

SOCIAL POLICIES ON LABOR MARKET AS THEORY AND PRACTICE IN BULGARIA

**Prof. Dipl. Eng. Venelin Terziev, D.Sc. (Ec.), D.Sc. (National security)
Angel Kanchev University of Rousse – Rousse, Bulgaria
Vasil Levski National Military University – Veliko Tarnovo, Bulgaria**

***Abstract:** Current paper presents challenges to development of labor market and social policies in transition periods through the example the transition from planned to market economy in the Republic of Bulgaria. Some important implications are made about passive and active social programs as a whole and in particular about advantages and disadvantages of national social programs targeted to overcoming social marginalization. The specific example of the National program “From social support to employment” is discussed as a good practice in the attempts to conduct an active social policy addressing to some extent education and qualification problems and providing useful recommendations for future development of social policies in the country, organization and implementation of social programs and measures on different levels and assessments of their effectiveness.*

***Key words:** labor market, employment, unemployment, social programming.*

1. Introduction

In the economic literature there are a number of definitions about the term “labor market”. The diversity is substantiated by different points of view on the labor market concerning spatial, economic or institutional aspects. From the last one the labor market is scrutinized as a system of legislative norms, principles, institutions and organizations which determine and control the relations between persons participating in labor demand and supply. As an economic category, labor market denotes the aggregate of economic relations emerging and implementing in the process of the interaction between employers and employees where buyers and sellers deal and agree on labor contracts [1]. The main characteristics of labor market are connected to the interactions between labor demand and supply. Labor market is a dynamic system in which labor demand and supply interact, as well as employees and employers. Its main components are the demand and supply of labor force and labor, labor, labor force,

labor price, competition between labor demand and labor supply [2]. Labor supply is determined by the expressed wish and opportunity for labor by the owners of labor having certain qualitative characteristics in a defined period of time in terms of relevant payment of labor and other conditions.

The above-stated implications on the labor market do not exhaust all relevant points but give a common notion about its versatility and complexity mostly connected to the specificities of the labor as a trading goods and the object of deal on the labor market. Additionally spatial / geographical criteria should be noticed putting the basis of national and world labor markets embracing different levels and forming different kinds of labor markets (local, regional, etc.) each having its own peculiarities and bearing the common features of the abstract model and determined by the mobility of labor force. On the other hand, the professional criteria should not be excluded on which basis various types of labor markets are distinguished as markets of qualified and non-qualified labor, specialized / branch labor markets having different determining and motivation factors connected to the essence of work and security of work places [3].

Another important implication is connected to the adequacy of preliminary information and arising discrepancies between parties' expectations and real time conditions. On the other side, the significance of specific legislation is underlined, as well as the role of state through implemented programs in the frameworks of active and passive policies. The state intervention is substantiated by the sharpening of social problems, labor discrimination practices, poverty considerations, unhealthy labor environment, etc. The problems on the labor market are connected to the most often cases of social conflicts but the role of state connected to the policies on the labor market and the influence on employment and unemployment is sometimes underestimated [25].

When the unemployment levels are high, big social tension is created and government apply varied policies for increase of employment and/or labor market regulation. The last one is interlinked to the use of different measures and stimuli famous as passive or active policies on employment. The passive policy on labor market includes the governmental measures on payments of compensations and support in cases of unemployment, the establishment and functioning of institutions on labor market. The active policy embraces measures, programs and plans directed towards turning back the unemployed to employment for their inclusion in the sphere of labor. In cases of high unemployment and economic crises when labor demand is low or insufficient, government often use different programs and measures creating temporary places of work. They are mainly targeted to long-term unemployed. First of all, these are programs creating

employment in the public sector and/or different activities of common social benefits (cleaning, afforestation, etc.) [26]. In that case the use of the notion “places of work in socially useful activities” means places of work opened in activities inherent to the municipalities as community services, public utilities and production areas, municipal property and protection of environment, historical monuments, objects, etc.

