Active Social Policies - Insights in Developing a Functioning Labor Market

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Development of a functioning labor market is an issue of special consideration in recent years of extensive attempts to make proper assessments of the effectiveness of implemented and implementing social programs and taking decisions for future specifically targeted actions putting ambitious goals in the field of social and sustainable development. The labor market policy in the Republic of Bulgaria in the transition period and nowadays has in different extents reflected the needs of the economy. Initially developing along with the labor market, its character is mainly preventive. Later, it includes more active programs and activities targeted at adequate answers to the changes of macroeconomic environment and periods of economic development. The anti-crisis policy in the country from 2008 till now is mostly directed to the financial stability and consolidation and strongly limits the support to employment. The measures are directed to encouragement of unemployed and social inactive persons to restore labor discipline and that way raising their chances of employment, on one side, and on the other to identify persons receiving social support but at the same time working in the „grey“ economy. Current study gives answers to some of the most significant questions posed by the implementation of active social policies, and connected to their effectiveness and makes some important conclusions about the social system and its connection to economic development, social planning, implementation and assessment activities, and some general implications for future development.

Key words: labor market, social policy, active programs

1. Introduction

In a market economy the rate of employment and unemployment of the economically active population is determined by the labor market, by market mechanisms regulating demand and supply of labor. The features of the economic development and the possible impacts on the labor market gradually becomes an inseparable part of the process of policy making on the labor market. In the early periods of the development of labor market its policies are aimed primarily at tackling the effects of economic reforms on employment, it is now when the policy has pronounced active character and is aimed at influencing processes or the formation of behaviour among target groups according to pre-planned targets1. Functioning labor market in a country is an adequate mechanism of the market environment and policy increasingly based on existing relationships and interactions between the periods of development of the economy and the labor market. The adequacy and timeliness of the policy are crucial for the effective support of the changes in the parameters of labor market and economic development2. The time delay effects and changes in its duration should not be ignored in order to develop preventive measures for timely response. The shortening of the period in which the effects of modern crisis transferred on the labor market, respectively the demand for labor, reflects not only the degree of elasticity of demand for labor to primary markets, but also the flexibility of the implemented policies3. This has focused attention on the flexibility of labor markets and opportunities through its increase to strengthen the mobility and adaptability of the workforce to rapidly changing labor demand.

As a whole the active policy has a secondary and temporary role in employment support and could not exchange the investment activities for creation

1 Terziev V. Impact of active social policies and programs in the period of active economic transformations in Bulgaria. “East West” Association for Advances Studies and Higher Education GmbH, Vienna, 2015.

of places of work. Economic development is the determining one for demand and supply on the labor market and the balance during the periods of its development. Consideration of the peculiarities in economic development and of probable impacts on the labor market is consecutively turning into an inseparable element of the development process of labor market policies. In initial periods of labor market development its policies are mainly directed to overcoming consequences of the economic reforms on employment but now the policy is of clearly expressed active character and targeted to impacts on the processes and behavioral development in target groups according to the preliminary set goals. The functional labor market in the country is an adequate mechanism of the market environment and the conducted policy is more and more accorded to the existing dependencies and interactions between economic development and labor market.

Unfavorable negative demographic trends in the country leading to processes of decreasing and aging of labor resources, sustainably unbalanced character of labor market, characterized by high unemployment and low labor demand, the availability of vulnerable groups and significant regional discrepancies in labor market development are the most serious challenges before the country in the XXI century. Among the macroeconomic policies and means a significant place is rendered to the so-called active programs and measures on the labor market which are an object of increasing attention not only because the expectations of tangible effects but also because comparatively significant financial resources necessary for their implementation. Furthermore, the problem of effective spending of resources gains bigger sharpness in the current situation of limited social expenses in the country and poses questions to the effectiveness of the implementation of different programs and control measures. In the practical assessments of the active programs and measures, the problems most often arising are substantiated by their multigonal and multiaspect nature and they are connected to the lack of a common and consolidated methodology for assessment, as well as to mistakes in measurements and the absence of adequate statistical information, resulting in the objective impossibility to trace the persons and state “benefits” of participation in such programs.

The active programs have a multidirectional impact on the labor market. Emerged as a means of unemployment limitation, nowadays expected impacts of their application are too broad. Despite the availability of a number of modifications and concrete varieties for the implementation of the mentioned directions of active policies, the qualification is an important issue of consideration for all the countries, including conducted in the Republic of Bulgaria active policy on the labor market. The active programs could be scrutinized, in the most general plan, as an instrument of support to the effective functioning of the labor market. They contribute to the elimination of barriers and problems in the functioning of market economy. The active programs are a means of raising the competitiveness of labor force, mobilization of labor resources and increase in economic activity of population. The active policy also implements a very important socially distributing function, especially in conditions of availability of vulnerable groups on the labor market.

