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## LABOUR MARKET SITUATION AND TENDENCIES IN THE PLANNING REGIONS IN BULGARIA

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### ABSTRACT

Given the present-day conditions in which the labour market functions, the changes are so quick that the employed persons need to continuously acquire new knowledge, skills and competencies. The author's objective in the present paper is to investigate and analyze the status and tendencies of the labour market in the planning regions in Bulgaria and on this basis to propose possibilities for adaptation of the work force by acquiring new knowledge, skills and competencies.

**Results** – the tendencies of the labour market in the planning regions in Bulgaria have been identified; the status of the work force has been analyzed and possibilities for improvement of its quality features have been proposed.

**Key words:** labour market, workforce, knowledge, skills and competencies

Under the present-day conditions in which the labour market functions in Bulgaria changes occur so quickly that the workforce needs continuous improvement. The educational level and professional qualification, the degree of acquired key knowledge, skills and competencies are turning into a decisive quality factor. The better professional training and the higher qualification of the workforce are turning into a decisive factor for its adaptation to the labour market requirements. The improvement of the quality features of the workforce requires that a serious emphasis is put on investigating and analyzing the general tendencies of the status and change of the professional and qualification structure of the workforce, both on a national level and in the individual planning regions. An objective evaluation of the main tendencies of the changes in the professional and qualification structure of the workforce in the various aspects thereof requires a research on the demographic development, the labour market conditions and the tendencies of development.

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The author's objective in the present paper is to investigate and analyze the status and tendencies of the labour market in the planning regions in Bulgaria and to propose possibilities for adaptation of the workforce by acquiring new knowledge, skills and competencies.

The labour market is of key importance for the economy's stability, for the country's public and social development and for the level and quality of life. The labour market is a complex and multilayer structure. It is the economic space where the workers and employees looking for jobs, on the one hand, and the employers looking for workforce, on the other hand, meet and negotiate. The labour market may also be defined as a regulated system of economic relations arising and realized between the persons looking for paid employment and the employers needing workforce of specific training and qualification. Since the process is an effective interaction between those two parties, there is a need for institutional infrastructure. The labour market may be considered as a combination of various interrelated labour markets, each of them featured by both general and conflicting interests between the persons looking for and those offering workforce. It should be noted that the types of markets listed

below exist relatively independently, with certain specifics in terms of the supply and demand, the labour price, etc.

Depending on the scope and location, and in combination with the economic and social characteristics of the respective region, several types can be distinguished:

- national labour market, including:
  - regional (by districts or other large areas);
  - territorial or local (by municipalities and towns and villages);
- international labour market which is the result of the internationalization of industry, the integration processes among the countries, the relative liberalization of the movement of people, goods and capital among them.

The dynamics of the demographic processes development and the changes in the population's structure in the recent decades have a strong impact on the basic systems of society: economic, educational, health security and social protection system. The demographic situation in the country is featured by a decrease and advancement in age, decrease of the birth-rate and high level of total death-rate.

As per data of the National Institute for Statistics, by the end of 2012 the population of Bulgaria was 7 282 041 people standing for 1.5% of the population of the European Union thus placing the country 16<sup>th</sup> by number of population immediately after Austria (8 443 thousand people) and before Denmark (5 581 thousand people). Compared to 2011, the country's population has decreased by 45 183 people, or 0.6%. Almost half of the country's population (49.3%) lives in the Southwestern and South central regions whose population is 2 128 thousand (29.2%) and 1 462 thousand people (20.1%), respectively. The Southeastern and Northeastern regions follow by number of population - 1 067 thousand, or 14.7%, and 957 thousand people, or 13.1%, respectively. 844 thousand, or 11.6%, and 823 thousand people, or 11.3%, respectively, live in the North Central and the Northwestern regions.

The number and structure of the population are determined by the size and intensity of its natural and mechanical (migration) movement. The difference between the births and deaths is the natural growth in population.

