors for accepting a job offer<sup>4</sup>.**

The most common factors were related to Higher salary - 48.4%, which was the most important thing when choosing a career step and motive number one for accepting a job offer. For the attention of future employees there is a need to focus on certain details in the job advertisement (Fig. 7). With declining levels of focus and attention, vacancy promoters were resorting to a variety of techniques to highlight a particular ad, provoking jobseekers to apply.

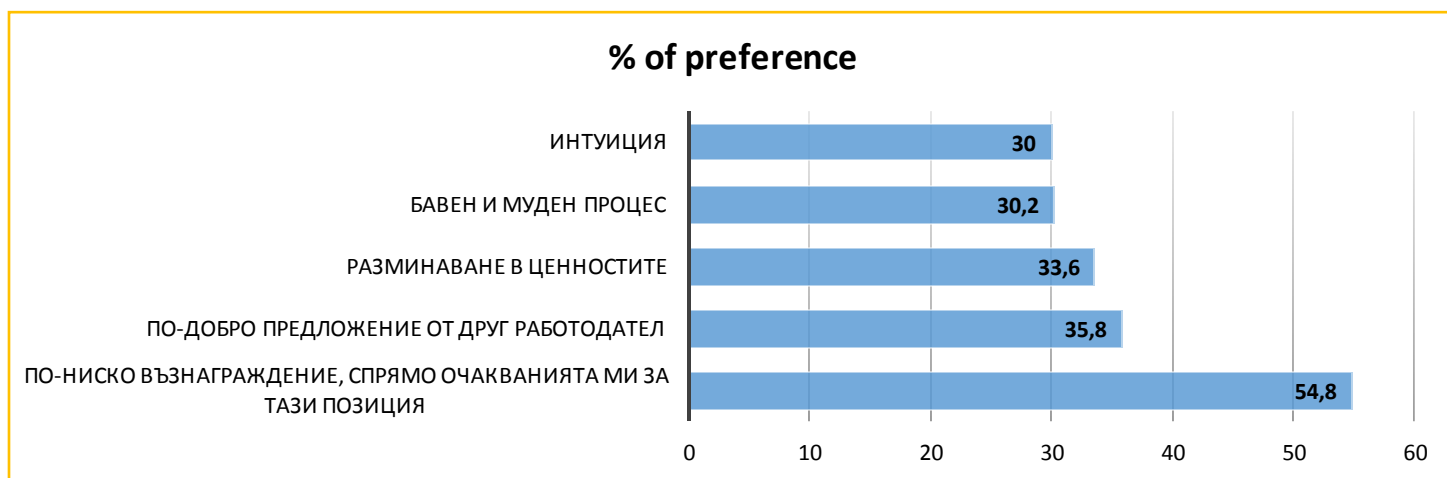
<sup>4</sup> 1.Higher salary; 2. Learning and development during work; 3. Higher position; 4. Flexible working hours; 5. Overlapping between my personal and company values; 6. Company size (bigger than the previous one) 7. International company; 8. Professional expertise from my future line manager; 9. Addition bonus scheme; 10. The brand of the company as an "Employer of choice"



**Figure 7. The most preferred details in a job posting<sup>5</sup>**

The most preferred detail in a job advertisement that would make it more preferred among others was the sharing of information about the remuneration of the vacant position. Salary announcement was the leading element that would make someone prefer one ad to another. This also ensured a reduction in the stress of asking the candidate "what remuneration he expected", as he was aware of it when applying.

