THE NATIONAL EMPLOYMENT PLAN IN BULGARIA - POLICIES, PRIORITIES AND NECESSARY CHANGES DUE TO COVID-19

Venelin Terziev
Angel Kanchev University of Ruse, Ruse, Bulgaria
Georgi Stoykov Rakovski Military Academy, Sofia, Bulgaria
E-mail: terziev@skmat.com

Abstract: The paper comprises two interrelated parts and focuses on the analysis and study of the processes on the Bulgarian market, which unfold in the emergency situation resulting from the COVID-19 pandemics. In the first part, an attempt is made for a systematic analysis of the current national employment plan, its priorities and the needed revisions thereof in the conditions of a critical situation.

Key words: labour market, employment action plan, social system, development, social policies.


URL: www2.uni-svishtov.bg/NSArhiv
JEL: J01, J08, J48, H12.

*   *   *

1. Introduction

The crisis situation resulting from the COVID-19 pandemics has been increasingly affecting both all sectors of the economy and the social policies pursued. In the period preceding the crisis, the European economies recorded little growth, with Bulgaria not being an exception. This relatively good condition creates some optimism about the ability to respond to such an emergency. The labour market, which had been performing well up to this moment, is expected to come under some pressure. The analysis of the indicators on the labour market prior to the crisis situation would provide a
good opportunity for the execution of the already effective Employment Action Plan in Bulgaria. The changes will be necessary both in the state budget itself and in the implemented active policies on the labour market.

Based on the above, we can formulate the main elements of the paper thus defining as the object of the study the labour market in Bulgaria and as its subject - the analysis of key indicators of the labour market in the period of the current crisis situation.

The purpose of the paper is to propose adequate corrective actions in the execution of the Employment Action Plan in Bulgaria effective for 2020.

In its decomposition the above purpose suggests formulation and fulfilment of the following research tasks:

• A systematic analysis of the policies in the effective national employment plan and its priorities;
• An analysis of the possibilities for change in the conditions of a critical situation.

2. Labour market policies in Bulgaria in periods of crisis situations

It is the second time in the recent periods of foreseeable economic and political development of Bulgaria that the implemented social policies regarding the labour market have been facing challenges that must be overcome fast and by making the right decisions.

The first such period was the transition to a market economy, which predetermines its priorities in the national social policy, including labour market policy. During this period, at the end of the last century, the role of the state in relation to property and in the regulation of social and labour relations changed. At present, the state guarantees an income of the population only within the minimum social standards, and the state authorities determine only the minimum of labour rights of workers established by the current labour legislation.

The search for ways and methods for forming a market model of socially oriented employment is already in the final stage of this development and experts report that this transitional period lasted much longer than expected taking Bulgaria at least twenty years.

This is evidenced by the processes in each of the structural blocks of social and labour relations, largely determining the nature of the labour market and the sphere of employment, namely: on the labour market, in the sphere of productive employment, in the block of relations covering the payment of labour and the utilisation of its results, and in the relations related
to consumption like the conditions for the formation of a standard of living and at the same time the conditions for the reproduction of the workforce.

At the same time, the labour market creates space for the manifestation of the objective economic law for the interaction between supply and demand of labour, performing primarily the function of balancing them. Thus, the mechanism of the labour market is a mechanism for the distribution of individual labour by industries and spheres of public benefit, a mechanism for transforming the potential of labour resources into public labour, realizing the capabilities of individuals and a source of income for them. Therefore, productive employment appears to be the ultimate goal in the regulation of the labour market and its socially acceptable functioning.

The second and very decisive function and factor of the economic law for the interaction between supply and demand of labour is the determination of the initial price of workforce as the main incentive for employment and a source of support for workers and their families.

In the initial period of building labour market as part of the factor markets, its only regulator was the mechanism of free competition, based on the law of supply and demand. Under this pressure, labour spilled over into more profitable industries. But the processes of specialization and division of labour under the influence of scientific and technical innovations made workforce more and more closely professionally oriented thus hampering its "spill over" from branch to branch.