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It is important an analysis of benefits and expenditures to be made which would give an opportunity to provide a clear answer to the question to what extent spent financial resources are economically and socially justifiable. Most of the governments implement permanent monitoring and control over the implementation of programs. Very little, even into the world practice, are the comparative analyses of benefits and expenditures, although namely such a kind of assessment proves the economic effectiveness of spent financial resources under employment programs.

The effectiveness of every one program is generally measured by the implementation of its goals. A program has efficiency when in its implementation a significant part of the target group is covered. On the next place, the direct impact of the active policies on employment and level of incomes is of great interest. For the evaluations of the net impact on employment it is necessary to find out what is the percentage of the program participants succeeded to find job following finishing their participation and how many would not succeed if they weren't included into the program. The net impact on the payment is measured as a relative share of program participants which after the end report higher incomes than before participation in the program. That way, the increase in incomes is explained by the participation into the program.

Discussing the situation on the labor market in Bulgaria in connection to the overall economic conditions, the following trends should be mentioned in recent decades of transition to market economy and processes and attempts of establishment a new social system: stagnant labor demand, qualitative misbalance between labor demand and supply, high and lasting unemployment and significant levels of poverty, problems in labor integration of unemployed persons from the risky (vulnerable) groups because of their low competitiveness on the labor market and low flexibility in the changing economic environment. The concentration of unemployed persons from certain risky groups in certain regions and settlements creates additional prerequisites for the high level of unemployment and as a consequence- emerging social tension.

On the national and regional level there is a lack of data in the information systems about the profile features of employed and unemployed persons. That impedes the analyses in employment trends. However, it is commonly accepted that structural changes in the economy strongly touched branches in which socially vulnerable groups were used to find job- enterprises in processing industry, tailoring industry, food industry, mining industry, agricultural cooperatives, etc. Services’ sectors were completely privatized (as cleaning) and the staff significantly decreased. That way this group of unemployed persons has been in a condition of unemployment since the beginning of the transition. It is concluded that a little bit over 50% are the persons in the country having no


permanent job for five and more years. Every fifth is in that situation for more than ten years.\textsuperscript{15} The results show more pessimistic and negative than optimistic and positive attitudes and expectations. They support the conclusions that economic growth for now is not transformed into some concrete improvements in everyday life and in the material status of the people which is the case in its greatest depth for the poorest people in the community.\textsuperscript{16}

The analyses of previously existing and implemented programs of temporary employment show the relatively low effectiveness which is easily to be proved by the kept level of unemployment during and after the end of the programs. Such programs are characterized by the following more important peculiarities: employment is provided only for a certain period of time and after that the hired unemployed persons are again without jobs and register in labor offices; comparatively identical selection of activities is offered, usually unattractive and non-qualified connected to cleaning, planting, afforestation, communal infrastructure, etc. which do not contribute to acquisition of new and specific professional skills; acquisition of professional qualification is not offered nor through practicing qualified activities, neither through participation in courses of professional qualification; negative attitude of participating employers who isolate the most risky groups in the selection processes.

Objectives and tasks of social policy in the regulation of the labor market productivity and employment are the following:\textsuperscript{18}

\begin{itemize}
  \item creation of all necessary conditions for economic growth, structural change in the industry to create new jobs for the employment of the economically active population;
  \item workforce flexibility, mobility in order to overflow freely between sectors, fields of application of employment and occupation, and also between the territories in the interest of growth of labor productivity and standard of living levels;
  \item connection of all parameters of demand and supply of labor, securing natural level of unemployment;
  \item assistance in job placement and social protection for the unemployed and socially vulnerable layers of the economically active population on the labor market;
  \item formation of a new motivation for highly productive labor of the individual;
  \item decent level of wages and income adequate to their qualifications, experience and the level of entrepreneurship;
  \item material interest and civil responsibility of the individual to maintain the standard of living of his family;
  \item elimination of the reasons and factors both external and domestic ones governing storage of underemployment and hidden unemployment.
\end{itemize}

An alignment of objectives and specifying the tasks of regulating relations in the labor market between all levels of government as well as its active agents is also necessary.

The competence of the central bodies of power are related to those to define and control the implementation of social guarantees on employment, securing the volume of centralized investments to deliver the nation-wide social programs, including programs for full employment, and storage jobs, career guidance and other cooperation with the corporate capital at his


\textsuperscript{17} Terziev, V. 2013. Employment and unemployment policy in Bulgaria- goals and tasks. UNITECH’2013, Gabrovo, Bulgaria, 179-184.

\textsuperscript{18} Terziev, V. Challenges to social programming in the context of encouragement of social activity and regulation of social development through active policies, Ruse, 2015.
involvement in the process of investing in employment. Their place in the active policy on the labor market should also take regional bodies. Local authorities determine the status of the unemployed, reveal such citizens and provide them with specific assistance in job placement. In this connection, the group of measures for active policy on the labor market in order to support employment and the so-called "transitional forms" between unemployment and productive employment are therefore among the main goals to regulate the labor market.