**Table 1. NATURAL GROWTH IN POPULATION PER 1 000 PEOPLE BY STATISTICAL REGIONS**

Statistical regions	natural growth in population		natural growth in population		natural growth in population		natural growth in population		natural growth in population	
	2008		2009		2010		2011		2012	
	number	‰	number	‰	number	‰	number	‰	number	‰
<b>Total</b>	<b>-32811</b>	<b>-4,3</b>	<b>-27112</b>	<b>-3,5</b>	<b>-34652</b>	<b>-4,6</b>	<b>-37412</b>	<b>-5,1</b>	<b>-40160</b>	<b>-5,5</b>
Northwestern region (NWR)	<b>-9008</b>	<b>-9,8</b>	<b>-8362</b>	<b>-9,2</b>	<b>-9440</b>	<b>-10,6</b>	<b>-9128</b>	<b>-10,8</b>	<b>-9567</b>	<b>-11,5</b>
North Central region (NCR)	<b>-6364</b>	<b>-6,9</b>	<b>-5589</b>	<b>-6,1</b>	<b>-6575</b>	<b>-7,3</b>	<b>-6851</b>	<b>-8,0</b>	<b>-6970</b>	<b>-8,2</b>
Northeastern region (NER)	<b>-2488</b>	<b>-2,5</b>	<b>-1827</b>	<b>-1,8</b>	<b>-3206</b>	<b>-3,3</b>	<b>-3306</b>	<b>-3,5</b>	<b>-4001</b>	<b>-4,2</b>
Southeastern region (SER)	<b>-3511</b>	<b>-3,1</b>	<b>-2789</b>	<b>-2,5</b>	<b>-4405</b>	<b>-4,0</b>	<b>-4375</b>	<b>-4,0</b>	<b>-4744</b>	<b>-4,4</b>
Southwestern region (SWR)	<b>-5559</b>	<b>-2,6</b>	<b>-4218</b>	<b>-2,0</b>	<b>-5262</b>	<b>-2,5</b>	<b>-7123</b>	<b>-3,3</b>	<b>-7900</b>	<b>-3,7</b>
South Central region (SCR)	<b>-5881</b>	<b>-3,8</b>	<b>-4327</b>	<b>-2,8</b>	<b>-5764</b>	<b>-3,8</b>	<b>-6629</b>	<b>-4,5</b>	<b>-6978</b>	<b>-4,7</b>

It can be seen from the data in **Table 1** that in the period 2008 - 2012 the population of Bulgaria has decreased, with the natural growth factor having changed by 1,2 points: from - 4,3‰ in 2008 to - 5.5‰ in 2012.

For comparison purposes, the total natural growth factor for EU-27 was 0.8‰ in 2011. (2) Eleven countries have a positive natural growth, with the highest being in Ireland (10.0‰) and Cyprus (4.8‰). Apart from our country, a negative natural growth in population, but of lower values, is noted in Latvia (-4.7‰), Hungary (-4.1‰), Romania (-2.6‰), Germany (-2.3‰), Lithuania (-2.2‰), Portugal (-0.6‰), Italy (-0.8‰), Estonia (-0.4‰) and Greece (-0.4‰).

The main characteristics of the interregional differences in the natural growth in our country's population, which is negative in all regions, are as follows: In the period 2008 – 2012 impairment of the natural growth values is noted in all regions, worst in 2012. The situation in two of the regions is most unfavourable in all the five years of monitoring. The natural growth in NWR in 2012 reached (-11,5%) and (- 8,2%) in NCR, with the best indexes found in SWR – (-3,7%) in 2012. In all the six statistical regions the population has decreased on 2011, with the greatest decrease in NWR by 1.6%, and the least in SWR by 0.2%.

The mechanical growth, which is negative, too, has a serious impact on the number and structures of the population. It is formed as the difference between the people settled in, and those migrated from, the country. The decrease of the population as a result of the outbound migration measured by the net migration factor, is - 0.7‰. (1)

As regards the inbound migration, four districts were noted by a positive mechanical growth in 2012: Sofia (capital city) - (5.4‰), Stara Zagora (1.9‰), Plovdiv (1.4‰) and Shumen (0.4‰). The districts of Smolyan (-7.3‰), Vratza (-5.8‰) and Razgrad (-5.4‰) are noted by the greatest decrease of population as a result of a negative mechanical growth. In terms of age structure, the persons of the age group of 20 -39 years (35.4%), followed by the persons under 20 years of age (28.3%) have the greatest relative share among the migrating people. The share of

the 40-59 years old persons and those aged 60 and over is significantly lower (15.4%) and (20.9%), respectively. The most intensive territorial movement takes place in the direction of 'town – town' (46.5%). (1) The results of the analysis show that the migration factors worsen in all regions except for SWR, which shows an intensified migration to SWR featured by more and better employment opportunities, higher income and higher standard of living. NCR and NWR are featured by the most unfavourable values (-7,13‰) and (-6,91‰), respectively, but in the first region the process of depopulation takes place significantly faster.