Objective reasons for the existence of unemployment emerged. In addition, capital would accumulate and concentrate, striving for monopolization and change in its spheres of influence. All these are the socio-economic prerequisites for the emergence of state regulation of labour market as a workforce sphere.

Moreover, we consider workforce as the main object of regulation as labour resources. Workforce as the ability of an individual to work (otherwise labour is potential), and labour as a purposeful human activity (functioning workforce) in order to provide for themselves with means of livelihood is presented to us as various functional forms of labour resources. In such a context, the relationship between these categories is consistent and subject to certain logic of development.

Labour resources include: the labour reserves of the permanent residents in a given municipality (potential workforce), as well as the current workforce - the employed and the unemployed. Depending on the contingent, this is the part of the working age population (employed and unemployed) plus the working young people (who have not yet reached 18 years of age, but work under certain conditions), working pensioners less people with disabilities from the first and second groups.
The workforce, which is in the stage of orientation (on the labour market), when in the sphere of production, begins to be used by it. In addition, the production process involves means of production, subjects and instruments of labour, i.e. the material factors of production. Here the workforce "discards" its commodity form and becomes a productive force (part of the productive forces of society).

Moreover, the role of the wage level as a basic condition for employment is ambiguous: high wages, on the one hand, increase the demand for jobs by the economically active population, and on the other hand, lead to its reduction, as the employer's wage costs increase, so does the cost of production. Trying to limit this process, the employer increases the organic structure of capital, dismisses workers thus increasing the stratum of people who join the group of the unemployed. The approbation of these processes in the interests of respect for the constitutional rights of all members of society is an important task of social policy with regard to the labour market and employment.

The employment sphere and the labour market interact under the law on "connected vessels" - the greater the tension in the labour market (supply exceeding over demand), the less it is in the employment sphere, and vice versa. Therefore, its condition is one of the key indicators for all government decisions in the social and labour sphere and joint (tripartite) agreements in the field of social partnership.

The question arises, why the problem of labour market regulation has been gaining such relevance in Bulgaria?

The point is that market transformations very unevenly cover all parts of the economy, penetrate its internal mechanisms and interdependencies. Their management in order to form a single national labour market requires concerted actions.

A critical moment in the labour market occurred during the period of restructuring of the Bulgarian economy 1990-1997. This period is associated with the processes of privatization and transformation of "socialist" state property into private property and the release of a large labour resource. This process developed sporadically with certain peaks and troughs, lasting for a relatively long time. All this is related to the regulated periods of state privatization of various sectors of the economy.

The need to strengthen the state principle in the regulation of the market model of employment is also dictated by the fact that a visible part of the public sector in the structure of production is preserved. Therefore, the role of the state in its regulation should not be reduced during the transition period for economic development. The modern in their social importance measures for regulating the employment of the economically active
population as forms of inclusion of individual labour in the public in order to obtain income and realize the creative talents of the individual must bear the main burden in the system of measures to regulate the level of living.

In the process of regulating the economy, the discrepancy between the significance and the scale of economic transformations and their social cost is becoming increasingly apparent. It is also influenced by the underestimation of the reformist social employment policy in terms of their place in the structure of the factors of living standards of the population, as well as their impact on work motivation and demand for livelihoods, i.e. on the transformation of social and labour relationships in general.

The property inequality emerging in the reforming period of hired labour, a social stratification of society by income level, brings to the fore the public task of coordinating the interests of all segments of the population in the social and labour sphere – a task to reach a consensus between the interests of employers and employees. This also becomes the most current goal of the labour market management system with all related tasks.

The discussion on the goals of regulating the social and labour sphere, which includes the labour market, began even before the reforms. At that time, the interpretation of the goals prevailed, its regulation as the achievement of full and universal employment. In the economic literature published after 1992 we find attempts to rethink the concept of full employment characteristic of periods of full employment and compulsory labour. At that time, many authors associated the concept of "full employment" with socially useful labour for the benefit of the entire working population.