Active policy on the labor market includes measures, programs and plans aimed to return the unemployed to work for their inclusion in the workplace. Therefore, it provides:

- preventive measures of employment services together with employers for reorientation and retraining of the staff of enterprises and organizations engaged in structural adjustment of production;
- actively seeking a job and job placement in accordance with the profession, personal experience and inclinations of the worker;
- measures in support of self-employment;
- professional counseling to those who want to discover their own company;
- non-monetary forms of support for small and family business.

Thus active policy aimed at strengthening the competitiveness of the workforce, supporting all forms of individual employment, including family businesses and farming. Part of the active policy on the labor market is the support of the unemployed in its active search of methods for inclusion in employment, which would enable it to provide financial yourself and your family with income and other means of subsistence.

The global changes in views on labor force and labor market especially considering establishment of proper social policies are connected to the development of the concept of social programming as a social phenomenon and as a part of the broader understandings of the terms of program and programming reflecting on the alterations in the points of view on employment, unemployment and human resources.

2. Active Policies: Implications in Development of a Functioning Labor Market

The most common events and policy instruments affecting the labor market include:

- Information and counseling for young people and adults in all matters relating to the selection and change of profession, opportunities for training and employment.
- Assistance in finding employment and financial aid for employers and employees.
- Stimulation of professional training activities through continuing education, training, retraining and more.

These events are aimed mainly at regional and especially local labor markets and / or professional specialized labor markets and aim to bridge the imbalance in supply and demand.

The impact of government policy on economic and social development in a market economy is different and is determined principally of the market economy, the state of the economy and employment of the population. In a social market economy and high unemployment and inflation, government intervention in economic development and employment in particular is significant. Action affects mainly the promotion of employment or limiting the exemption of certain


Terziev, V., Stoyanov, E. Management control in social programming: model improvement in the process of social adaptation, Ruse, 2015.
categories of the population, determining the amount of the minimum wage and some of the supplements thereto, working conditions, fund of wages, support to the unemployed to get back to work, etc.

Government policy on the employment of unemployed is usually divided into two groups of measures and programs - those of active and of passive policies. The essence of the first is in the boost employment and skills, and the second one deals with financial and informational support of the unemployed (benefits, labor offices, etc.). Active employment policy of the government and its specialized bodies could provide a number of measures and programs to promote employment of the population and employing a workforce of employers, job creation and others- both employed and unemployed. Measures and programs for employment, vocational training and qualification are paid special attention to in a number of strategic and program documents on European and national level.

Measures and programs which can benefit organizations are specific and are determined by the level of unemployment and the degree of imbalance of various private labor markets. Most often these include:

- Stimulation of different categories of unemployed and employers for their employment;
- Encouraging employers to create jobs and increase employment;
- Create temporary, so-called subsidized, employment for certain groups of unemployed by involving them in various programs such as temporary employment programs, youth employment programs, alternative employment program of social assistance to employment, training programs and others.

In the active employment policy a number of measures and opportunities for employment and preparation for it are included from which certain groups of unemployed can benefit. Basically these are the unemployed who experience difficulties to find a job because they are not sufficiently competitive, are not preferred by employers for one reason or another, and this practice leads to their discrimination on the labor market: young people without work experience, persons with disabilities, people with fewer opportunities (disabled) and retirees of working age, long-term unemployed without professional training and others (women, ethnic groups, young people, adults)\(^{21}\). With this set of measures and programs the government with the cooperation of social partners (unions and employers) and public funds, the state budget or international programs could encourage employers to hire different groups of unemployed to create jobs for them, even temporarily, but with a guaranteed income in the form of wages, social insurance and the opportunity to prove their professional, employment and personal qualities.

Policies and programs of the government in the field of employment and unemployment are of interest to organizations in several ways:

- opportunity to hire relatively cheap labor in conditions of high unemployment;
- to benefit from a series of measures and programs to assist in the recruitment of certain categories of unemployed (young people without work experience, long-term unemployed and others), where the majority of the funds for salaries are borne of the above-mentioned sources, that is much cheaper to hire certain categories of labor;
- to use the offered tax breaks and interest in hiring and/or increasing employment in the organization, which is in fact increases its efficiency by reducing costs and others;
- to prepare, train or retrain unemployed or threatened by unemployment at the expense of external sources.

The active programs and measures are the subject of increasing interest and comment not only because expectations for tangible effects, but also because of the relatively significant financial resources necessary for their implementation. The problem of efficient spending has greater sharpness in the current situation of limited social spending.

Building capacity to conduct regular monitoring and evaluation of the effectiveness of the active programs and measures is of increasing importance.
policy is among the priority tasks in the European Employment Strategy. In practical evaluation of active programs and measures researchers often face various problems stemming from their multi-purpose and multi-faceted nature; lack of a unified and well-established methodology for assessment, measurement errors and lack of adequate statistical information, incl. the fact that it is objectively impossible to track persons and the “benefits” of participation in such programs. Conducted studies over more than a hundred different active research programs give ambiguous and often conflicting results on their effectiveness. The results are strongly influenced by the peculiarities of the country, the time and manner of implementation of the programs.