Analogous programs have been met in some economic activities and in real business organizations as subsidized programs or subsidized places of work. The most often cases are those financed by the state budget (or other public resources) and the financing is for the inclusion of unemployed into the programs (salary, insurance, etc.). Such places of work are created artificially for decrease of unemployment and are an opportunity for the unemployed to turn back, although for a certain period) to employment, incomes and insurance. Such a program in the Republic of Bulgaria is the National program “From social support to employment” [16] which in practice is a system of regional programs. In policies for regulation of unemployment and increase of employment an important place is rendered to the raise in capacity and potential of employed and unemployed persons through trainings, education and qualification [26]. Professional qualification is accepted as vocational training for initial or additional qualification, as well as re-qualification of persons in capable for work age out of the educational system awarding educational degrees.

Current study considering the different implications in the notion “labor market”, the need of state interventions on it and the influencing factors underlines the importance of social policies implementation, especially in conditions of transition. The state influence on the inner labor market is substantiated by the characteristics of employment and places of work on national, regional and local level as a mechanism of distribution and re-distribution of labor force in its condition of incessant dynamics. The special attention is grounded by the fact that the processes running on the inner labor market predetermine employment and unemployment levels and determine the value of different kinds of labor. All these considerations impose the need of profound analyses on labor market statuses and functioning.

2. Main characteristics of labor market and social policy development in Bulgaria

The transformation of Bulgarian economy in a market one reveals a lot of characteristics and paradoxes in the establishment of labor market. The uniqueness of Bulgarian transition period was considered as such because of the notion that macroeconomic strategy has created conditions

to avoid the serious problems on the labor market but that success is accompanied by the hypertrophic emergence of some intermediate forms in the status of the employees who are not completely unemployed but also they are not working.

Bulgaria as a country in the Eastern Europe is characterized by the following structural changes in employment in the transition period [27]:

- Drastic decrease in employed persons in the state sector and increase in employed in private sector as a result of privatization and establishment of small and medium-size enterprises;
- Significant decrease of employed persons in industry and increase of employed persons in services;
- Development of a new structure of employment (according to the status) and emergence of a new trend of increase of self-employed persons, entrepreneurs and employers;
- Development of informal economy and employment;
- Diversification of employment forms and labor contracts decreasing security and stability in employment in principle.

Regarding unemployment rates the registered unemployed have prevailed many times over the number of offered places of work for long time. Among the unemployed the groups of women, youths up to 29 years old and persons over 50 years, persons having low education and long-term unemployed. The unemployment parameters rank Bulgaria at one of the first places among the European countries. While in 2000 the average unemployment is 12.4% for the region, for Bulgaria it is 19.7% (the highest one). Comparing changes from 1990 (1.5%) till 2001 (17.9%) the annual alterations are not even and it is connected to the irregularity and delay in the economic reforms directed towards liquidation or strong limitation of ineffective industries. Irregular for 90s is also the economic growth experiencing drops and booms in different years which influences the unemployment rates remaining high however. At the same time the employment of capable for work population significantly decreases. Only just following 2000 the employment starts increasing [4-15]. Among the reasons for those processes are not only the above-mentioned ones connected to the restructuring of employment but also the intensive emigration flows, especially embracing high qualified persons [30]. It should be mentioned however that the very low and non-realistic unemployment rate for 1990 are partially explained by the fact that those are the first attempts for making official registries of unemployment in the country during the last several decades. The payments of compensations and social support in cases of unemployment have unfavorable reflections on demand of employment and long-term unemployment. Along with the

increase of unemployment (in absolute values, rates and duration) the “grey” economy raises, as well as non-formal employment, productions avoiding taxations and labor contacts and insurance payments. For this hidden economy one could judge on the basis of a number of indirect indicators as the great number and percentage of population in capable for work age that does not officially work and it is not registered in the groups of unemployed and does not receive social support (none the less for many years) and the difference between the incomes of households and their expenditures. On the other hand, the high percentage of the persons in capable for work age out of the economically active population (employed or registered as unemployed), i.e. inactive, has a negative impact on economic development, state budget and insurance funds. Furthermore, it is a source of social insecurity not only for the concrete moment but in long-term perspective [27].