Such views make the statements of some economists about the possible conceptualization of inefficient employment as a form of hidden unemployment that accompanies "full employment" in the administrative-command system formally irrelevant.

Apart from the various insignificant modifications, the positions of the researchers on this issue can be categorised into two main streams. The first of them considers the full satisfaction of the population's needs for work as a fundamental characteristic of full employment. The second places at the heart of full employment the characteristic of correspondence between the population's need for labour (supply of labour) and the solvent demand of labour (number of jobs).

Out of these two points of view, it seems to us that the former better meets the socio-economic goal of labour regulation, as it characterizes full employment in terms of meeting human needs which it considers primary.

The second position, in our view, suffers from the replacement of the concept of 'full employment' by another definition, which is characteristic rather of the balance between material and personal factors of production.
Though of high importance, "balance" characterizes employment in terms of meeting the needs of production by efficient use of labour and production capacity. This level of relationships is very dependent on the interest of the employer, but it does not fully reflect the public interest in full employment of the population in a market economy, but is one of its quantitative indicators. There is also an interpretation of "full employment" as a set of primary and secondary employment, i.e., the variant in which the workers do not earn enough funds from the first employment as a source of material support. This makes secondary employment for them a source of additional payment and support for themselves and their families. This is rather a quantitative approach. People have the right to independently determine which of the spheres of employment is basic for them and which is additional and what the size of each of them should be.

In practice, the function of balancing the material and personal factors of production is rational employment, a very mobile and optimal for a given period combination between labour and means of production - a goal of local employment policy.

For society as a whole, the social balance of power, which would stimulate economic prosperity not by suppressing individual interests, but by reaching their consensus and social peace, is also important. This is part of the task of state regulation of the labour market, where the state is:

- a guarantor of the constitutional rights of citizens;
- an employer that organizes and is responsible for the labour market in terms of state and municipal property;
- a party to the tripartite agreements in the sphere of social partnership.

The measures for state impact on the labour market are aimed at optimizing its main elements – supply of labour which is related to the structure that is built in accordance with the demand for a given framework and quality of positions in terms of gender and age, qualifications, wage, etc.

The second critical situation was during the financial crisis in 2008 and 2009. In Bulgaria, this period occurred with some delay and economic recovery lasted until 2010. Compared to the previous period of crisis, the unemployment rate did not reach such critical values, but there were a number of negative phenomena in some sectors of the economy which led to negative processes in the labour market. Certain regions of the country were characterised by peaks of high unemployment with the corresponding serious consequences.

The overcoming of the crisis was also quite slow and painful and involved a certain social price that society as a whole had to pay.
These are complex and multifaceted economic processes that correlate with the macroeconomic components of a market economy such as: the ratio between the level of employment and the cost of labour, the dynamics of the forms of ownership (in conditions of a structural change), the investment and tax climate, the social tension in society, etc.

Such global issues are resolved by the government as the main bearer of the interests of the country, based on the national concept of socio-economic development. In addition, we need also to take into account the opportunities for active influence of other entities on the development of the labour market (Bogdanova, 2019).

The goals and the objectives of the social policy in regulating the labour market and employment productivity are as follows:

- creation of all necessary preconditions for economic growth, structural change of production in order to create new and preserve the modernized jobs for employment of the economically active population;
- giving the workforce flexibility, mobility for the purpose of free flow between industries, spheres of employment and professions, as well as between territories in the interest of increasing labour productivity and living standards;
- combining all parameters of demand and supply of labour, providing for a normal level of unemployment;
- assistance for job placement and social protection of the unemployed and socially vulnerable groups of economically active population on the labour market;
- formation of new motivation for highly productive work of the individual;
- a decent level of wages and income, adequate to one's own qualifications, experience and level of entrepreneurship;
- material interest and civic responsibility of the individuals to maintain the standard of living of their families;
- elimination of the causes and factors of both external and internal nature, for underemployment or hidden unemployment.

