

ИНСТИТУТ ЗА ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ НА БЪЛГАРСКАТА АКАДЕМИЯ НА НАУКИТЕ
**ИКОНОМИЧЕСКИ
ИЗСЛЕДВАНИЯ**
ECONOMIC STUDIES

Volume 27, Issue 2, 2018

CONTENTS

<i>Andrey Nonchev, Marieta Hristova</i> – Segmentation of Returning Migrants	3
<i>Rafael Viruela</i> – To Return or Not to Return: Migration Strategies of Bulgarians in Spain in the Last Decade	25
<i>Vesselin Mintchev, Venelin Boshnakov</i> – The Choice of Bulgarian Migrants – Stay or Leave Again?	45
<i>Irena Zareva</i> – Policies for Encouraging the Return of Bulgarian Migrants to Bulgaria	65
<i>Maria Bakalova, Mihaela Misheva</i> – Explanations of Economic Rationality Challenged: Contemporary Return Migration to Bulgaria	80
<i>Irena Zareva</i> – Returning migrants – Effects on the Labour Market in Bulgaria	102
<i>Mesagan, P. Ekundayo, Alimi, O. Yasiru, Adebisi, K. Adekunle</i> – Population Growth, Energy Use, Crude Oil Price, and the Nigerian Economy	115
<i>Ralitza Pandurska</i> – Transferring Resources between the First and the Second Pillar in the Context of Development of the Pension Model in Bulgaria	133
<i>Iryna Revak, Tetyana Yavorska</i> – Formation of State Policy of the Development and Usage of Intellectual Potential of Ukraine	161
Summaries	176

ECONOMIC RESEARCH INSTITUTE AT BAS

ECONOMIC STUDIES

Volume 27 (2), 2018

Editorial Board

Prof. MITKO DIMITROV (Chief Editor)

Prof. IVAN STOIKOV

Prof. NENO PAVLOV

Prof. EVGENI STANIMIROV

Prof. GEORGE SHOPOV

Prof. ISKRA BALKANSKA

Prof. PLAMEN TCHIPEV

Prof. SPARTAK KEREMIDCHIEV

Prof. STOYAN TOTEV

Prof. TATYANA HOUBENOVA

Prof. VASIL TSANOV

Assoc. Prof. DANIELA BOBEVA

Assoc. Prof. GRIGOR SARIISKI

Assoc. Prof. VICTOR YOTZOV

International Advisory Board

Prof. ANDRASH INOTAI (Hungary)

Prof. ATANAS DAMIANOV

Prof. TAKI FITI (Macedonia)

Prof. BOIAN DURANKEV

Prof. BOIKO ATANASOV

Prof. BRUNO DALLAGO (Italy)

Prof. GABOR HUNIA (Austria)

Prof. GHEORGHE ZAMAN (Romania)

Prof. GEORGE PETRAKOS (Greece)

Prof. NIKOLA VULCHEV

Prof. RUSLAN GRINBERG (Russia)

Prof. SAUL ESTRIN (UK)

Prof. XAVIER RICHET (France)

DIANA DIMITROVA – journal secretary

Text editor: Ilko Valkov

Address: Economic Research Institute at BAS, 3 “Aksakov” str., Sofia 1000, Bulgaria

Chief Editor / Journal Secretary: (+359-2) 8104019, e-mail: econ.studies@iki.bas.bg

ISSN 0205-3292

© Economic Research Institute at the Bulgarian Academy of Sciences, 2018

Andrey Nonchev¹
Marieta Hristova²

Volume 27 (2), 2018

SEGMENTATION OF RETURNING MIGRANTS

The article deals with the segmentation of returning migrants in Bulgaria. It conceptualizes the complexity of remigration and its trajectories, causes, forms and consequences. Emphasis is placed on the variability, heterogeneity and fluidity of migration processes. Return is analyzed in the overall context of mobility as its moment or final stage. Priority is given to the subjective meaning and individual interpretations of migrants about the causes and results of their mobility. Structural factors are analyzed through the prism of their individual perception transforming them into prerequisites and motives of migratory behavior. Comparisons were made between the motives for departure and return as components of the overall migration movement. Diverse economic and non-economic motives for return are identified. Migration spatial and temporal trajectories of returning migrants, as well as their professional and educational segmentation, have been traced.

JEL: A14; F22; J61

Contemporary migration patterns are becoming more complex and diverse. The traditional migration trajectory between "sending" and "receiving" countries is being differentiated and transformed into various forms of multi-directional and permanent mobility. Conceptualizing migration as one-way and final tends to underestimate the phenomenon of "return" (Gmelch, 1980). Compared to earlier periods, today, many migrants prefer short-term or circular mobility, making "return" an important element of their migratory behavior (International Organization for Migration (IOM), 2008). According to Krasteva, migration and mobility are not antipodes, but different modalities of the same phenomenon that exemplify increased diversification and intensification in the interferences between them (Krasteva, 2014). As such, this theoretical perspective allows for the extrapolation of more nuanced and adequate explanations over the traditional migratory movements. Moreover, it grants a perspective on the heterogeneous and fluid trajectories of contemporary international mobilities (the "leaving-returning-new departure" model).

¹ Andrey Nonchev is from University of National and World Economy, Bulgaria, phone: +359-888-721717, e-mail: andrey.nonchev@unwe.bg.

² Marieta Hristova is from University of National and World Economy, Bulgaria, phone: +359-897-979528, e-mail: marieta_hristova@yahoo.co.uk.

The heterogeneity of migratory movements, profiles and types of migrants impose their imprint on the segmentation of returning migrants. Fundamental and applied research focused on remigration is relatively rare. The scientific project under which this article is prepared³ attempts to partially fill in this deficit regarding permanent or temporary returning migrants to Bulgaria.

Return Migrants: Theoretical Framework and Methodological Approach

Basic Definitions

The International Organization for Migration (IOM) defines migration as “the movement of a person or a group of persons, either across an international border, or within a State ... it includes migration of refugees, displaced persons, economic migrants, and persons moving for other purposes, including family reunification”.⁴ IOM applies a working definition of return migration⁵ as „the relocation of a person to his/her country of origin or permanent residence, usually after having spent at least one year in another country. This return may be voluntary or involuntary. Return also includes voluntary repatriation” (International Organization for Migration (IOM), 2004). As in Bulgarian language the term “return” is associated with finality, we should mention that for the purposes of this article we use it as a component of the migration cycle that is not necessarily a final stage. Return is a process of remigration to the country of origin, but for some migrants this is just another intermediate or temporary destination in the migratory movement. For others, it can also be a final stage in their return migration. A widespread definition of the category of the "returning migrant" and also used for the purposes of this project, is any “person who returns to his/her country of origin, in the course of the last ten years, after having been an international migrant (whether short-term or long-term)...the stay in the country of return must be longer than three months. The return could be permanent or temporary”.⁶ It could also be an expression of individual decision or structured by unexpected circumstances.

Methodological Approach

As the methodological approaches applied to the explanation and the understanding of migratory processes vary greatly across disciplines and theoretical lenses, we will not conduct thorough analysis here. Instead, we will consider some main principal alternatives and differentiations in the multi-layered and heterogeneous theoretical continuum, outlining the characteristics and limitations of the approach, accepted by the authors of the present

³ “Return Migrants: Segmentation and Stratification of Economic Mobility”, sponsored by National Science Fund, Ministry of Education and Science, Republic of Bulgaria, Competition for financial support of fundamental research – 2016.

⁴ International Organization for Migration (IOM) <<https://www.iom.int/key-migration-terms>>, visited on 11.5.2018.

⁵ The concepts „return migration“, “remigration“, “reverse migration“ will be used as synonyms.

⁶ Return Migration and Development Platform. <<http://rsc.eui.eu/RDP/glossary-2/>>, visited on 11.5.2018.

article. Several key dilemmas in the theoretical conceptualization of migratory movements can be highlighted:

First, the explanatory models vary from the pole of structuralist theories focusing on the objective economic, political and socio-cultural factors that determine the migrants' behavior to the pole of theorizing migrants as active and rational actors who themselves construct and implement their migration projects.