There was an understanding that employment policy is more economic than social problem or the solution to the problems of high unemployment and poverty is economic, not social policy. In fact, employment policies include macroeconomic and regional policies, but most often they have a more regional character expanding to programs that reflect the socio-economic priorities of different regions. Promotion of business and mitigating pro-social problems is one of the main guidelines. The actions are aimed at:

- support the construction and operation of small and medium-sized enterprises, particularly in areas in need of diversification of the economic structure (industrial areas in decline, depressed rural areas);
- employment projects and restructuring of manufacturing plants mainly in regions with high unemployment and the risk of exacerbation of social problems;
- creating entrepreneurial and innovative environment (construction of cooperation networks, regional marketing and distribution of information, supporting the creation and functioning of the market and technological infrastructure, business services, improving the quality of human resources, improving the quality of the environment as general condition for increasing the investment attractiveness, etc.).

The strategic objective of employment policy is to achieve full and productive employment of capable and willing to work. Targets and specific tasks for the realization of this goal are related to the development of the economy by achieving a perfect match between demand and supply of labor, the creation of job opportunities for everyone, and enterprises - to increase their competitiveness and efficiency. In a market economy labor market size, rate of employment and unemployment of the economically active population is determined by the labor market, by market mechanisms regulating demand and supply of labor.

The specific objectives of the policy of labor and employment in particular depend on many circumstances. Proceeding from the consequences of unemployment could be formulated theoretically several main objectives:

- preservation and protection of the human resource as the most important element of the productive forces of each country;
- inclusion of new generations to the values of work and labor morality;
- socially equitable division of labor in society;
- comply with the principle that ensures security and the balance understanding that the leading factor is labor and social benefits only replace or supplement income from work;
- preservation of social peace in society;
- solving employment problems not at the expense of higher inflation;
- solving the problems of employment and unemployment through the efforts not only of state, but also of local communities and voluntary associations.

Public employment services are gradually developing activities of the active employment policy:

- recruitment, including informing on jobs and working conditions, vocational guidance, motivation and professional

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23 Terziev, V. Challenges to social programming in the context of encouragement of social activity and regulation of social development through active policies, Ruse, 2015.
qualification targeted to employment in commercially available jobs;

- stimulation of self-employment and entrepreneurship;

- implementation of programs and measures of state policy regulating the labor market;

- implementation of specialized control over the observance of laws and other normative documents in the field of unemployment insurance, payment of cash benefits and others.

A base of the active policy on the labor market should become the support of the unemployed in their active search of methods for inclusion in employment, which would allow them to secure themselves and their families with income and other means of subsistence. In other words, the active policy on the labor market transfers the responsibility for the situation of the person and their family to themselves. They will live in accordance with their income from their own employment and then the situation of the people who they secure depends only on them.

The active policy on the labor market is aimed at preventing mass unemployment. Therefore, it provides:

- preventive measures of the employment services, jointly with the employers for reorientation and retraining of the staff of the enterprises and organizations, engaged in structural reconstruction of the production;

- active job seeking and employment in accordance with profession, personal experience and aptitude of the employee;

- measures on support of self-employment;

- professional consultation of those who want to set up their own company;

- subsidies amounting to one-year unemployment benefit;

- non-monetary forms of support of small and family business.

Thus, the active policy aimed at improving the competitiveness of the labor force, supporting all forms of individual employment, including family businesses and farming. The difficulties of the transitional period dictate not too high level for implementation of this responsibility in the field of standard of living: the level of minimum social standards. Nevertheless, the other trends in the state support of employment: social protection of employed and unemployed, social assistance and support in employment - currently require the respective instruments to assess their own capacity. Giving up its past paternalist positions in the organization of labor and employment, the state should not remain an indifferent observer of the difficulties, which the population faces in relation to the change in the economic model. It should act as an active subject for prediction and regulation of employment and its typical specific functions in the field of employment - remuneration and its social support, social protection and social partnership.

In the world of modern labor legislation, for each individual person, as well as for society as a whole, employment cannot be excessive, of course in the broad social (rather than psychological) interpretation of this concept. The upper, acceptable in itself, limit of the volume and content of employment is individually determined by the person. Hence the non-occupation - which is not unemployment yet. The unemployed person is considered an unoccupied person, willing to work, capable of productive work and actively seeking job. The principle of equal opportunities in realization of the constitutional right to work is not excluded, but assumes a differentiated approach to the choice of forms of assistance and support of the various groups of the economically active population on the labor market. All kinds of assistance should be equally accessible to those who are in need. This requires a thorough job of the structures and employment services in the creation, classification of data for each contingent and specifics of assistance. Moreover, an arrangement of the objectives and specification of the tasks on regulating the relations on the labor market between all levels of government, as well as its active entities, are necessary.