To regulate the labour market, these goals and objectives change depending on:

**The level of the subject of management:**
- national (macro level);
- regional (level of the administrative district);
- local (micro level, reflecting the interests of the individual or group interests).

**The time for their implementation:**
- short-term (current, operational)
• medium-term (tactical);
• long-term (prospective).

**According to funding sources:**
• funds from the state budget, extra-budgetary funds, funds from public organizations or commercial entities, funds from operational programmes financed by the European Union.

**According to the nature and forms of impact:**
• direct (laws, by-laws, decrees, orders of the administration, etc.);
• indirect (taxes, tariffs, exchange rates, interest rates on loans, etc.);
• mixed (national programs for socio-economic development, targeted national programs, targeted regional programs, programs for insurance against labour market risks such as unemployment, late payment of unemployment benefits).

**By content and expected consequences:**
• incentive;
• prohibitive;
• restrictive;
• protective.

When choosing certain regulatory measures, the managing entity must always account for the specific situation on the labour market, the trends found in the analysis, their assessment and the preference of a labour market measure, their coherence or inconsistency with existing legislation, possible socio-economic consequences, etc.

The specific use of one or another measure to regulate the labour market is in itself a combination of the above areas and forms of social policy. However, each time it refers either to the type of passive labour market policy or to its active type. The given typology for social policy is approved by the ILO (International Labour Organization) and is used in its documents.

The basis of the passive policy on the labour market is the responsibility of the state for the position of the worker and the employer on the labour market. Such a policy is typical of the transition economy and presupposes certain guarantees for the workers on the part of the state for the period of stabilization of the country. In essence, it is a continuation of state paternalism in the context of building a market economy and is aimed at smoothing out social conflicts.

The measures for passive labour market policy include: registration of citizens who have applied to the employment administration, determination of unemployment benefits, organization of timely payment of unemployment benefits, early retirement.

Being an integral part of the social policy of the state in the period of building a market economy, passive labour market policy pursues its main
goal - to stabilize the level of consumption of the working-age people who are unemployed, thus avoiding the conflict between labour and capital.

Its critics consider passive labour market policy to be socially dangerous and breeding parasitic attitude and de-motivation on the part of the unemployed, thus infringing the rights of the employed. The opponents of the idea of the predominance of passive labour market regulation programs, including unemployment insurance programs, argue that for the state budget, as well as for budgets at other levels, the main task should be to promote productive employment, and not the "conservation" of unemployment. This is already a measure of active labour market policy.

The active labour market policy should be based on the idea of assistance of the unemployed in their active search for ways to be included in employment, which would allow them to earn income and other means of subsistence for themselves and their families. In other words, active labour market policy transfers the responsibility for the position of the individuals and their dependants to themselves. They live on the income they earn and the position of the people they support will depend on themselves only. (Terziev, 2019a-b).

The active labour market policy is designed to prevent mass unemployment. It therefore provides for:

- preventive measures on behalf of the employment administration and employers for reorientation and professional retraining of the personnel of the enterprises and the organizations, that carry out the structural reorganization of the production;
- active search for job positions and placement in accordance with the profession, personal experience and the preferences of the employee;
- measures to promote self-employment;
- professional consulting for individuals who wish to open their own companies;
- subsidies in the amount of one-year unemployment benefit;
- non-monetary support for small and family businesses.

Thus, the active policy is aimed at strengthening the competitiveness of the labour force, promoting all forms of individual employment, including family business and farming.

The difficulties of different periods suggest a low level for the realization of this responsibility in the field of living standards - the level of minimum social standards. However, the other directions in the state assistance to employment: social protection of the employed and unemployed, social assistance and support in the field of employment - currently need the appropriate tools for assessing individual labour capacity.

Renouncing its past paternalistic positions in the field of labour and employment, the state must not remain an indifferent observer of the difficul-
ties faced by the population in changing the economic model. It must be an active part in forecasting and regulating employment with its inherent specific functions in the employment sphere - wages and social support, social protection and social partnership.