Second, contemporary theorizing of migration takes place at different scales and units of analysis (micro, meso and macro) and in the context of many scientific disciplines - economics, sociology, politics, law, anthropology, demography, statistics among others.⁷ For example, the macro perspective is taken by both some influential economic conceptualizations, such as the neoclassical economic theory (Borjas), the "world-system" model (Wallerstein) or the "dual labour market" (Piore), but also by theories in the field of political science that analyze migration through the prism of the role of the state and interstate relations in the emergence, regulation and control of migratory movements.

The meso-level is "inhabited" for example by the theories of the new migration economy (Stark, Bloom), social networks (Castells, Haasp Massey), global and open cities (Sassen, Clark) that explore the influence of the family, community, settlement, ethnic and religious background of migration processes. The micro-level is a territory primarily occupied by economic conceptualizations that analyse the migratory behavior of the rational individual, his or her human capital, and the maximization of possible benefits calculated on the basis of outward migration (Chiswick). The subjective understanding of migratory experiences is a subject of some sociological and anthropological interpretations as well.

Third, not only theoretical but also political and ideological tensions are identified between two main methodological paradigms. Firstly, that would be the thematization of migration in the context of the "nation-state" as a fundamental locus for economic, political, social and cultural processes, and its institutions, organizational structures and policies as key factors that create, reproduce, regulate and prevent external threats (methodological nationalism). Secondly, that would be transnationalism as a field of study that conceptualizes various economic, political, social and cultural practices, institutions, organizations, social movements and networks that cannot be explained and regulated within the "nation-state" (e.g. international and interstate institutions and political parties, transnational corporations and non-governmental organizations, supranational social, religious and cultural movements and practices, social networks and financial transfers between sending and receiving countries, global climate change, and many others).

Fourth, an important theoretical distinction is drawn between voluntary and forced migrations, the causes of which are qualitatively different and cannot be analyzed and explained in the same way. Forced migration is mainly conceived through the figure of the refugee, seeking asylum in other countries due to natural disasters, wars and hostilities,

⁷ For a detailed overview of the theoretical conceptualization of migration and its causes, see, for example: Massey, Arango, Hugo, Kouaui, Pellegrino, Taylor, 1993, p. 431-466; Cassarino, 2004, p. 253-279; Krasteva, 2014; Mintchev, Markova, Misheva, Zareva, Balkanska, Boshnakov, Kalchev, 2012.

political persecution, ethnic and religious persecution in the country of origin. Refugees are distinguished from economic migrants and are being treated differently by national migration policies but also framed differentially according to different ideological discourses.

Fifth, stressing the variability, fluidity, heterogeneity and intertwining of migration processes contrasts with traditional theoretical models that are for the most part focused on their one-sidedness, finality, and political control.

The variety of theoretical explanations of migratory movements, and in particular of return, corresponds to their complexity, heterogeneity and dynamic nature.

This necessitates that each attempt to interpret the phenomenon of migration is preceded by the careful outline of the author's specific approach. Thus, we can delineate the following characteristics and limitations for the present article:

1. The subject of our research lies mostly within the boundaries of the economic mobility of Bulgarian citizens (labour, entrepreneurial, educational, seasonal). At the same time, attention is paid to non-economic reasons for return, even when the outward movement was economically determined.
2. Priority is given to the migrant's individual perspective. In particular, the investigation is focused upon the returnees' own interpretations of the reasons behind migrating and the subjective meaning of their migratory movements. Structural factors are analyzed through the prism of individual reflection, which in turn transforms it into prerequisites and motives behind the migratory behavior.
3. The theoretical framework of the project follows mainly perspectives drawn from the fields of sociology and economics. The emphasis is placed mainly on the micro and meso levels of analysis.
4. An attempt was made to capture the diversity, fluidity, overlapping and volatility of the causes of migratory movements and the motives for return.
5. The return is looked upon in the overall context of mobility either as a split moment within it, or as a final point.

In the framework of the abovementioned limitations and perspectives, the article discusses the following main themes:

First, the subjective meanings and temporal perspectives of return – either permanent or temporary, its voluntary nature or conditioned by objective circumstances character in the context of the initial plans and intentions of the migrants.

Second, continuity, dynamics and comparison between departure and return motives as components of the overall migration movement.

Third, the content of the diverse economic and non-economic motives behind the return decision.

Fourth, spatial and temporal trajectories of returning migrants.

Fifth, professional, educational and qualification segmentation of returning migrants.

Segmentation Criteria and Typologies of Return Migrants

The heterogeneity and multilayeredness of migration and its trajectories, causes, forms and consequences are conceptualized through the category of "segmentation of returning migrants". Segmentation is based on multiple criteria and results in different typologies of returning migrants. Among them, we can highlight the following:

First, spatial and temporal migration trajectories. Returning migrants differ depending on the specificities of the territorial movements (initial destinations, subsequent migratory movements, country of final destination, circular mobility trajectories) and time parameters (period of initial migration, migration duration, stay in the last destination country, time of return, periodicity of circular movements).

Second, migrants are distinguished according to the reasons for migratory movements and motivational structures for the initial migration, subsequent movements, sustained return, or circular mobility.

Third, according to the period before initiating the outward movement, the period of stay abroad and upon return the migrants are being segmented on the basis of several features that describe their economic and social profile:

- (a) economic activity;
- (b) sector/branch of employment;
- (c) education and professional qualification;
- (d) occupation;
- (e) economic status/income.

A distinction is also made on the basis of certain migrant labour categories such as a contract or non-contract based employment, self-employed, performing jobs requiring a lower qualification than previously obtained and others.

Fourth, the return could have a different time horizon – permanent or temporary, where some specific forms of continuous mobility (seasonal migration, temporary cross-border employment, work in several countries, etc.) are taken into account.

Fifth, specific groups are identified according to the continuum between voluntary and forced return. The emergence of specific circumstances leading to return deserves mentioning here.

Research Design and Methods

The segmentation of returning migrants is clustered around data that was obtained primarily from a nationally representative survey among returning migrants within the framework of the research project "Returning Migrants: Segmentation and Stratification of

Economic Mobility". The target group of the survey covers individuals who meet two conditions simultaneously:

Firstly, adult Bulgarian citizens (18+) who have worked at least once abroad for a minimum period of three months during the last 10 years (2008-2017). This category includes:

- Individuals who have worked abroad for a period of more than 3 months (legally or illegally, permanently or seasonally, employed or self-employed, developing their own business). As "migrants" are considered also those who perform internal mobility in the countries of the European Union.
- Persons residing outside Bulgaria for the purpose of caring for their relatives abroad, attending children of relatives or acquaintances, escorting family members and other similar activities are perceived as work, albeit without payment.

Those staying abroad for more than three months for leisure, tourism, vacation, casual meeting with relatives do not belong to the target group.

Secondly, persons whose return in Bulgaria is final or persons who periodically return to the country for reasons related to their work or education (e.g. seasonal work, secondment in Bulgaria by the company in which they work abroad, enhancing their education or qualifications and other similar reasons). The target group does not include individuals returning for a short time period to Bulgaria such as holidays, family meetings, medical treatment and alike if these are the sole reasons for their return and are not somehow connected to their work, education and/or training.

The nationally representative survey among returning migrants was conducted in nine regions of the country: Sofia-city, Plovdiv, Varna, Pleven, Stara Zagora, Dobrich, Kardzhali, Yambol and Montana located in all administrative regions (NUTS2) and in different types of settlements (capital, town, small town, village). The number of people surveyed in each of the nine areas is proportional to the number of their adult population.

The sample of the study is constructed in two steps: first, random route selection of respondents starting from initial random address; second, a variant of the "snowball" sampling, in which the respondents provide the interviewer with contacts to persons from the target group. The selection of potential respondents from the target population was carried out according to predetermined quotas of gender, age, education and ethnic self-determination. Each respondent must comply with the following requirements: to meet the criteria of the target group and the quota; be an adult Bulgarian citizen; be the only one surveyed in the household.