The competences of the central bodies of authority also include determining and control of implementation of social guarantees in the field of employment, securing the volume of centralized

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investments to implement nation-wide social programs, including programs for full employment, creating and preservation of jobs, vocational guidance and other cooperation with corporate capital at its involvement in the process of investing in employment. The regional structures, responsible for the state of employment, should also take their place in the active policy on the labor market. Local authorities determine the status of the unemployed and the level of low security of the population of the region, find such citizens and provide them with specific assistance in terms of job placement with cash or benefits in kind. In this connection, the group of measures of active policy on the labor market aiming at support the employment, also include the so-called "transitional forms" from unemployment to productive employment and therefore - the tactical aims for regulation of the labor market. Moreover, it becomes necessary, as we believe, to clarify the terms "temporary employment", "basic" (primary) employment, "additional" (secondary) employment, etc.

Great attention is paid to temporary employment as a limited in time demand for labor force. Sometimes the temporary employment is determined by the content of labor, limited by a temporary (seasonal) period. Temporary employment, as a measure of the active policy on the labor market, is very ambiguous in its consequences. On the one hand, it allows:

- the employee – not to be temporarily unemployed and the associated with this lack of means for existence, but does not cardinally solve their problem;
- the employer - to more effectively select their staff and to manage it in terms of quantity and quality. This type of work helps to significantly reduce the costs of the employer for support of the workforce by minimizing the costs for social guarantees and thus weakens the social protection of the employees at the social environment;
- the labor agencies - to lower the overall level of unemployment, making it possible to avoid chronic unemployment. Currently, temporary employment is widespread in the informal sector of the economy.

Along with that, temporary employment often impedes the professional development of the person’s career and reduces their potential chances for a better labor readjustment. Therefore, a necessary prerequisite for its use as a tactical objective for regulating unemployment is to recognize the voluntary choice of the people for such a form of employment.

The crisis in the economy, the processes related to changing the forms of ownership and the structural transformations have created the phenomenon of underemployment. It manifests as hidden unemployment, administrative leave and similar phenomena. This, as a rule, does not depend on the wishes of the persons themselves, but is conditioned by the lack of work in the region, the financial difficulties of the production or other reasons, when there are no conditions for workload, sufficient for receiving payments that are sufficient for subsistence. The concept of incomplete or partial employment should be distinguished from the already implemented by us terms of primary and secondary employment. We can discuss them when there is no other option (jobs or suitable work) for development of additional (to the main) employment. According to the criterion of labor productivity, we can separate the relatively excessive employment, where employment is less effective as a result, in other words, the same result could be obtained with significantly less cost and number of employees. In this respect (in terms of obtained results), the costs for living labor and mechanized labor can be redundant. If the activity is characterized by excessive employment, this phenomenon already reveals the scale of the hidden unemployment. This is a consequence of the policy of detention of mass dismissals of employees and threats for sharp increase of the unemployment rate in the region. In any case, the inefficient employment signals the presence of hidden unemployment. Its transition into an open form of unemployment is no longer a purely economic issue for increasing the efficiency of employment, but a socio-economic one.

Depending on the causes for its origin, the economists define frictional, structural and cyclical type of unemployment. Frictional unemployment regulation of social development through active policies, Ruse, 2015.

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is related to the dissatisfaction with the old job and the search for a new job or the change of the existing job in the near future. This is a situation where people voluntarily change their jobs. Structural unemployment is associated with changes in the structure of the consumer demand or in the production structure. Overcoming the structural unemployment often requires retraining and adaptation of the employees to another type of work and it takes a longer period. As a rule, the structure of the labor force in significant scale does not match the structure of the jobs. In this and other types of unemployment, the total number of jobs is approximately equal to the number of the economically active labor force. Cyclical unemployment is associated with a uniform repetitive cycle, or with a seasonal decline in production in one or another industry with decrease of the demand for labor force and reduction of the number of jobs.

Some economists consider the frictional and structural unemployment to be absolutely inevitable and somewhat useful in the sense of a stimulus of the subjects of labor for the adoption of preventive measures to regulate employment. To the preventive measures for regulation of the employment structure, we shall refer the whole system of professional guidance of young people, starting from an early age in order to reduce losses from frequent job change and to create prerequisites for a successful career.

Supporters of the active policy on the labor market consider that equivalent funds spent for payment of unemployment benefits should be targeted for preventive measures for the prevention of “peaks” and economic downturns, in other words for smoothing cyclic recurrence of the production as such that instigates unemployment. The unemployment rate at full employment is equal for example to the amount of the frictional and structural unemployment in the complete absence (prevention) of such cyclic recurrence. This level is called a natural rate of unemployment.

The task of increasing the efficiency of the policy of the labor market is actual not only for the present unemployed (overt and hidden) or the underemployed, but for the employees (underemployed or ineffective) as well. After all, namely they "raise" constantly the number of the "discharged" persons from the labor market. If the measures of an active policy on the labor market manage to achieve if not cutting, at least limiting this practice, even if they do not cut, but narrow it down - this will increase the balance of flows on the labor market.