As a result of the demographic problems, the economically active population (15-64 years old), is on the decrease, and hence the ratio between the active population and the number of pensioner in the country worsens. Worsening of the dependence between the employed persons and the pensioners is noted as well, being evidence of ageing of the population of Bulgaria. The population of active age as at 2012 end was 61.8% of the whole population. Despite the constantly increasing retirement age limit, the active population has decreased by almost 0.4% on the previous year 2011. At the end of 2012, 23.8% of the country's population were above active age and 14.4% below it.

There are other tendencies on the labour market, too – apart from the drop of active population, an increase of the unemployed persons, the persons out of the workforce and in particular, the discouraged persons, are noted. There are huge groups of illiterate persons, persons of low education and qualification, discouraged persons, affecting the level of salaries and social payments by reason whereof the cataclysms on the European or world labour markets provoke negative tendencies and affect the prospects for restoration and development in our country as well.

As regards unemployment, the territorial differences are generated and developed in the following context (**Table 2**):

- a tendency of unemployment boost, both by regions and in the entire country, too, is noted in the period 2010 – 2013. This once again shows the high dependence of our labour market on the economic crisis.
- The highest unemployment factor in the studied years is noted in NER, followed by SCR and NCR.

**Table 2. UNEMPLOYED PERSONS AND UNEMPLOYMENT FACTORS FOR THE POPULATION AGED 15 AND OVER IN THE PERIOD 2010 - 2013**

Sex Place of residence Age Degree of education	2010 – 4 <sup>th</sup> quarter		2011 – 4th quarter		2012 – 4th quarter		2013 – 1 <sup>st</sup> quarter	
	Unempl oyed persons – in thousan d	Unempl oyment factor - %	Unempl oyed persons – in thousan d	Unempl oyment factor - %	Unempl oyed persons – in thousan d	Unempl oyment factor - %	Unempl oyed persons – in thousan d	Unempl oyment factor - %
<b>Total</b>	<b>382,4</b>	<b>11,2</b>	<b>384,2</b>	<b>11,4</b>	<b>417,3</b>	<b>12,4</b>	<b>456,4</b>	<b>13,8</b>
<b>By sex</b>								
Men	216,8	12,1	226,8	12,7	237,8	13,2	267,5	15,1
Women	165,6	10,3	157,4	10,0	179,5	11,4	188,8	12,2
<b>By place of residence</b>								
In towns	256,2	9,7	270,3	10,4	285,2	10,9	320,8	12,3
In villages	126,2	16,3	113,9	15,2	132,0	17,8	135,6	19,0
<b>By age</b>								
15-24	70,4	26,5	70,0	26,9	70,8	28,5	68,1	29,5
25-34	90,4	12,8	106,9	13,3	106,9	13,5	121,6	15,8
35-44	91,8	8,8	83,0	9,2	94,1	10,1	106,3	11,5
45-54	80,4	9,2	75,0	9,0	83,4	10,2	91,1	11,3
55 and over	49,4	9,7	49,3	8,8	62,1	10,6	69,2	11,9
<b>By degree of education</b>								
Higher	41,1	4,7	44,1	5,1	55,6	5,9	58,1	6,2
Secondary	222,8	10,9	226,2	11,1	239,8	12,0	260,9	13,3
incl. with acquired professional qualification	138,8	10,2	141,7	10,7	144,6	11,1	159,1	12,6
Primary	87,6	21,2	86,2	21,7	91,5	24,8	103,8	28,6
Elementary and lower	30,9	50,3	27,8	48,1	30,4	53,6	33,6	56,9
<b>By statist. regions</b>								
<b>Total</b>	<b>382,4</b>	<b>11,2</b>	<b>384,2</b>	<b>11,4</b>	<b>417,3</b>	<b>12,4</b>	<b>456,4</b>	<b>13,8</b>
NWR	44,4	12,6	41,4	11,6	41,5	12,4	41,0	12,7
NCR	45,0	12,0	46,1	12,9	53,2	14,5	55,6	15,3
NER	68,0	15,1	73,5	16,5	80,0	18,1	80,1	18,7
SER	50,5	10,4	54,7	11,2	57,9	12,1	66,2	14,5
SWR	81,9	7,7	80,9	7,5	94,8	8,8	108,0	10,0
SCR	92,5	13,5	87,6	13,2	89,8	13,3	105,4	15,9

• The high unemployment rate in NER varying from 15,1% in 2010 to 18,7% in 2013

could be to some extent explained by the seasonality of the employment in the region.