The planned sample size was 600 individuals and the completed sample includes 604 respondents distributed in 60 units with 10 persons interviewed in each. In order to achieve the planned interviews, 1218 contacts have been implemented by applying both respondents selection methods. The average number of people interviewed by an interviewer was 13.42. The data collection method was a face-to-face interview at the respondent's home. The fieldwork was completed in the period October 28 – November 20, 2017. The survey was carried out by 45 experienced interviewers.

Annexe 1 presents the main parameters of the field work and the completed sample. Thematic areas and content of the indicators used in the survey to analyze the segmentation of returning migrants are summarized in Appendix 2.

1. Sustainability and Subjective Meaning of Return

It is appropriate to interpret remigration in the context of the overall life and migration history of returnees. Accordingly, several typical categories of migrants are distinguished, for which return has different meanings and is ambiguously assessed – such as success, failure or temporary condition. This subjective interpretation also affects the desire to remain within the country of origin or to remigrate temporarily or permanently.

Depending on the sustainability of return, several categories of migrants are usually identified:

- (a) migrants permanently returned to the country of origin with the idea of remaining there for the rest of their lives;
- (b) temporarily "returning" migrants who are planning to leave again;
- c) "circular migrants", who alternate between periods of stay abroad and remaining home.

Data has also been collected for the category of short-term mobile Bulgarian citizens whose stay abroad is between 3 and 12 months. It should be noted that there are specific cases of seasonal returns related to the nature of work in the agricultural, tourism, construction and other sectors (Mintchev, Boshnakov, Richter, Ruspini, 2017, pp. 25-60).

According to the migrants' initial intentions, several categories are distinguished: (King, 2000)

- "Migrants with a purpose" who are leaving their home country with the intention to return and who actually return. They have specific plans and return after achieving the goal placed behind their mobility (education, earning a certain amount of money, buying property, performing specific activities/tasks, etc.).
- Migrants with the intention of permanent emigration who nevertheless return. Reasons for remigration could be external and coercive, personal or family, favorable changes in the country of origin or deterioration of the situation in the destination country.
- Migrants who intend to stay abroad temporarily and who do not return (for example, students who remain in the host country or labour migrants who have not planned but have decided to stay permanently in the host country).
- Migrants who are leaving with the intention of not returning.

Empirical evidence confirms the existence of a relation between migrants' initial projects and the time horizon of return, but this relation shall not be read in absolute terms as some considerable discrepancies are registered between departure intentions and actual migratory behavior (Table 1).

Table 1

Initial migration projects and return sustainability (%)

	Initial intention – permanently	Initial intention – temporarily	No specific intention	Total
I would like to stay in Bulgaria	42.4	63.6	51.8	59.7
I would like to leave again permanently	36.4	7.1	20.5	12.1
I would like to leave again temporarily	21.2	29.4	27.7	28.2

Based upon the empirical data, several conclusions concerning the returning migrants' dilemma of "staying or going back" can be drawn:

First, returning migrants, who intend to remain permanently in Bulgaria prevail – their share is 59.7%. The share of returning migrants with the intention of remaining permanently in Bulgaria is the highest among those who were initially oriented to temporary emigration – 63.6%. Among those intending to leave forever, this share is by 21.2 percentage points lower (42.4%), and among those who did not have clear migration plans – by 11.8 percentage points lower (51.8%). However, it is noticeable that the original migration projects are subject to reconsideration and do not explicitly define subsequent migratory behavior.

Second, the stay in Bulgaria is only a phase of mobility for 28.2% of returning migrants who intend to leave again, but temporarily and without seeking to settle permanently abroad. The share of returnees who have seasonal employment is 22.7%. Attitudes to new temporary migration remain relatively stable among returning migrants, irrespective of their original projects. Their share ranges between 21.2% for people oriented towards permanent leave and 29.4% – towards temporary migration.

Third, the category of returnees who intend to emigrate permanently is 12.1%. The strongest desire for new and final emigration is registered among returning migrants who, still at the first migration, intend to leave the country permanently (36.4%). The most likely explanatory hypothesis for their return is the failure so far in the implementation of their migration plans or the emergence of specific circumstances that have imposed temporary residence in Bulgaria. For almost a third of the returnees (31.5%), remigration is caused by some objective economic, family or personal circumstances (migrant or relatives' disease, care for elderly parents, children or grandchildren, loss of work, termination or expiration of employment contract, expiry of a visa or a legal stay permit, etc.).

Initial intentions for a temporary stay abroad have had more women (79.2%) than men (71.8%). The largest share of respondents (18.8%), who initially left without specific plans was among the age group 18-29, followed by 30-39 years old – 16.8%. The intentions of the respondents in the age bracket of 50-59 were most straightforward – 80.4% of them left the country temporarily, and 13.1% thought of staying abroad forever. Nearly every fifth (18%) of the people with primary education intended to remain permanently abroad. This share is twice lower among the better-educated ones – 10% for people with secondary education and 7.5% for those with a higher one.

Future intentions for emigration are not gender specific. Among the higher age groups the willingness to remain in Bulgaria increases. Over 70% of people over 50 have no plans to leave the country again. Those who wish to migrate or to stay in Bulgaria among the 30- and 40-year-olds have equal shares of 50%. The two age groups differ along their intentions to emigrate – 30-year-olds are more likely to leave permanently (16%) than 40-year-olds (10.4%). The highest share of those who are willing to stay in Bulgaria is registered among returnees with primary education – 67.5%. To leave abroad temporarily would prefer 27% of the respondents with higher education and 30% – with secondary education. To migrate permanently would choose 14% of the latter group.

The category of "successful migrants" who have had specific plans (education, earning a specific amount of money, buying property, performing a specific activity/task, etc.) and return after their goals completion is markedly visible. The motivation for return "I accomplished this, which is why I left" states 40.7% of the remigrants (as the first reason – 21.2%, second – 12.9% and third – 6.6%). Almost three-quarters of the surveyed returnees (74.5%) respond positively to the question: "Did you manage to achieve the goals behind your decision to migrate?".

Success in achieving the goals of migration is reported by more women (77.7%). Men are more dissatisfied with the achievements abroad – 28.2% say they have not achieved what they have left for. The most dissatisfied with their residence abroad are 30-year-olds – 31.3% claim they have failed to meet the goals that motivated their departure. Most satisfied are those over 60 years of age – 83.7% declare accomplishment of their plans, followed by 40-year-olds, with the share of 75.6%. The highest the level of education, the more satisfaction with the achieved goals is reported. Returnees with primary education are the most unsatisfied – 32.5% of them have failed to achieve their initial goals. Of those with higher education, 79.4% declare success in achieving their goals.

The data reaffirms the existence of a significant group of migrants who are not oriented towards an irrevocable exit from the country, but instrumentalize migration as a means of achieving certain goals ("migrants with a purpose", according to the King's above-mentioned typology). They largely represent the contingent of migrants who are likely to return to Bulgaria after accomplishing upward social and economic mobility.

2. Causes of Migration and Motivational Structures of Returning Migrants

The understanding of objective and subjective factors in migratory movements is central to the theoretical interpretations and empirical studies of migration. The causes and motives for going abroad and return vary and range from individual and family reasons to macroeconomic and political ones that are related to the situation in the host and home countries. Often, we can observe that the abovementioned are even intertwined. King distinguishes four main types of reasons for return:

1. Economic reasons. They relate to the possibility of receiving higher incomes, finding a better job, opportunities for professional realization, worsening of the economic

situation in the host country, starting a business and/or investing in the country of origin and others.