Social technologies are necessary for the transition of the society from one reform stage to another, from individual solutions to a system of measures for the regulation of the cycle of transition of the labor force from one type to another type and rehabilitation of the employment model. There is a need for demand both for individual decisions on urgent problems of hidden unemployment or inefficient employment and the creation of special complex target programs and efficient social mechanisms bound by time, place and provided with resources. Thus, the social programming (i.e. social programs) is a perspective structural form and method of action used in the coordinated interactions directed to socially significant problems in an approach considering time and resources, i.e. project approach in social problems’ solutions implying effective methodologies of management for achieving social effectiveness.


The relationships between employers and employees should not be simply placed on a legal basis, which is the very important function of state regulation of social and labor relations in general and unemployment in particular, but they must be attributed to the effort of the state impulse for a dynamic, continuous development and improvement. The state is called upon to organize a civilized dialogue on this subject between all entities on the labor market.

3. Labor Market and Policy Development – The Specific Case of Bulgaria

The fundamental change in the role of labor from passive to active gives the economies and cultures a new space, in which the leadership style encourages the employed to behave as "stakeholders", to be well-trained in modern basic skills, to take responsibility for themselves and to be able to make adequate decisions. The countries owing high-quality training systems and effective government style that requires continuous improvement will succeed much more in raising the labor productivity. Increased productivity, in turn, will allow raising both the actual income of the employees and the overall standard of living. The countries and regions that fail in increasing the productivity of their labor force through continuous improvement will face declining competitiveness and lower overall standard of living.

The main challenge today is to create conditions for increasing the employment, reducing the poverty and successful overcoming of social exclusion in conditions of a still unfavorable economic environment. The challenge in still developing economies is to cope with the negative trends on the labor market, where:

- the labor supply exceeds significantly the demand;
- the nonconformity between the qualification of the employees and the needs of the ongoing restructuring of the economy of qualified specialists is essential.

The scope of the existing policies is aimed at securing minimum salaries, guaranteed minimum income, minimum pension, securing compensations and social benefits in unemployment. Actually, compensatory mechanisms of the existing incomes are sought. The new accents arise from a combination of different policies and instruments based on targeted studies. For example, after a thorough analysis of the structure of unemployment, the approach to programs and active measures in this area, as well as their orientation, have been changed. Efforts are redirected from the receipt of compensations and benefits to employment. Now the emphasis is on the preventive intervention, so that the people who gave lost their jobs not to fall into a state of long-term unemployment and hence the need for social assistance.

In the conditions of insufficient labor demand, the dominating actions are to promote and keep employment by subsidizing the employers and stimulate the entrepreneurship. The emphasis in this social policy is on implementing a more active approach to rather affect the causes than the consequences. This means that the preliminary assessment of the social impacts in connection to significant changes in the legislation has to become an integral part of the social policy.

New focus in the strategy of social policy is the implementation of effective mechanisms to support specific target groups that are not attractive enough, the provision of subsidized employment for such groups of unemployed persons, to whom this measure is effective. People of working age and in good health shall be given the chance to earn their income, to retain their working habits and not to be isolated from society, as well as to increase their suitability for employment through involvement in literacy courses and professional qualification training.

The search for ways and methods for forming a market model of employment with a social focus is evidenced by the processes carried out in each of the structure blocks of the socio-labor relations regulation of social development through active policies, Ruse, 2015.

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which determine to a large extent the nature of the labor market and the field of employment. Namely: on the labor market, in the field of manufacturing employment, in the block of relations covering remuneration and acquiring the results of labor, and in the relations, mediating consumption as the conditions for forming the standard of living and at the same time the conditions for the reproduction of labor. The effect of all these factors is expressed in the standard of living of the population.

At the same time, the labor market creates a space for manifestation of the objective economic law of interaction between demand and supply of labor, performing primarily the function to balance them. Thus, the mechanism of the labor market also appears to be a mechanism for distribution of individual labor in sectors and areas of socially useful services, a mechanism for converting the potential of labor resources in social work, realizing the human capacities and generating income. Therefore, the productive employment of the person can be considered as the ultimate objective in the regulation of the labor market and its socially acceptable performance. The second and very decisive function and factor of action of the economic law on the interaction between demand and supply of labor, is determining the initial cost of labor force as a major stimulus to employment and a source of guaranteed subsistence of the employee and their family.