- The unemployment in SWR was the lowest in the period. In 2010 the unemployment rate there (7,7%) was lower not only than the country's average rate (11,2%), but than the EU - 27 rate (9,7%) as well.

The territorial differences as regards employment are generated and developed in the following context (**Table 3**):

- relatively lower degree of employment (the employment factor in Bulgaria in the period 2010 – 2013 is about 46%);

- a tendency for employment decrease in the period 2010-2013 by one percent point from 46,7% in 2010 to 45,6 % in 2013.

- There are differences between the regions, too, with SWR featured by a higher degree of employment in 2013. the employment factor there (52,6%) is higher not only than the employment factor in all regions of the country, but than the country's average in the same year (45,6%) as well.

As regards employment by educational level, the differentiation between the regions on all employed persons' educational levels is featured as follows:

- The share of employed persons with primary education is below the country's average in NWR and SWR whereas the remaining regions are above the average level.

- As regards the share of employed persons with secondary education below the country's average (60,2%), it is found in SER and SWR.

- As regards the share of the employed persons with higher education, the following tendency is noted: A growth of the share of population with higher education in 2011 on 2001 in the country as a whole (from 14,1% to 19,6%) in all regions.

Leader in this positive index is SER – it is featured by the highest share (27,7% in 2010) and by moderate rate of increase of the persons with higher education (by 35%, given 39% for the country). NER is the other attractive region for the persons with higher education (a share of 18,5% and 40% of improvement of the index in 2010 on 2001). All this determines an interregional differentiation, although relatively low, but distinct enough and stable.

- The better educational structure of the employed persons in SWR compared to the other regions is a logical reflection of the structure of economy and the specific demand for highly educated workforce in this region.

- A reduction of the share of illiterate population is noted in 2011 on 2001 in the country as a whole (from 1,78% to 1,17%) in all regions. In both years leader by this negative index is SER – it is featured by the highest share (1,98% in 2010) and by the slowest rate of reduction of illiterate persons. In NER and SCR the share of illiterate is above the country's average. SWR is best positioned in this regard, with such persons' share of only 0,46%. All this forms an average degree of interregional differences. (1)

An analysis of the labour market is normally carried out by paying priority attention to its quantitative characteristics, but in our opinion the quality characteristics of the workforce and the stability of the workplaces on which achievement of higher employment of the individual groups on the labour market depends, are of crucial importance. In this regard the condition and development of education and professional training underlie the achievement of higher quality of the human factor as a whole. The training of qualified workforce for the needs of the labour market relates to the development of the educational system by closer connection with the actual needs of the labour market and observing the established European standards and national priorities. A leading emphasis in the present study is the mastering of new knowledge, skills and competencies, simultaneously to identifying the deficient workplaces, professions, specialties, skills and competencies. On the other hand, improvement of the workplaces quality as a leading European priority requires formation of qualified workforce with the necessary educational level and professional training.

A great part of the registered unemployed persons are with low or no qualification, while others have skills that are not in demand on the labour market. The lack of practices in the companies of additionally training their employees on regular basis to improve their knowledge, skills and competencies is a major problem in this regard.