The current crisis situation caused by the spread of COVID-19 virus infection is another test for the implemented unemployment and employment social policies. Entire sectors of the economy are in downtime and other are limited to such an extent that their functioning is minimal. This suggests active processes of pressure on the existing social system. To what extent it is able to deal with these critical processes and to what extent they will take place remains to be seen, but it is obvious that the negative impact is already a fact and it will increase. Despite the fact that the Bulgarian economy has been growing in recent years, the progress is quite weak and insignificant to be able to compensate for what is happening.

The basis of the European active social policy on the labour market is related to the project principle. This is a process that requires the preparation of projects by local communities to be submitted for funding under the relevant operational programs. This approach makes it possible to implement and finance projects that have been proven necessary for local communities and will improve the social environment.

Unfortunately, this approach requires a long implementation period, which is accompanied by a tender procedure, a preliminary assessment of the project proposals and a subsequent conclusion of the respective execution contracts. Practice shows that the time required for such a procedure is about 6 months in its optimal implementation.

In this crisis situation, in which almost all sectors of the economy, with few exceptions, are affected, the question arises as to whether this is a possible scenario and to what extent it will meet public expectations.

There are several possible solutions in this direction. Under an emergency situation regime to undertake interventions that are temporary in nature and change the National Action Plan in the employment sphere. Usually such crisis measures must be preceded by an in-depth and detailed analysis - for which time is insufficient and it is not possible to implement, i.e. they must build on previous experience in times of crisis.

If we use previous experience and seek to test these measures, we must take into account that their automatic transfer to the current situation is impossible and even unthinkable. The need for a quick response puts to the test not only the Bulgarian government, but also the other European governments, which should act in a synchronous policy, conditioned by our membership in the European Union.

In practice, at present we do not avail of such consistent policy except for a set of measures for protection of human life and health. This raises the
question of whether it will take place or whether national authorities should act independently without expecting such European synchronization. The latter is more likely to happen and each individual country will try to implement an appropriate and adequate mechanism. At present we know the measures applied by countries such as Italy and Spain. These are passive measures of direct compensation in financial and material resources, which will ensure a relatively normal life during the quarantine period. This provides for the relative peace of mind to the people who are affected and quarantined, and the opportunity to postpone for a relatively short period the making of the rest decisions.

In the already present crisis situation in Bulgaria this decision-making process has slowed down, the previously proposed set of such passive measures is still not effective thus its impact – not possible to assess yet. Moreover, the Bulgarian Parliament has been making recurrent changes in this direction and the individual approved proposals have not been enacted yet. This increases the pressure on the social system, as employment administration reports an increasing number of registered unemployed from different affected sectors of the economy. In this case, the standard methods of social support apply - unemployment benefits under the terms of the effective Social Security Code, benefits for very low social status, benefits for people with disabilities and others.

This, of course, is not the expected solution to the problem, and in any case the social security system in the broadest sense of the term will be under far bigger pressure. In this situation it will be necessary to apply emergency measures taking into account the specific circumstances (most affected sectors, impending mass layoffs, regional disparities, inflow of people from other countries returning to Bulgaria as a result of the crisis and other areas with a relatively high number of people infected with COVID-19, etc.) (Terziev, 2019c-i).

In terms of implementing the active measures, this process is in the initial stage of development. No process of their active discussion and implementation is proposed for it is believed that in view of the stressful situation the social system is in, it is not able to react so quickly and adequately. A set of diverse measures and actions is needed, for example, for those in the field of culture, the recovery of which, even after the pandemic period is over, will be quite long. It is necessary to reasonably differentiate this approach to decision-making and "dress" it in the appropriate legal form. Our predictions are that the decision-making process will be delayed and will not have the needed impact. Undoubtedly, the economic system of the country is in relative equilibrium and it does not have the whole set of elements that characterise a complete critical stage, but we must also account for the delay in the unfolding of this process, related to the employers’ behaviour. They
make their best, using the instruments provided by labour law, to maintain their businesses, even at a reduced rate – using the provisions for paid and unpaid leave, downtime, reduced working hours, home office, etc. These actions on the part of employers can be relied on for a relatively short period of a month or two, after which the state must make full use of its protection and regulatory powers, to fulfil its role of an active player in the labour market in the better possible way. To what extent and how this will happen, we are to see and experience!?