2. Political reasons that also examine a wide range of possibilities: discriminatory attitude towards migrants and violations of their rights, implementation of active national return policies, voluntary return for participation in the political life, forced expulsions, etc.
3. Social reasons are no less diverse: difficulties in adapting and integrating into the host country, homeland nostalgia, involvement in public initiatives and projects, desire to contribute to the country, etc.
4. Family reasons related to the cycle of individual and family life and relationships such as: care for elderly or sick parents; search for partner and/or marriage; desire to raise the children at home and/or receiving education in their native language, with the help of the parents; return after retirement and others. (King, 2000)

The obtained empirical data support the conclusion that economic reasons are leading to the initial departure, but social and family motives dominate the remigration process.

A summary of the three most important reasons for the initial departure is presented in Table 2.

Table 2

Reasons for initial migration (% of all respondents)

	First place	Second place	Third place	Total
To join parents and/or relatives	14.7	2.3	2.0	19.0
To accompany spouse, partner, parents, children	4.3	2.2	0.5	7.0
Marriage/partnership	0.2	0.3	0.3	0.8
To acquire foreign citizenship for me and my family	0.0	1.0	0.3	1.3
To receive the desired education for me	3.1	0.7	0.2	4.0
To provide better education/future for my children	2.6	1.8	1.8	6.3
Living in higher standards conditions	8.8	9.4	9.6	27.8
To get higher payment	33.1	25.5	10.4	69.0
To find a better job	10.4	16.1	11.9	38.4
For better professional realization	2.8	6.3	5.0	14.1
To develop my own business	0.5	0.7	1.5	2.6
To support my family or other relatives in Bulgaria	4.1	13.7	14.1	32.0
Business trip	2.5	0.5	1.0	4.0
Felt discriminated in Bulgaria	0.2	0.7	2.0	2.8
I just do not want to live in Bulgaria anymore (lack of perspectives, unclear regulations, bad public environment, crime, corruption practices, etc.)	1.8	2.6	5.3	9.8
I was unemployed in Bulgaria	10.8	4.0	4.8	19.5
No response	0.0	12.3	29.3	41.6

Almost three-quarters of those returning to Bulgaria (73%) point to motives of an economic nature as the main reason behind their initial departure. They are mainly related to the triad

"job-income-living standard": "to get higher payment" (33.1%); "I was unemployed in Bulgaria" (10.8%); "to find a better job" (10.1%); "living in higher standards conditions" (8.8%).

The reasons for emigration are rather complex with 86.7% of the returning migrants pointing to the second motive and 69.7% to the third. Components of the motivational triad "job-income-living standard" dominate categorically among the three main reasons for initial departure – seeking for higher payment (69.0), finding a better job (38.4%) or any kind of job (19.5%), higher living standard (27.8%). Family reasons for migration are second in importance: "to support my family or other relatives in Bulgaria" (32.0%), "to join parents and/or relatives" (19.0%), "to accompany spouse, partner, parents, children" (7.0%), "marriage/partnership" (0.8%). Every tenth has pointed to an education-related motive – "to provide a better education/future to my children" (6.3%) and "to receive the desired education" (4.0%).

There are significant discrepancies between the reasons for return and those for departure (Table 3).

Table 3

Non-economic reasons for return (% of all respondents)

	First place	Second place	Third place	Total
Affection for the family and my relatives in Bulgaria	34.9	14.4	6.5	55.8
To care for an elderly or sick relative	8.3	4.3	1.3	13.9
To continue my education in Bulgaria	2.0	0.7	0.5	3.1
To raise and/or educate the children	5.5	6.6	3.6	15.7
To marry in Bulgaria and live here	2.3	2.6	0.5	5.5
Retirement	2.5	1.0	0.3	3.8
Inability to legalize the stay in the country of my previous residence	1.7	2.6	1.2	5.5
Intolerance/discrimination in the country of residence	1.2	2.2	1.7	5.0
Uncertainty for immigrants in the country of residence	2.2	4.8	3.3	10.3
Forced expulsion from the country of residence	0.0	0.3	0.2	0.5
Home nostalgia	4.8	10.8	9.9	25.5
Involvement in political, social life in Bulgaria	0.2	0.3	0.3	0.8
I did not adapt to the foreign country	3.6	6.5	6.1	16.2
I achieved the goal that I left for	21.2	12.9	6.6	40.7
I just do not want to live abroad anymore	3.1	5.0	7.8	15.9
Other	6.6	2.8	1.3	10.8
No response	0.0	22.2	48.8	71.0

Family motives are among the three most important reasons for remigration: "affection for the family and my relatives in Bulgaria" (55.9%), "to raise and/or educate the children" (15.7%), "to care for an elderly or sick relative" (13.9%), "to marry in Bulgaria and live here" (5.5%), "retirement" (3.8%).

The role of social motives is also important both in terms of the growing attractiveness of the home country (pull factors) but also the role of push factors in the host country. Among the pull factors to Bulgaria, the most significant is the "home nostalgia" (25.5%) and among the push factors – the difficult adaptation in the host country (16.2%) and the reluctance to live abroad (15.9%). They are supplemented by reasons such as uncertainty for immigrants in the country of residence (10.3%), inability to legalize stay in the host country (5.5%), intolerance/ discrimination in the country of residence (5.5%).

Economic reasons for return play a less significant role as compared to their importance for the initial departure (Table 4). About 40% of respondents do not mention an economic motive for remigration. Among the economically motivated returnees, the share of the seasonal worker's group is almost one third (32.0%). Almost equal is the share (about 40% of the respondents) of returnees facing problems in the host country, and those who see better economic opportunities in Bulgaria.

The "negative" economic motivation associated with push factors in the host country is due to reasons such as: "it is difficult to find legal employment (with official contract and insurance) in the country of residence" (13.4%), "I lost my job/I was not able to find a job in the host country" (12.7%), "not worth it – higher incomes but higher spending in the country of residence" (10.8%), "I paid high taxes and social security contributions in the country of residence" (2.8%).

Table 4

Economic reasons for return (% of all respondents)

	First place	Second place	Third place	Total
I expect living conditions in Bulgaria to improve	8.3	5.6	5.0	18.9
It was not worth it (higher incomes but higher spending in the country of residence)	4.5	4.3	2.0	10.8
I paid high taxes and social security contributions in the country of residence	0.7	1.3	0.8	2.8
I lost my job/I was not able to find a job in the host country	6.5	4.5	1.8	12.7
It is difficult to find legal employment (with official contract and insurance) in the country of residence	4.5	7.0	2.0	13.4
Opportunities for better job/business in Bulgaria	2.5	2.8	1.8	7.1
Professional realization in Bulgaria	2.8	2.6	3.1	8.6
To develop my own business here/to invest here	2.5	1.8	1.0	5.3
I am send on business trip here	0.5	0.2	0.0	0.7
Restoration/acquisition of property in Bulgaria	1.7	1.7	0.3	3.6
Deterioration of economic situation in the country of residence	2.3	3.8	2.0	8.1
My job was seasonal/temporary	22.7	5.3	4.0	32.0
Another economic reason	0.7	0.7	1.0	2.3
I did not come back for economic reason	40.1	1.8	3.5	45.4
No response	0.0	56.6	71.7	128.3

The economic attractiveness of Bulgaria is manifested in optimistic attitudes and several groups of positive motives for return: "I expect living conditions in Bulgaria to improve"

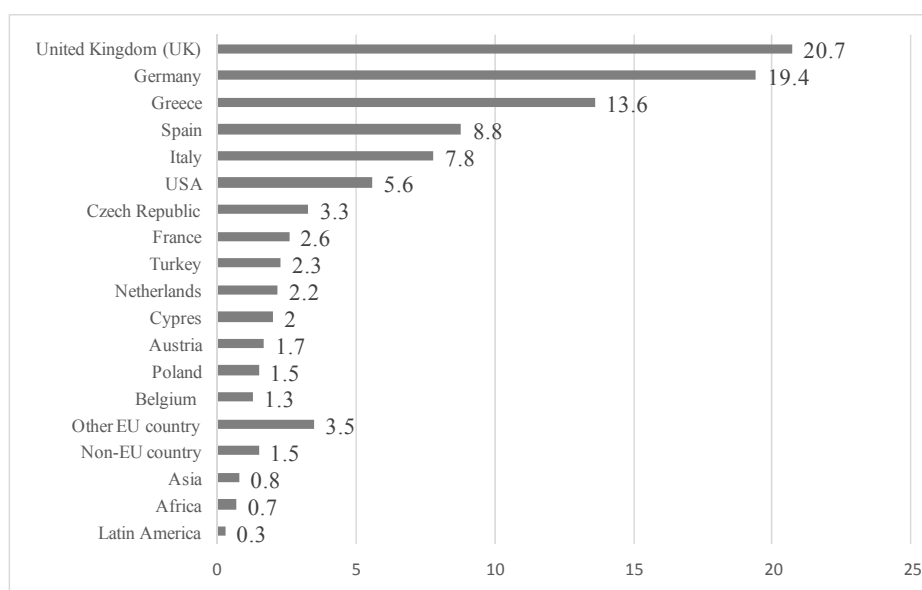
(18.9%), professional realization in Bulgaria" (8.6%), "opportunities for better job/business in Bulgaria" (7.1%), "to develop my own business here/to invest here" (5.3%).