At the dawn of the labor market development, as part of the stock market, its single regulator is the mechanism of free competition, based on the law of supply and demand. Under its pressure, the transfer of labor force to more advantageous industries is carried out. However, the processes of specialization and distribution of labor that are carried out under the influence of the scientific and technological revolution, make the labor force even more professionally oriented, which impedes its “transfer” from sector to sector. Objective grounds for the existence of unemployment arise. In addition, the capital begins to unite and focus, aiming at monopolization and change in their spheres of influence. All these are socio-economic preconditions for the emergence of state regulation of the labor market as a sphere for guidance of labor force. Besides, the labor force, as a main subject of regulation, is considered as operating labor resources. The labor force, as an ability of the individual to work (otherwise the labor is potential), and the labor as an appropriate human activity (functioning labor force) aimed at securing subsistence resources, are presented as different functional forms of labor resources. In this context, the ratio between these categories is uncontroversial and subject to certain logic of development.

The employment field and the labor market interact under the law of the "communicating vessels" - the greater the tension on the labor market (when the labor supply exceeds the labor demand), the lower tension in the field of employment and vice versa. Therefore, its condition is one of the key indicators for all government decisions in the socio-labor field and joint (tripartite) agreements in the field of social partnership. The question "Why does the problem of regulation of the labor market become so topical these days?" arises. The problem is that the market transformations cover very unevenly all branches of the economy, penetrate into its internal mechanisms and relationships. Their management, in order to form a unified national labor market, requires coordinated actions.

The modern in terms of social significance measures for regulation of the employment of the economically active population, as forms for inclusion of individual work in the public one, in order to generate income and realize creative talents of the individual, are required to carry the main load in the system of measures on the regulation of the standard of living.

The analyses of 2014 data show that in the EU labor market is still determined by the economic crisis but there are some „signs of recovery". The regulation of social development through active policies, Ruse, 2015.


32 Terziev, V. Challenges to social programming in the context of encouragement of social activity and

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negative trend in unemployment has ceased but the discrepancies between national labor markets in member states are significant. This is the case in different member states too where there exist great differences between different regions. The situation is very alarming about young people (<25 years old) and adults of 55-64 years. Based on the current status, trends and prospects of the labor market within the European area identify the main challenges of employment policy in the field of human resources:

- Substantial reduction in employment and increase in unemployment during the economic crisis, especially among disadvantaged groups in the labor market, especially young people, increasing inactive;
- Delayed exit and very limited creation of new jobs;
- Low educational qualification level of jobseekers and low mobility in a segmented labor market; mismatches in supply and demand for labor in terms of professional qualification structure of the workforce;
- The need for improving the quality of jobs and increase labor productivity, which will lead to increased incomes and expanding domestic consumption;
- The existence of unregulated employment and violations of labor law;
- Significant regional differences in employment and unemployment.

Some possible threats are identified improving the match between demand and supply of labor and the functioning of the labor market:

- Belated exit from recession and weak economic growth in the EU and slow economic recovery, which together with insufficient competitiveness of the economy, are a threat to the creation of more and better jobs.
- Globalization, which hides risks associated with job losses, outsourcing of economic activities and loss of income for certain professions, regions and sectors.
- Unfavorable demographic trends - by reducing the number and aging workforce, which limited the supply of labor. Deterioration of the labor force due to the exit of skilled labor and the influx of low-skilled, low education. Influencing are also the external migration, and the gap in the quality and relevance of education, low participation of the population in lifelong learning; regional disparities and imbalances, limited mobility and more.

At the same time there are certain favourable conditions as the financial stability of the country and significant financial resources under operational programs and other EU programs.

Bulgaria and other socialist countries, subject to the notion of “full employment” more than half a century, now suffer the serious consequences of transition and restructuring of the economy that are the most severe in the area of employment. Bulgaria was relatively unprepared to meet the challenges of the market economy in this area and the lack of public attitudes for more personal activity, personal responsibility and entrepreneurship. Expectations for change are linked again and primarily the role of the state.

Employment policy pursued in the country complies with European documents in the field of employment and human resources development: the European Employment Strategy, Strategy “Europe 2020”, the Employment Guidelines of the European Commission. The actions of the labor market in accordance with the requirements and recommendations of the International Labor Organisation (ILO), Organisation for Economic Cooperation and Development (OECD) and other international organizations. Updated Employment Strategy 2013 - 2020 adoption foresees also implementation of the Council Decision of 21 October 2010 on guidelines for the employment policies of the Member States which are in force in 2013, namely:


Guideline 7: Higher participation of women and men on the labor market, reducing structural unemployment and improving the quality of jobs.

Guideline 8: Developing a skilled workforce responding to the needs of the labor market and promote lifelong learning.

Guideline 9: Improving the quality and effectiveness of education and training at all levels and increasing the number of students in tertiary or equivalent education.


Updated Employment Strategy is in line with the strategy "Europe 2020" and its three complementary priorities in terms of economic growth, which should be intelligent (building an economy based on knowledge and innovation), sustainable (promoting more greener and more competitive economy with more efficient use of resources) and inclusive (stimulating the economy with high employment levels, leading to social and territorial cohesion).

The vision of the updated Employment Strategy 2013 - 2020 is defined as: ensure conditions and opportunities for improving the quality of the workforce and increasing employment in the economy of smart, sustainable and inclusive growth to raise living standards and promote social inclusion.