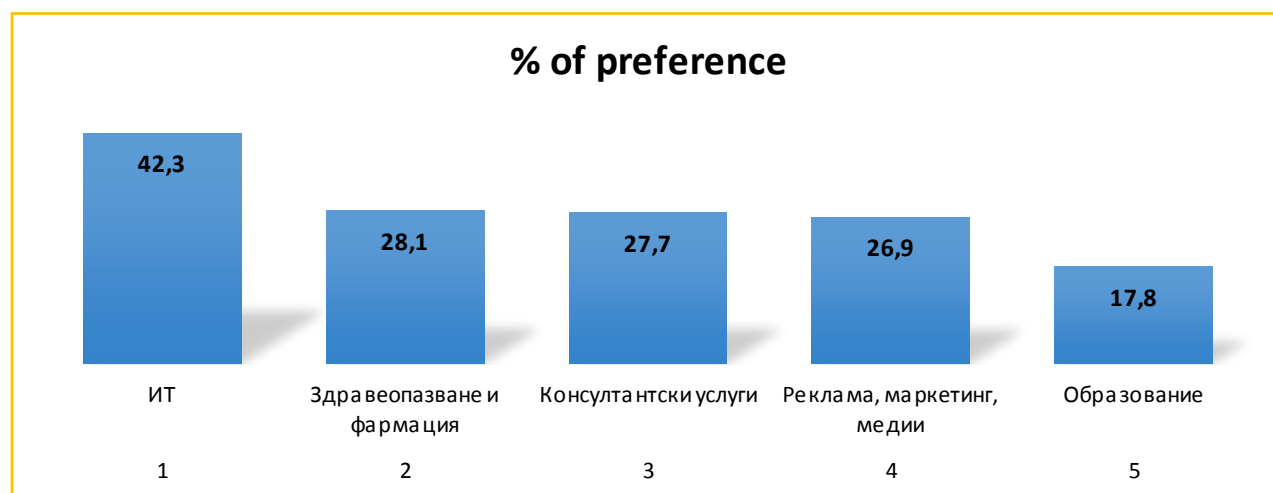
The analysis of the reasons for refusal of a job offer would give employers and labor intermediaries more information about the elements for decision-making by employees (Fig. 8).



<sup>5</sup> 1. The announced salary; 2. Clarity and steps in the stages of selection; 3. Company values; 4. Workplace location 5. Information about career path of the position.

**Figure 8. The most common reasons for refusing a job offer<sup>6</sup>**

As we have shared, pay and money were key motivations for decision-makers. The key reason for refusing an employee to start a new job or change their current one was to give a lower salary than expected. One of the reasons for choosing a job in specific industries was related to greater security and choice of opportunities, better conditions, flexibility and freedom of action, development - in knowledge, skills, positions (Fig. 9).