3. Migration trajectories of returning migrants

The results of the survey show that for the period of interest (2008-2017, inclusive), 90% of the respondents have stayed in one country outside Bulgaria before returning. The remaining 10% have resided in two or more countries.

The destination countries, those in which the respondents have migrated to work, are in most part EU member states (Figure 1). This is mainly due to the fact that Bulgaria has been part of the EU since 1 January 2007 and as a consequence has been integrated into the single European labour market. In the last 10 years, 20.7% of all respondents have been stayed in the UK whereas 19.4% have resided in Germany, all of them for work purposes. The Mediterranean or South European countries (Spain, Italy, Greece, Portugal and Cyprus) are a destination for 32.3% of all those taking part in the survey. The United States and Canada are the "beyond the continent" destinations for only 5.6% of respondents.⁸

Figure 1
Countries in which migrants resided for more than 3 months for work purposes in the last 10 years (%)



⁸ The preferred destination countries that are registered in previous migration studies are proven as factual destination countries, from which migrants return after a certain period of time. See for example Minchev, 2016, pp. 91-115.

Mediterranean countries (24.8%), Germany (23.8%), Great Britain (20.3%) emerge as an attractive destinations for men, whereas 41.2% of all women have stayed in one of the Mediterranean countries. About one-third of those in the 18-39 age range have chosen the United Kingdom. Nearly two-thirds (62.2%) of the returnees from the United States and Canada have a tertiary education. This share is twice as low for those who have returned from the UK (29.6%).

The returning migrants from the US and Canada differ from those from Western Europe when it comes to initial emigration plans – 21.6% of them held intentions for permanent migration, 18.9% made no concrete plans, and 59.5% went abroad temporarily. When it comes to those returning from Western Europe, 77.1% envisioned a temporary stay and only 9.6% made no plans for return.

Those who have returned from the United States and Canada are the most satisfied with their migration experience – 89.2% claim to have successfully achieved their pre-conceived plans. In comparison, approximately three-quarters (73.5%) of the return migrants from Western Europe declare the same degree of satisfaction. The most dissatisfied are the ones who have returned from the UK – 34.4%. The largest share of the UK returnees have a desire to go abroad again – 32% have temporary plans and 17.6% desire more permanent settlement.

More than half of all respondents have stayed abroad for up to a year, out of which 27.2% for a period of four to six months. 13.1% of respondents have stayed outside of the country for up to two years and only 6.5% – for up to three years. Those Bulgarians who have lived and worked abroad for over five years are 16.4% of all respondents; they have all left the country before 2008.

The average duration of stay abroad of all returnees is about 2.5 years. The longest average duration of stay is observed in Russia and Turkey (about 10 years). The average duration of stay for work purposes in the last 10 years in the Mediterranean countries and beyond the continent (USA and Canada) is around four years.

In Great Britain and Germany – the most desirable destinations for Bulgarian emigrants in the last 10 years – the average duration of stay and work there is about two years (Table 5).

Table 5

Average duration of stay abroad in the last 10 years (in months)

Country	Months
Great Britain	20.9
Germany	23.8
Mediterranean countries	43.6
Other countries in EU	17.8
Russia, Turkey	112.8
USA, Canada	48.2
Other continents (Asia, Africa, Latin America)	65.0
<i>Average duration of stay abroad of all returnees</i>	<i>33.4</i>

The last return to Bulgaria for a large number of respondents has occurred over the last three years – 11.8% have returned in 2015, 19% – in 2016, 25.5% – in 2017. For the period 2008-2014 on average around 6% of the respondents returned to Bulgaria every year. About 65% of those who returned in the period 2014-2016 are eager to stay in Bulgaria. Those who have returned in 2017 have the greatest desire to leave again – 48.7% temporarily and 14.3% permanently.

The preference for certain destinations over others, as well as the planned length of stay, can be better explained in relation to return migrants' employment distribution according to economic sectors.

4. Professional and educational qualification segmentation of return migrants

The segmentation of return migrants in terms of employment, occupation and education is also very diversified (Table 6). When it comes to the economic sectors of employment in the destination country, almost 14% of all respondents were employed in agriculture, 15% in construction and 11% in tourism. One-third of the women were employed in various jobs in housekeeping and social care. Another one-third of them were employed in agriculture and tourism. Almost one in ten women (8.8%) provided unpaid care for children or grandchildren. Men were employed mostly in construction (27.9%), agriculture (13.9%), manufacturing (10.9%), transport and warehouse (10.9%) sectors.

Table 6
Employment sectors of returning migrants in the destination countries by sex (%)

Sector	Men	Women	Total
Agriculture	13.9	15.0	14.4
Construction	27.9	0.4	15.4
Tourism, hotels, bars, restaurants	8.5	15.0	11.4
Manufacturing	10.9	3.3	7.5
Transport, warehousing	10.9	1.1	6.5
Trade, repair of motor vehicles and motorcycles	6.4	4.0	5.3
Childcare, healthcare, housekeeping	0.3	30.7	14.1
Care for family members	0.6	8.8	4.3
Other	17.9	15.1	16.8
Unemployed	1.8	6.6	4.0
No response	0.9	0.0	0.5
Total	100.0	100.0	100.0

One-third of those who returned from the UK worked in agriculture, 13.6% in tourism and 12% in construction. In Germany, most of the respondents were employed in construction – 32.5%. In the Mediterranean countries most provided paid care work for children, elderly and sick (28.7%), or worked in the agriculture (18.5%) and tourism sectors (13.3%). In the rest of Western Europe, returning migrants worked mainly in construction (23%) and manufacturing (13.5%).

One fifth (21.6%) of the returnees from the United States and Canada worked in the tourism sector and about 5% in the field of information, telecommunication, financial and insurance services, professional and scientific research. The share of return migrants from USA and Canada who have cared for their own children or grandchildren (13.5%) is higher than the one of European returnees (3.6%) (Table 7).

Table 7
Employment sectors of returning migrants by country of residence (%)

Sector	Great Britain	Germany	The Mediterranean	Western Europe	USA, Canada	Total
Agriculture	29.6	5.1	18.5	8.3	0.0	14.4
Construction	12.0	32.5	7.2	22.9	0.0	15.4
Tourism, hotels, bars, restaurants	13.6	9.4	13.3	6.3	21.6	11.4
Manufacturing	6.4	6.8	6.2	13.5	0.0	7.5
Transport, warehousing	4.8	6.8	6.7	7.3	8.1	6.5
Trade, repair of motor vehicles and motorcycles	8.0	6.0	3.6	3.1	5.4	5.3
Childcare, healthcare, housekeeping	8.0	6.8	28.7	4.2	8.1	14.1
Care for family members	3.2	4.3	3.1	6.3	13.5	4.3
Other	10.4	16.3	11.2	23.9	35.1	16.8
Unemployed	2.4	6.0	1.5	3.1	8.1	4.0
No response	1.6	0.0	0.0	1.0	0.0	0.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

The educational profile of the returning migrants is generally as follows: 2.1% have no education; 17.2% have primary education; 18.5% have secondary general and 35.4% - secondary vocational education; college graduates are 3.3%; with Bachelor's and Master's degrees are respectively 10.9% and 11.1%, and 1.2% hold a PhD. In the period between their initial departure and final return, 4.5% of the respondents have obtained a higher degree.