From the beginning of 2000 and mainly after 2003 the decrease in unemployment in the country is connected to the slowing down in the processes of privatization and extinction of losing enterprises, as well as to the active policy conducted creating a high percentage of the offered subsidized places of work. From the midst of 2008 the unemployment rates are again increasing which is explained by the usual season fluctuations in production and employment, but also by the start of the world financial and economic crisis influencing Bulgaria as a country having an open economy and significant export and import levels with other countries touched by the crisis. In next years the conditions for growth are improved and for 2007 some of the best results for the whole period of the functioning of labor market in the country are reported and the unemployment amounts to 6.9% [4-15, 17].

The decrease of the share of the industry in GDP and collective employment is a regular process marking the transition from industrial to information society. That cardinal change in the structures of national economies are accompanied by radical changes in the professional career of employed persons, increase of unemployment and poverty, and sharpening of social conflicts. The transition to development of services is difficult and very often it has a very high value [31].

Deindustrialization in the country has many specific characteristics in difference to Western economies because it is predetermined not so much by the natural processes of economic development but the started political changes and the policies of reforms for transition to market economy. That way the processes of deindustrialization are meant to solve economic and political tasks. The reforms have started by the change in the ownerships, limitations of monopoles and environmental pollution, liquidation of

ineffective industries and continued with the establishment of a functioning market economy in accordance to the standards and rules in the EU policies and the requirements and challenges of the globalizing economy as a whole. Those transition periods – to market economy and to integration with the European Union, lead to significant changes in production and employment. In comparison to other countries in central and Eastern Europe experiencing similar transitions, in Bulgaria those processes have had a very high social price and significant consequences on population incomes, its security and employment.

Institutions and legislation in the field of labor market are created in the beginning of the transition period which makes possible to establish a system in accordance to the existing ones in the countries of the European Union. In fact there are two contradictory trends in the established and functioning state agency of employment – decentralization of the bigger part of functions and along with centralization, administration regarding provision of resources on different levels by the institutions on the labor market, development of strategies and measures of active policies on employment and others. The role of the main intermediary on the labor market is given to the labor offices which functions have undergone significant development in last years enriching and changing priorities. In first years they implement mostly functions on registering the unemployed persons, announcements about offered places of work and payments of social support and compensations for the unemployed. Those activities as part of the so called “passive policy” were about 90-95% of the activities of labor offices. Consecutively, activities of “active” policy gained momentum as [26]:

- Intermediary services on labor market including offered places of work and labor conditions, professional orientation, motivation and qualification aiming at employment;
- Encouragement of self-employment and entrepreneurship;
- Implementation of programs and measures of the state policy concerning labor market regulation;
- Specialized control over the observance of relevant legislation, payments of compensations and social support; proper use of the stimuli when the unemployed are hired, entrepreneurial initiatives, etc.

While in the first years the passive measures prevail and the share of expenditures vary from 93.7% (1991) to 68% (1999), the predominant part of the measures are compensations for unemployment lacking organization and control, later a more restrictive system has been introduced. Policies are more oriented towards labor supply and less to labor demand. There is absence of a purposeful state policy on employment restructuring – a fact

giving preponderance to development of social and passive policies on labor market having unfavorable long-term consequences regarding economic activity of certain groups of population in the country [29].

From the end of the 90s and especially in the beginning of the new millennium the strategy regarding labor supply has been changed from passive to active measures, from social support to employment, from separate measures and programs towards national action plans in the field of employment. Employment policy is included in macroeconomic and regional policy. A new understanding has emerged that employment policy is much more economic than social problem and that the solution of the high unemployment and poverty problems could be found in the economy and not in social policy, social support, temporary and subsidized employment. Employment policies become more and more of regional character and there is an expansion in the programs reflecting social and economic priorities of concrete regions [24].