3. Conclusion

In the world of modern labour legislation for each individual, as well as for the society as a whole, employment cannot be superfluous, of course in the broad social (rather than physiological) interpretation of this concept. The upper - acceptable in itself - limit of the volume and content of employment individuals determine themselves. Hence non-occupation is not unemployment yet. Unemployed is considered to be an unoccupied individual who wants to work, is capable of productive labour and is actively seeking a job.

The principle of equal opportunities in exercising the constitutional right to work does not exclude, but presupposes a differentiated approach in the choice of forms of assistance and support for different groups of the economically active population in the labour market. All types of assistance must be equally accessible to those who need them. This requires diligent work of employment structures and services to create, classify data banks for each group and the specifics of the assistance.

In addition, it is necessary to organize the goals and specify the tasks for regulating the relations of all levels of government as well as its active entities on the labour market.

The competencies of the central authorities also include those for determining and controlling the implementation of social guarantees in the field of employment, ensuring the volume of centralized investments for the implementation of national social programs, including programs for full employment, creation and keeping of job positions, vocational guidance and other cooperation with corporate capital in its involvement in the process of investing in employment. The regional structures responsible for the employment situation should also take their place in the active labour market policy.

Local authorities determine the status of the unemployed and the level of low security of the population in the region, identify the citizens in need and provide them with specific assistance in finding employment with cash or benefits in kind.
In this regard, the group of measures for active labour market policy aiming to promote employment also includes the so-called "transitional forms" from unemployment to productive employment, and therefore the tactical goals of regulating the labour market. This requires, in our opinion, to clarify the concepts of "temporary employment", "basic" (primary) employment, "additional" (secondary) employment and other.

Recently, researchers in our country and abroad have been paying close attention to temporary employment as a demand for labour limited in time. Sometimes temporary employment is determined by the content of labour, limited by a temporary (seasonal) period. The second part of the study makes a brief analysis of the state of employment and unemployment in 2019 in Bulgaria, making an attempt to formulate the expectations for the development of the labour market in the present year prior to the crisis and the opportunities on labour market during and after the crisis situation.

References


Venelin Terziev is a professor at Angel Kanchev University of Ruse, Ruse and the Georgi Stoykov Rakovski Military Academy, Sofia, Bulgaria. He holds the degrees of Doctor of Science (Economics), Doctor of Science (National Security), Doctor of Science (Social Activities). Research interests: economy, national security, social activities.

ORCID ID: 0000-0003-1115-8877
Macroeconomic Challenges and Risks Posed by the Global Coronavirus Crisis

Eclectic Views on the Consequences of COVID-19

The National Employment Plan in Bulgaria - Policies, Priorities and Necessary Changes Due to COVID-19

COVID-19 and the National Employment Plan in Bulgaria – Analysis and Opportunities for Change

Methodological Aspects of Management of Portfolios of Investment Projects for Real Assets of Business Organizations
СЪДЪРЖАНИЕ

Димитър М. Иванов
Макроикономически предизвикателства и рискове, породени от глобалната коронавирусна криза /3

Атанас Дамянов
Еклектични възгледи за последствията от COVID-19 /31

Венелин Терзиев
Национален план за заетостта в България – политики, приоритети и необходимост от промени вследствие на COVID-19 /44

Венелин Терзиев
COVID-19 и националния план за заетостта в България – анализ и възможности за промени /61

Димитър М. Благоев, Радостин Бояджиев
Методически аспекти на управлението на портфейл от инвестиционни проекти за реални активи в бизнес организациите /79