More than half of the respondents believe that their qualifications and skills correspond to the work they have done abroad. As insufficiently qualified have felt 12.7% whereas 25.8% consider themselves more qualified for the work they have been doing. Almost half of those who have provided care for children, sick or elderly people assess themselves as overqualified for the work they have been doing (49.4%). Over one third (34.8%) of those working in tourism and agriculture believe to possess higher qualification than the one required in those sectors.

At the same time over half of all respondents (56.1%) declare that the wage they received was lower than that of local people in the same position.⁹ Only 11.6% believe to have been better paid than the locals (Table 8).

⁹ The persistence of feeling lower pay compared to that of the locals for the same position is impressive. Such share is pointed out also in Zareva, 2016, p. 38.

Table 8
Comparison between wages of returning migrants and local people at the same employment sector and position in the country of residence (%)

	Agriculture	Manufacturing	Construction	Trade and repairs	Tourism	Transport	Childcare and social care	Total
Lower	73.6	51.1	69.9	59.4	49.3	59.0	65.9	56.1
Same	13.8	28.9	15.1	18.8	29.0	25.6	14.1	19.2
Higher	4.6	11.1	9.7	18.8	18.8	12.8	10.6	11.6
Did not work	0.0	0.0	0.0	0.0	0.0	0.0	2.4	8.1
DK/NR	8.0	8.9	5.4	3.1	2.9	2.6	7.1	5.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

The feeling of lower pay compared to that of the locals for the same position is shared by 73.6% of those who have worked in agriculture and 70% of those in construction. Around one-third of those who have worked in manufacturing and tourism claim that there has been no differentiation in the payment received by locals and foreigners. One in five of those working in trade of tourism sectors believes to have received a payment higher than that of the locals. Most of the surveyed (72.8%) were in full-time employment with only 14.6% in part-time. Two thirds (62.9%) of the returning migrants declare that they had a labour contract with their employer.

Conclusion

On the basis of the data obtained, several general conclusions can be drawn regarding the segmentation of returning migrants:

Firstly, the complexity, multi-dimensionality, and dynamics of the processes of re-migration in Bulgaria are clearly visible. Their heterogeneity and fluctuations are reflected in the various trajectories, causes, shapes, consequences and subjective perception of international mobility.

Secondly, return increasingly becomes only a moment or phase of the migratory movements that can not be interpreted as one-way or final. At the same time, although many migrants prefer short-term, circular or temporary mobility, the majority of surveyed returnees express a desire for remaining permanently in Bulgaria.

Thirdly, almost three-quarters of the returning migrants perceive themselves as having succeeded in achieving the goals that motivated their departure. This fact, not only supports the argument for the instrumental and non-final nature of emigration for a significant number of returning migrants, but also reveals the positive personal meaning of the undertaken mobility.

Fourthly, there are significant differences in motivation when it comes to initial migration and return. The main reasons for the initial departure are mostly of an economic character

and are closely related to the motivational set "jobs – income – living standard". Among the reasons for return, the family motivations are the most important – affection for the family in Bulgaria, desire to be with children and participate in their raising and education, care duties towards older or sick relatives and others. The social and emotional motives are also relevant, both in terms of pull factors (mainly defined as "nostalgia") and of push factors in the host country (such as difficulties in adaptation and the reluctance to live abroad).

The intensity of re-migration has increased in recent years, presenting new opportunities, but also problems. The development and implementation of adequate and effective policies for return and reintegration into the public, economic and political life of returnees is an important and topical challenge for the Bulgarian state and society. The benefits of the economic, professional, educational, political and social potential of the returnees stand out as a significant resource for the accelerated development of Bulgaria.

References

- Borjas, G. J. (1989). Economic Theory and International Migration. – *International Migration Review*, N 3, p. 457-485.
- Cassarino, J.-P. (2004). Theorising Return Migration: The Conceptual Approach to Return Migrants Revisited. – *International Journal on Multicultural Societies (IJMS)*, Vol. 6, N 2, p. 253-279.
- Castells, M. (2011). A Network Theory of Power. – *International Journal of Communication*, 5, p. 773-787.
- Chiswick, B. (2008). Are Immigrants Favorably Self-selected. – In: Brettell, C., Hollifield, J. (eds.), *Migration Theory*, pp. 63-82.
- Clark, G. (2008). *Towards Open Cities*. Madrid: British Council.
- Gmelch, G. (1980). Return Migration. – *Annual Review of Anthropology*, Vol. 9, pp. 135-159.
- Haas, H. (2008). *Migration and Development. A Theoretical Perspective*. Oxford: International Migration Institute.
- International Organization for Migration (IOM). (2004). *Return Migration: Policies and Practices in Europe*. Geneva.
- International Organization for Migration (IOM). (2008). *Managing Return Migration. Background paper for the 21-22 April 2008 conference held at the International Conference Center Geneva (CICG)*, Geneva: International Organisation for Migration.
- International Organization for Migration (IOM). <<https://www.iom.int/key-migration-terms>>, visited on 11.5.2018.
- King, R. (2000) Generalizations from the History of Return Migration. – In: Bimal Ghosh. (ed.). *Return Migration: Journey of Hope or Despair?*. Geneva: International Organization for Migration.
- Krasteva, A. (2014). *From Migration to Mobility: Policies and Roads*. Sofia: New Bulgarian University [Кръстева, А. От миграция към мобилност: политики и пътища. София: Нов български университет].
- Massey, D. S., Arango, J., Hugo, G., Kouaoui, A., Pellegrino, A. and Taylor, J. E. (1993). Theories of International Migration: A Review and Appraisal. – *Population and Development Review*, Vol. 19, N 3, p. 431-466.
- Minchev, V. (2016). Potential and return migrants in Bulgaria – demographic and socio-economic aspects. – *Economic Studies*, N 5, pp. 91-115.
- Mintchev, V., Boshnakov, V., Richter, M., Ruspini, P. (2017). Determinants of Migration and Types of Migration and Mobility. – In: Richter, M., Ruspini, P., Mihailov, D., Mintchev, V., Nollert, M. (eds). *Migration and Transnationalism between Switzerland and Bulgaria*. Switzerland: Springer, pp. 25-60.
- Mintchev, V., Markova, E., Misheva, M., Zareva, I., Balkanska, I., Boshnakov, V., Kalchev, Y. (2012). *Bulgarian emigration: theories, policies, empirical studies*. Sofia: Ikopis.

- Piore, M. J. (1986). The Shifting Ground for Immigration. – *Annals of the American Academy of Political and Social Sciences*, 485, p. 23-33.
- Return Migration and Development Platform. <<http://rsc.eui.eu/RDP/glossary-2/>>, visited on 11.5.2018.
- Sassen, S. (2001). *The Global City: New York, London, Tokyo* (2nd ed.). Princeton, NY: Princeton University Press.
- Stark, O., Bloom, D. (1985). The New Economics of Labor Migration. – *The American Economic Review*, 75 (2), p. 173-178.
- Wallerstein, I. (2011). *The Modern World System*. Berkley and Los Angeles: University of California Press.
- Zareva, I. (2016). Social Inequalities and migration. The case of Bulgaria. – *Economic Studies*, N 5, p. 38.