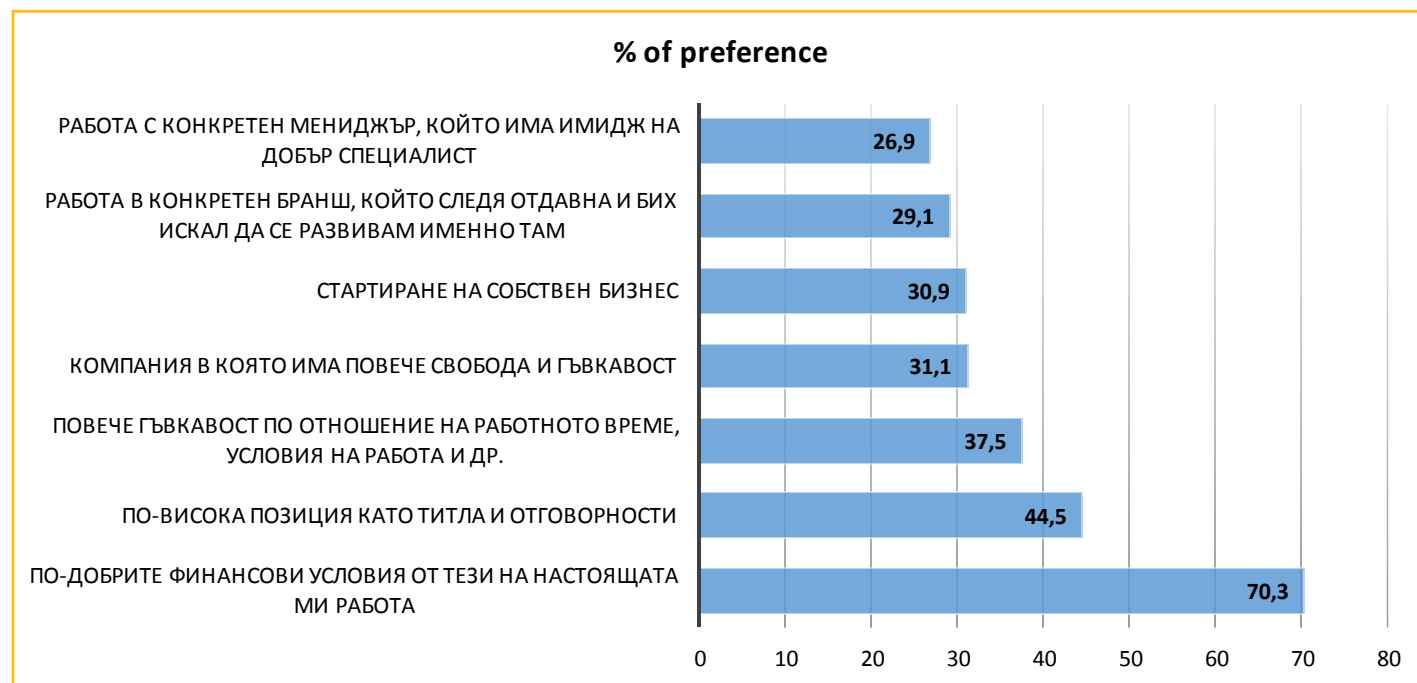


**Figure 9. The most preferred industries to work in<sup>7</sup>**

<sup>6</sup> 1. Lower salary than I expected for this position; 2. Better offer from another employer; 3. Difference in values; 4. Slow process; 5. Intuition

<sup>7</sup> 1. IT; 2. Healthcare and pharmacy; 3. Consulting services; 4. Advertising, marketing, media; 5. Education

IT - 42.3% was the definite choice of different options of industries in our study. The reasons for this were related to the greater demand for staff there and the huge choice of positions or employers. Other aspects were higher pay, opportunities for distance work, continuous training and constant development, dynamics and interesting projects, work in creative or informal shared spaces. The analysis of the factors that provoke employees to change their current job was of key importance for employers - those who wanted to keep them, or others who had plans to attract them as employees(Fig. 10).



**Figure 10. Factors that would make people change their current job<sup>8</sup>**

Again, financial conditions were the leading and key motive in deciding to change your current job. This often came with a new position, which in most cases was higher than the employee's current one. Flexibility is a key element in our work, and one of the other things that will make it easier for employees to change their field is starting their own business. Last but not least, was the key role of the direct manager - his expertise, competencies and leadership qualities.

<sup>8</sup> 1. Better financial conditions than those of my current job; 2. Higher position; 3. More flexibility (working hours, working conditions, etc.); 4. A company with more freedom and flexibility; 5. Starting your own business; 6. Work in a specific industry; 7. Work with a specific manager who I am ready to follow

## **CONCLUSION**

Our study of LM in Bulgaria covers a large period of time, filled with various local and global events. As a result, our main starting point - the political changes of 1989, we analyzed in depth the latest national censuses in 1985, 1992, 2001, 2011. Based on the data from them, we validated our research theses, covering a huge amount of information. They were a reliable starting point for irreversible demographic, economic and psychological changes, both as causes and effects.

In this regard, we have described the political spectrum of change, institutional crises, failures and the challenges they pose. We focused on the huge differences and the various events that trigger high levels of fear, anxiety and dissatisfaction. We touched on events and personalities whose voices are still echoing on topics related to the so-called Bulgarian transition. We considered the topics related to restitution and privatization as prerequisites for the emergence of private property and initially accumulated capital. We also drew attention to the lack of competitiveness of the Bulgarian economy and the elements of the market economy, unknown until 1989. We covered some of the psychological changes that have taken place in society, and we have also touched on the inequalities of LM as something that is nowadays seen as discrimination in the workplace.