Business encouragement and softening social problems is one of the main directions. The actions are targeted to [33]:

- Support of the establishment and functioning of small and medium-size enterprises, especially in regions needing diversification of economic structure - areas of industrial decline, underdeveloped rural areas, etc.;

- Projects of employment and restructuring of production plants mostly in regions with high unemployment and risk of sharpening of social problems;

- Creation of entrepreneurial and innovative environment, establishment of networks for collaboration, regional marketing and distribution of information, support to market and technology infrastructure, business services, improvement in the quality of human resources, improvement of the qualities of environment as a common prerequisite for increase in investment attractiveness, etc.

Along with the changes in the framework of the political and economic sphere, the transition period embraces a number of steps and characteristics of the transition in social sphere too interconnected to all the processes. The loss of the previous centralized system lead to significant changes on the labor market and a number of situations of inequalities and state incapacibilities of regulation. While, the legislation connected to the new economic realities requires less time, the establishment of new institutions and instruments of support to employment could not be done in the short periods of time needed. Furthermore, the necessity of some time for improvements after the initiation lead to a number of cases of ineffectiveness which caused some negative opinions to the new programs and measures on the labor market [32].

Introduced as a response to significantly increasing unemployment, active social policies incessantly expand the variety of programs and measures including the following main elements: intermediary services on the labor market; opening new places of work (programs of temporary employment); qualification / re-qualification of unemployed and employed persons; entrepreneurship encouragement; subsidized employment [28].

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 have a multidirection 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 are a means of raising the competitiveness of labor force, mobilization of labor resources and increase in economic activity of population [28]. The active policy also implements a very important socially distributing function, especially in conditions of availability of vulnerable groups on the labor market. For the last the participation into active programs is the only one chance of employment, avoidance of entering endmost poverty and social deprivation (isolation). Not the least, from the right determination of goals and expected results in active programs and measures and their appropriate announcement in the public space are dependent the extent, trust and support of implemented social and economic reforms.

3. Advantages and disadvantages of national social programs in overcoming social marginalization

The starting point in the assessment of active programs and measures are the activities of clarification of goals, tasks and expected results for a concrete program. Studies of different active programs in the field of labor market worldwide show ambiguity and often contradictory results regarding their effectiveness [22]. Results are highly influenced by the examined country's peculiarities, period and way of implementation of programs. The outlined great variety of active programs gives an evidence that during the assessments of their effectiveness all probable aspects of the effectiveness should be measured, all the impacts should be considered and compared – increase in the chances of employment, increase in the level of

payment, social impact, etc. Furthermore, 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 [21].

The analyses of the implemented programs of temporary employment during the transition period 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 [26]:

- 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.

Along with negative social consequences (some of which will be commented later) the practice of “social support” instead of “labor employment” creates also economic problems as far as it leads to irrational, economically ineffective and non-perspective re-distributions of incomes from working to unemployed and socially vulnerable who could work and realized economic benefits not only for themselves but also for the state in different forms.

In conjunction with the rest of the changes in economic system and social structure of the country, the transition processes lead to significant impoverishment of a big part of the population. A common conviction is that the unemployed persons from different risky groups are among the most influenced and one of the main reasons for that is the labor isolation and subsequent social marginalization. The motivation to get out of the poverty has many dimensions, incl. how the citizens see the trends in economic development, how they estimate their own position on the background of the overall development of the country and in comparison to the way of life of the rest. The way out of the poverty is not a problem of the society only but also a question of personal position and wish for a change. The search of some contact points between what the society wants to achieve through the National program “From social support to

employment” and to what extent socially supported poor want to change their economic status and are ready for the corresponding efforts is a matter of investigation of the success of the program [23]. Namely socially supported unemployed persons’ way of assessments of their own situations, their vision for perspectives in economic development and about their personal perspectives are the initial point in determination their readiness to participate in the program.