Appendix 1

Basic parameters of the fieldwork and execution of the sampling outcomes

Contacts made, accomplished and unrealized interviews

	Number	% of the contacts made
CONTACTS MADE	1218	
ACCOMPLISHED INTERVIEWS	607	49,84
Of them:		
• effective	604	49,59
• cancelled	3	0,25
UNREALIZED INTERVIEWS – IN GENERAL	611	50,16
Of them:		
• do not meet the criteria of the target group	482	39,57
• refusal to participate in the survey	125	10,27
• office, not a home	4	0,32

Implementation of the national quota (%)

Quota attribute	Planned	Realized
Sex:		
men	60.0	54.6
women	40.0	45.4
Age:		
18 - 30 years old	15.0	18.9
31 - 60 years old	60.0	60.4
over 60 years old	25.0	20.7
Education:		
Primary and lower	25.0	19.3
Secondary (general and vocational)	50.0	53.9
Tertiary (college and higher)	25.0	26.5
Ethnicity:		
Bulgarians	83,3	82,3
Turkish	8,3	8,1
Roma	8,3	8,6
Other	-	1,0

Appendix 2

Segmentation of return migrants; key areas, research topics and indicators

Key areas	Research topics	Indicators
Migration trajectories	1. Temporal parameters of the migration movement	<ul style="list-style-type: none"> • Time of first migration • Number of migration movements • Duration of migration • Frequency and periods of return to Bulgaria • Time of the last return to Bulgaria
	2. Spatial parameters of migration movement	<ul style="list-style-type: none"> • Initial destination country • Migration experience in other host countries • Countries of circular migration and mobility
Reasons for migration movements	1. Reasons for migration movements	<ul style="list-style-type: none"> • Basic motives for migration • Initial intentions of (non) return • Migration decision-making process • Motives for subsequent migration
	2. Reasons and motivation for return	<ul style="list-style-type: none"> • Economic reasons • Political reasons • Social reasons • Personal and family reasons
Employment and economic status	1. Employment before, during migration and after return	<ul style="list-style-type: none"> • Economic activity • Economic sector/branch of employment • Nature of migrants' activity in the destination country (employed with a contract, self-employed, employed without a contract) • Type of employment (legal and illegal employment)
	2. Level and dynamics of economic status	<ul style="list-style-type: none"> • Income • Property • Investments made • Savings • Level of consumption • Self-assessment of economic status • Change in income and economic status • Change in economic activity
Education, profession, qualification	1. Education and qualification before, during and after migration	<ul style="list-style-type: none"> • Degree of completed education • Type of education (economic, law, engineering, medical, etc.) • Degree of qualification • Change in education and qualification
	2. Profession	<ul style="list-style-type: none"> • Acquired and exercised profession (s) before emigration • Acquired and exercised profession (s) during migration • Occupation after return • Self-assessment of the professional career
Characteristics of return	1. Sustainability of return	<ul style="list-style-type: none"> • Final return • Lasting return, but with the possibility of subsequent migration

Key areas	Research topics	Indicators
Socio-demographic profile of return migrants		<ul style="list-style-type: none"> • Return within circular migration • Temporary/seasonal return • Short-term return
	2. Degree of voluntary return	<ul style="list-style-type: none"> • Voluntary return • Forced return
	1. Demographic profile	<ul style="list-style-type: none"> • Sex • Age • Ethnicity • Religion • Location/type of settlement
	2. Social profile	<ul style="list-style-type: none"> • Marital status • Number of children up to the age of 16 in household • Unemployed members in the household • Self-assessment of social status

Appendix 3

Segmentation of returning migrants by country of stay

Destination country for work purposes by age and sex (%)

	18-29 years	30-39 years	40-49 years	50-59 years	Over 60 years	Men	Women	Total
Great Britain	30.2	32.1	19.3	11.2	11.9	20.3	21.2	20.7
Germany	13.5	19.8	22.2	20.6	19.3	23.6	14.2	19.4
Mediterranean countries	24.0	23.7	33.3	38.3	40.7	24.8	41.2	32.3
Other countries in EU	19.8	13.7	17.8	15.9	10.4	20.6	10.2	15.9
Turkey	0.0	2.3	0.7	2.8	5.2	1.8	2.9	2.3
Russia	0.0	1.5	0.7	0.9	0.0	1.2	0.0	0.7
USA, Canada	8.3	6.1	4.4	5.6	6.7	5.2	7.3	6.1
Other non-EU countries	0.0	0.8	0.0	1.9	1.5	0.9	0.7	0.8
Other continents (Asia, Africa, Latin America)	0.0	0.0	1.5	2.8	4.4	1.5	2.3	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Destination country for work purposes by intention of stay – temporarily or permanently (%)

	Temporarily	Permanently	Do not have specific intentions	Total
Великобритания	20.3	16.7	26.2	20.7
Great Britain	18.9	19.7	21.4	19.4
Germany	34.8	25.8	23.8	32.3
Mediterranean countries	16.5	15.2	13.1	15.9
Other countries in EU	1.5	9.1	1.2	2.3
Turkey	0.7	0.0	1.2	0.7
Russia	4.8	12.1	8.3	6.1
USA, Canada	1.1	0.0	0.0	0.8
Other non-EU countries	1.3	1.5	4.8	1.8
Other continents (Asia, Africa, Latin America)	100.0	100.0	100.0	100.0

Destination country for work purposes by duration of stay (%)

	1-3 months	4-6 months	6-12 months	1-2 years	2-3 years	3-5 years	Over 5 years	Total
Great Britain	26.7	20.7	25.0	30.4	17.9	10.3	12.1	20.7
Germany	24.4	17.7	21.7	21.5	23.1	25.9	10.1	19.4
Mediterranean countries	26.7	30.5	25.0	22.8	30.8	37.9	51.5	32.3
Other countries in EU	15.6	17.7	20.8	20.3	20.5	12.1	4.0	15.9
Turkey	2.2	1.2	1.7	0.0	2.6	1.7	7.1	2.3
Russia	2.2	1.8	0.0	0.0	0.0	0.0	0.0	0.7
USA, Canada	2.2	8.5	4.2	2.5	2.6	6.9	10.1	6.1
Other non-EU countries	0.0	1.2	0.8	2.5	0.0	0.0	0.0	0.8
Other continents (Asia, Africa, Latin America)	0.0	0.6	0.8	0.0	2.6	5.1	5.0	1.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

TO RETURN OR NOT TO RETURN: MIGRATION STRATEGIES OF BULGARIANS IN SPAIN IN THE LAST DECADE

This article analyses the geographic mobility of Bulgarian immigrants during the serious economic and labour crisis, by which has been gripped Spain for over a decade now. The information used was collected from different sources: the statistics, compiled by the National Statistical Institute and the Ministry of Employment of Spain and the testimony of the immigrants. The results indicate an increase of external emigration. The majority of those leaving Spain are heading for Bulgaria, others emigrate to other European countries and still others circulate between the country of origin and the destination relatively frequently. Nevertheless, despite the severity of the crisis, the majority remain in Spain for various reasons. Some opted for internal geographic mobility and were moving to other Spanish provinces in search of temporary employment.

JEL: F22; J61; O15

Spain has a large community of Bulgarian immigrants. The first of them arrived about twenty years ago and in a very short time, the number of residents experienced an extraordinary growth, reaching about 170,000 in 2012. Since then their number significantly decreased, so that at present less than 120,000 actually remain. The reduction is due fundamentally to the grave crisis, which has been gripping for over a decade the Spanish economy and which was characterized by job losses, growth of unemployment and job insecurity.

The article examines the migration strategies of Bulgarians in the context of the crisis, which has been affecting Spain for more than ten years and provides answers to questions like: What are the migration patterns of Bulgarians in the last few years? Are the internal movements among Spanish provinces increasing or decreasing? How does the crisis affect the inbound and outbound flows? Which way are those who leave Spain heading? Are these return flows, are they looking for other countries or are they leaving and coming back? Who is moving, the family or any of their members? What are the motives for those movements? Why are some of the migrants moving, while others remain at the places

¹ Rafael Viruela is from the Department of Geography of University of Valencia, Spain, e-mail: raviruel@uv.es.

which hosted them? For this purpose, the quantitative methodology is combined with a qualitative one.