In the various chapters we have elaborated on the periods between national censuses. We looked at the consequences of low birth rates, high mortality and high levels of emigration. We focused in more detail on the periods between 1992-2001-2011 and analyzed the dynamics of the population, changes in age, education and ethnic structure, economic activity, employment and unemployment levels and the effects of LM, a consequence of all this.

In our dissertation we covered all LM players and traced their interactions and interests. We reported the changes after Bulgaria's accession to the EU. We also looked at how the financial crisis of 2008-2009 affected the LM market in our country. This was the first significant global event that negatively affected the LM during the period under review, the second such is the pandemic of COVID-19 in 2019. Between the two events in Bulgaria there were periods associated with high unemployment and difficulty in finding staff. In both situations, the Bulgarian economy was completely dependent on exports of its products, foreign markets and the volume of investment in human capital.



During the last period under review, from 2011-2021, we presented data from various sources to give an unbiased view of the progress of the Bulgarian economy during this period and the observed positive processes of LM. We also shared our entirely practical experience and observations on the dynamics and interrelationships of LM, a consequence of over ten years of work in various companies and interdisciplinary training.

One of the most important things in our research work is the results of the research we presented and analyzed. With over 7,400 respondents in the last four years, our author surveys and inquiries have added value to the research topic, especially in the key aspect - motivation, professional values, expectations of the immediate supervisor, fears and aspects of desired professional happiness.

The main conclusions we reached in this large-scale, detailed and elaborate analysis of the political and economic changes in Bulgaria and their impact on the participants in the LM for the period 1989-2021 are the following:

- Bulgaria, due to historical burdens related to the Ottoman period, drastically lags behind other European countries in the development of the capitalist economy and market principles. During the Liberation from Ottoman rule, Bulgaria was a very backward agrarian state, with primitive manual agriculture and weak beginnings of industrialization, while the rest of Europe, at an accelerated pace, developed industrialization and market economy. The initial accumulation of capital during this period was associated with machinations, corruption and a focus on self-interest at the expense of the newly created state.
- The historical turning points of the post-Liberation era and the Second World War, the lost wars with neighboring countries and the payment of huge reparations weaken the Bulgarian economy and divide our society politically. This led to the faster implementation of socialism on an entirely Soviet model, after 1945, without taking into account the cultural and value differences of Bulgarian society.
- When changing the regime from a market to a planned economy, Bulgaria lost markets due to the collapse of the Union for Mutual Economic Assistance, with outdated capacity that does not add value to create competitive products and staff who are accustomed to the state taking care of them. This is one of the biggest shocks for the Bulgarian society, which is often hidden in the interpretation of the role of the state as a regulator, market or employer.
- The change of the economic direction, the political upheavals and the social shocks for the society led to a huge scale emigration outside Bulgaria. Within a few years, after 1989,

hundreds of thousands emigrated from Bulgaria, mostly people of working age. The choices of those who leave and those of others reinforce national nihilism and apathy, the attitude of injustice and the age-old expectation that someone else must do something for someone.