**Table 3. EMPLOYED PERSONS AND FACTORS OF EMPLOYMENT FOR THE POPULATION AGED 15 AND OVER IN THE PERIOD 2010 - 2013**

Sex Place of residence Age Degree of education	2010 – 4th quarter		2011 – 4th quarter		2012 – 4th quarter		2013 – 1st quarter	
	Employed persons (in thousand)	Employment factor - %	Employed persons (in thousand)	Employment factor - %	Employed persons (in thousand)	Employment factor - %	Employed persons (in thousand)	Employment factor - %
<b>Total</b>	<b>3023,7</b>	<b>46,3</b>	<b>2973,8</b>	<b>46,7</b>	<b>2951,8</b>	<b>47,0</b>	<b>2855,0</b>	<b>45,6</b>
<b>By sex</b>								
Men	1581,0	50,5	1558,7	50,8	1560,9	51,5	1499,0	49,7
Women	1442,7	42,4	1415,1	42,9	1390,9	42,7	1356,0	41,7
<b>By place of residence</b>								
In towns	2376,2	51,0	2340,5	50,8	2341,8	51,2	2278,7	49,9
In villages	647,5	34,4	633,3	36,1	610,0	35,7	576,3	33,8
<b>By age</b>								
15-24	195,4	20,9	190,0	22,1	178,1	22,3	162,5	20,6
25-34	618,5	70,5	697,5	68,4	683,0	68,6	646,5	65,2
35-44	950,9	78,7	819,0	77,6	834,5	77,2	819,7	75,8
45-54	797,4	75,4	756,3	74,9	733,0	74,7	713,0	73,0
55 - 64	416,4	42,9	472,9	44,5	481,3	46,1	473,7	45,5
65 and over	45,0	3,0	38,2	2,8	41,9	3,0	39,6	2,9
<b>By degree of education</b>								
Higher	843,0	70,0	824,9	68,8	882,4	69,5	875,8	68,6
Secondary	1823,7	56,8	1808,2	55,8	1765,7	54,3	1694,1	53,3
incl. with acquired professional qualification	1228,6	63,0	1179,5	61,2	1158,9	59,9	1099,8	59,1
Primary	326,5	19,0	310,7	19,9	277,4	19,4	259,6	17,9
Elementary and lower	30,5	7,5	29,9	8,4	26,3	7,8	25,5	7,1
<b>Statistical regions</b>								
<b>Total</b>	<b>3052,8</b>	<b>46,7</b>	<b>2965,2</b>	<b>46,6</b>	<b>2934,0</b>	<b>46,6</b>	<b>2855,0</b>	<b>45,6</b>
NWR	313,7	40,0	292,4	39,9	284,3	39,6	281,8	39,7
NCR	336,0	42,0	322,1	42,8	318,3	42,9	306,9	41,7
NER	387,5	45,9	374,9	45,3	364,2	44,4	349,1	42,7
SER	428,7	45,1	423,0	46,3	422,2	46,6	390,6	43,3
SWR	991,3	54,0	988,5	53,2	977,5	52,9	969,3	52,6
SCR	595,7	45,1	564,3	44,2	567,5	44,9	557,3	44,3

A great part of the unemployed still have too high expectations with respect to the work conditions and salaries, although they have low qualifications. The present-day labour market needs people with specific skills and professional education in various areas. According to one of the recent studies of Manpower Bulgaria relating to the shortage of talents, more than half (60%) of the Bulgarian employers encounter difficulties in recruiting employees for specific positions due to the lack of technical skills. (3)

An interesting paradox has been noted in recent years in Europe as a whole, as well as in our country and in the individual regions – high unemployment rate, and lack of specialists at the same time. It is mentioned in a study of the Chamber of Economy that the lack of specialists with high qualifications meeting the needs of businesses will be one of the most distinct tendencies on the labour market in the next decade. At the same time, there will be a great excess of employees with low and medium qualifications. This tendency means high unemployment, pressure towards lower payment and hunger' for qualified personnel at the same time.

In our opinion the major problems on the labour market are, as follows:

- Maintaining low interregional differentiation with respect to the labour market parameters;
- Significant share of the workforce with primary, elementary or lower education;
- Percentage of employed persons with higher education in Bulgaria below the average level in the EU;
  - The educational system does not supply the specialists needed for the economy;
  - Aggravating lack of qualified personnel as a result of the low quality and unsatisfactory scope of the professional education of students, the active workforce and the unemployed;
  - Lack of awareness of the idea of 'lifelong learning';

- Increasing migration and outflow of educated and qualified specialists;
- Increasing flow of the elite secondary schools graduates wishing to continue their studies abroad;
- highly underestimated connection of 'workforce quality – work salary';

In our opinion the prospects for the labour market are as follows:

- The recommendations of the EC are that by 2020 40% of the workers in Europe should be with higher education so that the economic tendencies can be met. Both now and then Bulgaria will lag behind this index, with a forecast for the university graduates in Bulgaria to reach 34% by 2020. Currently, only 23% of all Bulgarians in active age are university graduates. (4)

- Flexible policy of the educational institutions for training in professions in demand on the labour market;
- Participation in projects for unemployed training in professions in demand on the labour market;
- Providing of more attractive opportunities for the high schools graduates to stay in Bulgarian higher schools.

The changes in equipment and technologies in the recent years, the production renovation and the commissioning of new generation facilities are resulting in changes of labour and the specifics of the activities carried out. This calls for new, higher requirements to the qualifications of the workforce.

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