Along with the main target for employment, Bulgaria has defined two sub-goals in priority areas of development of the labor market:

1. Achievement of employment among older people (aged 55-64) from 53% in 2020.
2. Reduce youth unemployment rate for the age group 15-29 to 7% in 2020.

The main priorities of the updated Employment Strategy 2013 - 2020 include:

1. Increasing employment in a smart, sustainable and inclusive growth, which implies the presence of sufficient quality workforce with the knowledge and skills according to the needs and requirements of jobs and the capacity for higher productivity. This workforce is formed for an extended period and provided that the access to education and training is improved in time, trainees are largely successful, and those who left early education system are included in the appropriate forms for employment and training. Quality workforce is the product of a quality and efficient system of education and training and throughout the life of man, a system which is necessarily linked to the needs of the economy and employers. Quality workforce is not an end, it is motivated to work on productive jobs, to create high added value intellectual work with the application of new information technologies, with demands for innovation and creativity. In turn, the economy needs to create such jobs. For low-skilled it is important to be trained for training and acquisition of skills for a productive work.

2. Increasing labor supply is a key priority not only for the high inactivity of the working population, but also because of the demographic problems and the need for a higher volume of GDP produced in domination of still extensive development factors. All this requires the active behaviour on the labor market of job seekers and the development of employment services; activation of discouraged and inactive, unemployed economy in the common market requires continued reforms to achieve set criteria for higher competitiveness and long-term ability to meet the changes. Changes in the labor market require provision of skilled and motivated workforce that will contribute to achieve smart, sustainable and inclusive economic growth and higher productivity.
Labor supply increases when employment provides enough income linked to individual productivity of labor, education and training of people. Workforce in turn must be sufficiently mobile in terms of flexibility and employment security. A prerequisite for a complete working life is good health and preservation of the capacity and the higher age groups.

Priority is also increasing the employability of disadvantaged groups on the labor market, especially young people, long-term unemployed, unemployed Roma, people with disabilities.

3. The slow recovery from the crisis and job losses even in positive GDP growth means that job creation cannot be left solely to market forces. A targeted support for increasing labor demand especially in the priority for economic development sectors with high added value, such that deliver smart sustainable growth, to increase local and foreign investments to reduce regional disparities in employment and market labor; for targeted support for small and medium-sized enterprises; employment creation of "green jobs"; development of a competitive and resource-efficient economy, increased factor productivity, increase employment of "white jobs", including in the field of social services.

The object of the updated strategy are a wide range of individuals, institutions and organizations that participate on the labor market. In this sense essential to the actions of its implementation is ensuring a balance between their interests, rights and responsibilities. Increasing attention will be given not only the unemployed persons from vulnerable groups, and other groups seeking employment (employed who want to change jobs or to work extra, students, retired) employees who need training and more. Crucial role is that of the institutions of the labor market, the capacity of which depends on improving the overall functioning of the whole system of employment and more effective and efficient use of available resources.

In Bulgaria the economic development in 2014 and the growth of the GDP, the highest in the last three years, led to the stabilization of the labor market and allowed to recover positive dynamics in employment, after minimal growth in 2013. For the first time since 2008 several common trends of positive growth of industrial production, consumption and growth in employment as accumulated.

The main challenge today is to create conditions for increasing employment, reducing poverty and redressing social exclusion in a still unfavorable economic environment and negative trends on the labor market where labor supply exceeds demand and there is a mismatch between workers' skills and the needs of the ongoing restructuring of the economy.

4. Conclusion

The sensitivity of labor market and its main parameters will strengthen in the future and will suffer both positive and negative effects of the cyclic recurrence of economic development. The open character of Bulgarian economy predetermines the influences of outer impacts in the processes of prolonging reforms in the country which set prerequisites for additional inner influences on the labor market. That's why the policy directed to raising the flexibility of labor market should continue as far as it is a main instrument softening the impacts and timely adaptations. If the labor market is more flexible then its adaptiveness towards outer and inner influences will be bigger, and the negative consequences – smaller.

The economic effect of the active policy could be sought in several directions. On the individual level, for an unemployed person the economic effect would comprise of increased level of incomes as a result of finding job after participation in an active policy. On the level of the National employment agency, the economic effect could be measured by the saved resources from compensations for unemployment in cases of ceasing payments because the unemployed person has found a job. For the government the incomes are as saved money of compensations for unemployment and more effective and efficient use of available resources.

The economic development in 2014 and the growth of the GDP, the highest in the last three years, led to the stabilization of the labor market and allowed to recover positive dynamics in employment, after minimal growth in 2013. For the first time since 2008 several common trends of positive growth of industrial production, consumption and growth in employment as accumulated.

increased incomes in the state budget which the unemployed person and the employer have to pay from the moment of starting the job. For society as a whole, the economic effect is in the increased level of incomes and quality of life.

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