- The political situation after 1989 is filled with political and social opposition, divisions, scandals, accusations, frequent elections with suspicions of manipulation. This discourages various investors from developing their business in Bulgaria in the long run, others become politically dependent (especially after our accession to the EU), and others rely on corruption to circumvent the laws of our country. With this whole palette of events, participants and interactions, different generations of businessmen are needed, who rather learn "on the go" and are not competent in how to manage companies, resources and employees.
- After 1989 and in different periods, different foreign investors and international companies entered the scene. Some of their leading motives for this are cheap labor in Bulgaria, flexible legislation, the fact that our country is part of the EU. Over the years, there have been many examples in which foreign investors have found ways to exploit their employees, to keep them on low wages, delayed for months. Sometimes local institutions are deliberately inactive due to the employer's monopoly in the settlement by such employers. On the other hand, this entry accelerates the competition of LM and provokes the entry of various good practices for people management, goal setting and measurement of results.
- With the opening of the borders after 1989, many Bulgarians make a living in other countries. Various of our compatriots decide to continue their education in international schools and universities, and this increases the quality of the human capital in terms of knowledge, skills and competencies. Some of these people return to Bulgaria in various roles, and some of the most successful entrepreneurs are graduates studied in foreign cultural set-up, employers or the education system, who have upgraded what someone received (or could take) in Bulgaria.
- In recent years, there have been local glimpses in the work of the state administration regarding the quality and speed of the services it provides. Unfortunately, career development in public administration is not a very attractive opportunity and due to lack of interest, most of those hired there are hired for other reasons, but not because of the necessary competencies and skills. The lack of competition and the extremely slow pace of work makes a huge difference between the dynamics of business and the role of the state.
- The presence of corruption at almost every level lowers the business climate, the quality of education in Bulgaria, the state administration, the legislature and many other aspects of

economic or social life. This often exacerbates the inequalities of LM and negatively affects its dynamics and interrelationships. The difficult procedures, the slow pace, the apathy of the people on whom it depends and the lack of commitment in the appointed This work accelerates the feeling of injustice and makes injustice the norm.

- Mass penetration of the Internet changes everything. Increases information, but also speeds up misinformation. Accelerates digitalization. This helps boom the ICT sector, the number of employees and the management of their attitudes and expectations towards the employer. Demand in this sector as a desirable employer is the highest, and this allows even people with little experience or skills to retrain and establish their professional security. For the most part, this sector is not politically or state-dependent, and markets and customers are entirely situated outside Bulgaria. This gives it freedom, opportunity and security.
- The low birth rate and high mortality doom LM in Bulgaria to an increasingly tangible hunger for people, and the lack of a long-term philosophy for the development of workers to hunger for unskilled personnel. Where those exist, the competition between them is not very great, and this leads to lower quality compared to our expectations for knowledge, skills, competencies, quality of the human capital per areas and more. In combination with the initially high levels of emigration, all this has a negative impact on LM, and is both a cause and a consequence of the dynamics and interrelationships that occur in it.

## **REPORT ON THE CONTRIBUTIONS OF THE DISSERTATION WORK**

1. A detailed spatio-temporal analysis of the Labor Market in Bulgaria for the period between 1989-2021 was performed, taking into account all the factors and relationships that mediate the dynamics of it, describing and interpreting the different types of events and processes for research by us period;
2. A comparative approach is applied, which analyzes the state and dynamics of all major parties in the labor market in Bulgaria after 1989, using different types of data from national censuses and current statistics on processes such as changes in natural, mechanical growth, age structure, educational and ethnic structure of the population, employment and unemployment;

3. An author's survey was conducted with over 7400 respondents, and the data were compared by periods and samples. In our dissertation we have analyzed the data from a focus study of the professional values of employees in Bulgaria and we have created an author's model that ranks hierarchically the factors that form these values, which can be applied in human resource management, both in the private and in the public sector of the economy.

4. Based on numerous surveys and interviews, we have analyzed the most common motives for work, the factors that would make people feel happier professionally, the main fears in employees, the elements of changing jobs and those for accepting a proposal for a new one. This is a working algorithm that can be applied in various sectors and industries for selection, development, promotion and productivity of employees.

#### **SCIENTIFIC PUBLICATIONS ON THE TOPIC OF THE DISSERTATION WORK:**

1. Velikov, M (2021) "Leading motives in changing jobs", Panorama of Labor, issue 2/2021, "Chance" Publishing house
2. Velikov, M (2021) "Educational structure of the population in Bulgaria for the period 2001-2011 - general characteristics and regional disparities", Social and Cultural Geography, Space-Society-Culture, Volume 3
3. Velikov, M (2021) "Factors for the formation of professional values", Panorama of Labor, issue 3/2021, "Chance" Publishing house