Changes in the economic development of the country as a whole and in separate regions, districts and municipalities, create a completely different economic environment in which the labor activities are implemented. The concentration of a significant contingent of risky groups in municipalities with low economic characteristics makes the unemployment problems especially sharp. In general terms, the economic environment and labor opportunities could be presented by the indicator “GDP per capita”, and the municipalities with the higher shares of representatives of risky groups take one of the last ranks in such classifications [26].

From the transition’s beginning in the country labor demand stays under the level of its supply. The decrease in demand is bigger than the rest of the countries in Central and Eastern Europe and the demand continues to be lower in comparison to the starting period. Services’ sector which is now generating comparatively higher employment do not offer places of work corresponding to the qualitative characteristics of unemployed persons registered in labor offices. On the other hand, a generator of work places is the private sector, and particularly small and medium-size enterprises which also experience a number of financial and other problems [19]. Thus, in the availability of low demand and far exceeding supply, the unemployed persons from the risky groups are not enough competitive. The lack of education and professional qualification are among the main factors for the high level of unemployment in the investigated risky groups.

At least two problems could be underlined as general regarding the opportunities for improvements in the positions of the representatives of the risky groups on the labor market [20]: literacy problems and the opportunity through literacy programs the quality of the risky groups to be improved regarding labor market; problems of early dropping out of the educational system in the group of children and subsequent direct hit into the risky groups.

The price of the labor force is an important lever of balancing labor demand and supply and it could be turned into a factor which could in part compensate the education and qualification slowing, and finally to raise the competitiveness. Although still undeveloped market mechanisms, the

opportunities for lower payments of some types of work would be actively used by employers. In that sense, if it is supposed that the risky groups offer more inexpensive labor (respectively the expectations are for lower remunerations), they could have bigger chances for being preferred and hired. However, despite the fact that unemployed have no or low levels of education and qualification, a significant part of them have not so low claims regarding payments of their work.

The territorial mobility of population from places with lower opportunities for employment to places with higher labor demand and better economic environment is an opportunity from which many people benefit being in conditions of high unemployment and low incomes based on the discrepancies in the development of separate regions. For such analyses the statistical data of the census of the population could provide significant information about population mobility in the country and give further implications about the characteristics of the territorial mobility.

Among the most important reasons for the observed situation about the unemployed, and particularly the risky group under the study of the national program, are the following [26]:

- The low educational level of the majority of the long-term unemployed receiving monthly social support and the limited opportunities for vocational training, re-qualification, change of the professional sphere and successful labor adaptation;
- The chronic poverty which makes different training and qualification forms inaccessible in practice;
- The lack of training forms directed towards professional activities requiring dexterity and skills rather than educational degrees;
- Discriminatory practices, independently of what if they are rare or often, which easily discourage the unemployed and create models of isolation on the labor market;
- The common situation of economic stagnation limiting the number of places of work, incl. those in non-qualified activities. When combined with the strong competition on the labor market, it makes the successful professional mobility extremely difficult.

The critical notes on the principles and organization of the organized employment programs till now could be summarized as follows [26]:

- a) only temporary employment is provided and after the end of financing or work the hired are again unemployed;
- b) non-qualified activities are offered which are a result of the lack of qualification as a whole, but on the other they are unattractive and repel the unemployed, they do not contribute to acquisition of concrete professional skills and realization on the labor market;

c) qualification is not offered nor through practicing qualified activities, neither through qualification and training courses;

d) some negative and discriminatory attitudes exist, especially in private employers and about the group of the gipsies.

The general change in social policies in the field of unemployment, employment and social support is substantiated by the philosophy based on the re-consideration of the place and scope of direct money support and gradual replacement with services providing opportunities to cope with own problems by their own regarding unemployment issues too. This shift imposes the complex investigation of circumstances, programs and measures which will be implemented in achieving the global goals. The main instrument used is the application of the model of a national program embracing a huge part of those risky groups, i.e. National program "From social support to employment" [18]. The program is an object of a national investigation embracing program's beneficiaries, main institutional bodies conducting the state policy in the sphere of unemployment and employment (as National employment agency, Social assistance agency, directorates of regional services of employment, regional directorates of social support, directorates of labor offices, directorates of social support, regional and municipal administrations), as well as non-governmental organizations, about the new elements of the social policies and the system of social support and participation in the shift as mentioned above. The study of the readiness the unemployed persons to participate in such a program would help the development of new and update of existing social practices, as well as in achieving conformity of the policies in the sphere of employment to real life conditions, social and economic, educational, qualification and cultural characteristics of the population.

The general conclusions regarding motivation considerations that could be made from the study are the following:

- The target groups have readiness and wish to participate in the National program "From social support to employment". Among them the readiness to work in such programs are bigger than the average for the country. In difference to the public as a whole and the beneficiaries, social workers are not so optimistic about the preferences of the unemployed persons receiving social support which they meet. The impressions are that they'd rather prefer social support than work for the minimum salary.

- From the qualitative investigations it is shown that in some municipalities (mostly in villages and small towns) people are easily included in the program, while in bigger towns there is hidden employment and more opportunities for illegal incomes which leads to refusals of participation.

- The common opinion is that the payments under the programs are insufficient. Furthermore, sometimes people were misinformed and were not expecting the insurance expenses covered by the net amount.

- As a whole the public opinion approves the restrictive norms.

- The opinion that the effect of the program would not be long-term and the impact on the target group will be only for the time of its duration is predominant.

The general analysis of the National program “From social support to employment” defined the positive attitude in two directions:

- employment is created which is temporary but relatively longer than previous temporary employment programs;

- the program returns the unemployed persons in the system of organized labor creating good conditions for restoration of labor discipline.

The determined weakness are much more and could be summarized in the following directions:

- the program creates temporary employment only;

- the program does not change the level of qualification of the participants significantly;

- in its practical realization it reduces the employment to one-type and low-qualified activities;

- the program has started without any preliminary preparation and in bad organization;

- there are gaps in its financing and some obscurity in the financial participation of employers;

- the payments to beneficiaries are comparatively low;

- the selection of participants follow formal criteria;

- the level of information for different parties is low;

- there is no good connection between non-governmental organizations and participating unemployed persons.

The impossibility of the implementation of the program according to the planned is explained by the real limitations, besides procedures, of the financial opportunities and resources of municipalities and other organizations. Among the reasons could also be stated:

- low level of information for the parties involved in the program;

- the complexity of application procedures and the documentation for reporting;

- lack of a central management board/s on national and regional level;

- lack of planning activities and some state of chaos in inclusion of additional activities, sub-programs and components;

- frequent changes in the program rules;

- lack of substantiation about the real needs of the work places created by the program.

However, the overall economic assessment of the program could be reported in the most real way by the decrease in the level of unemployment in the country which during the period under study is 1 to 3%.

The following recommendations regarding the National program “From social support to employment” could be made:

- change in the rules and providing opportunities for inclusion of some specific activities;
- provision of additional state and other financing, as well as other resources;
- access of the private sector’s employers to a broader circle of activities under the program;
- assurance of better coordination, monitoring and control activities.

Tracking out the essential moments in the practical realization of that program give answers to some of the most significant questions posed by the implementation of active social policies, and connected to their effectiveness, through the example of the National program “From social support to employment. Furthermore, it 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.

Conclusion

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 among 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. The building up of a capacity for executing regularly monitoring activities and assessment of the effectiveness of conducted active policies is one of the

priority tasks in the strategies on the European level too. In the practical assessments of the active programs and measures, the problems most often arising are substantiated by their multigoal 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 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. However, as a whole the active policy has a secondary and temporary role in employment support and could not exchange the investment activities for creation 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. The adequacy and timing of the conducted policy have a determining significance for the effective support to the labor markets parameters and economic development.

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