The text is organized in five sections. In the first place, a review is made of the recent evolution of Bulgarian immigration and of the characteristics of migrants. Then a brief reflection is made on the subject of geographic mobility like a strategy. The third section presents the information sources used. Thereafter the main patterns of internal and international mobility of Bulgarian migrants are discussed as well as the motives, for which many of them remain in Spain. The article ends with a brief recapitulation, recalling the most relevant conclusions.

Bulgarian immigration in Spain

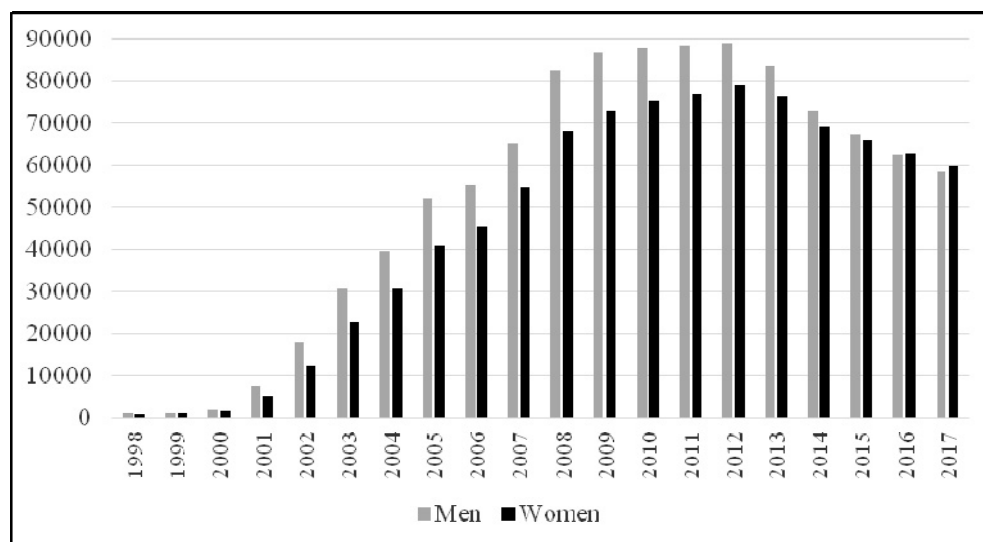
The transition from communism to capitalism, which occurred in Eastern Europe after the fall of the Berlin wall (in November 1989), required structural reforms, which left the economy in a disastrous state and caused unbearable suffering to millions of people, who had expected for their living standards to improve with the systemic change. The balance may be summarized as a loss of millions of jobs, drastic contraction of GDP, runaway inflation, general impoverishment and an increase of social inequalities (Viruela, 2003). The collapse of the communist bloc and the resulting opening of the economy instantly unleashed a great potential for emigration (Stanek, 2010).

Bulgarian emigration fits into the context of the grave socio-economic crisis of the 1990s and, basically, reflects the desire for achieving higher living standards (Gómez-Mestres and Molina, 2010; Mintchev and Boshnakov, 2016). In the first years, Germany and Austria were the main countries of destination, apart from Turkey, where thousands of citizens from the Turkish minority “found refuge”, fleeing from the forced assimilation policy. Since the mid-1990s, the emigrants started preferring the countries of Southern Europe: Greece, Spain and Italy (Ragaru, 2008; Kovacheva, 2014).

In Spain, the group of Bulgarian immigrants reached a large number in a quite brief period of time (figure 1). In 2001 their actual number was 12,400 and in 2008 more than 150,000 were registered. The figure continued to grow until 2012 (168,000), with a lower intensity due to the grave economic and labour crisis, which had commenced four year earlier. Different factors coincided to lead to the spectacular growth of Bulgarian immigration in the first years of the XXIst century: the expansion of the Spanish economy and the increased demand for labour, the migration chains and networks, based on family connections, or on the geographic or social proximity and the favourable political and administrative decisions, such as the lifting of the visa requirements (April 2001) and Bulgaria’s accession to the EU (on 1 January 2007), despite the restrictions on access to the labour market in the initial couple of years.

Figure 1

Evolution of the population, born in Bulgaria (1998-2017*)



* Data as of 1 January of each year. The results for 2017 are not yet finalised.

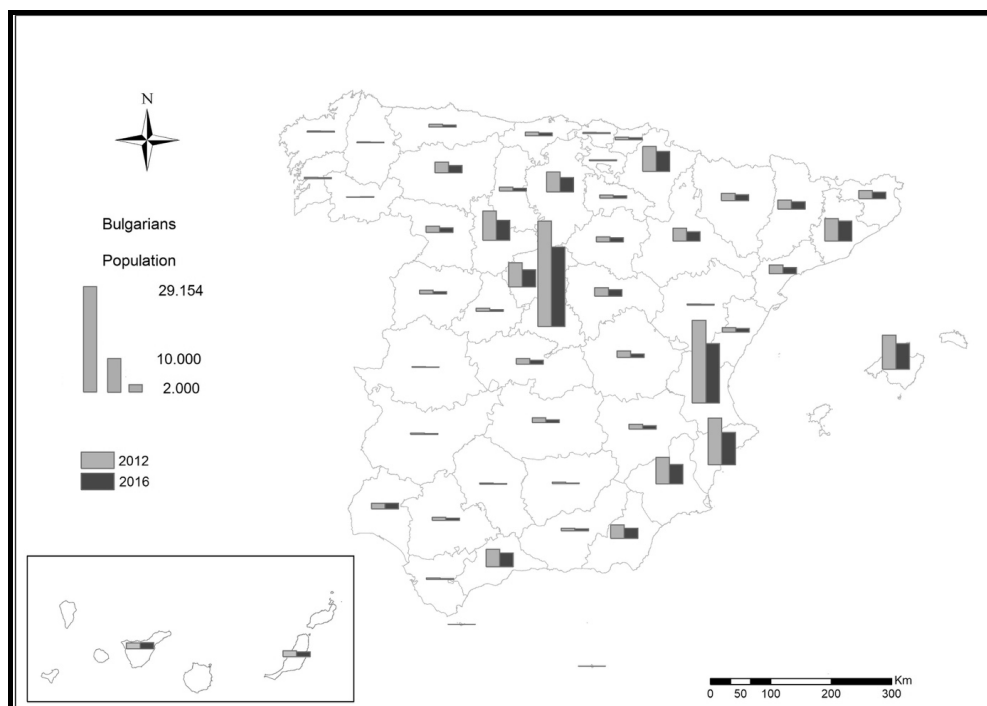
Source: NSI [*National Statistical Institute*], *Continuous Register Statistics*.

The Bulgarian community residing in Spain is characterized by a balance between the genders, a higher share of the groups of active age (more than half of them are between 25 and 49 years of age), a rapid integration into the labour market and activities concentrated in construction, industry and transportation – in the case of men and housekeeping services, commerce and accommodation – in the case of women, in addition to agriculture for both genders (Domingo, Gil and Maisongrande, 2008; Mintchev and Boshnakov, 2016). The numbers reached by this group were accompanied by a rapid process of territorial diffusion. Nevertheless, the geographical distribution is characterized by major concentrations in Madrid and on the Mediterranean coast and also in Castilla and León (figure 2).

The “glorious decade” of the Spanish economy (1996-2007) was interrupted abruptly in 2008 and was superseded by a Deep recession, manifested in rapid job losses, a surge in unemployment (affecting one in each four working-age individuals in the first quarter of 2013) and progressive deterioration of the living standards. The crisis had a direct impact on migration flows: it slowed down the arrival of new immigrants and some of the Bulgarians, who resided here emigrated, yielding as a result a negative migration balance. The change of the trend led to a shrinking of the Bulgarian community by about 30% in the last five years. The decline in numbers was observed generally on the entire territory and bigger losses were registered in provinces with greater numbers of residents (Madrid, Valencia, Alicante, Murcia, Valladolid or Segovia). According to provisional data of the NSI, at present less than 120,000 Bulgarians are residents of Spain.

Figure 2

Geographical distribution of Bulgarian immigrants, in 2012 and 2016

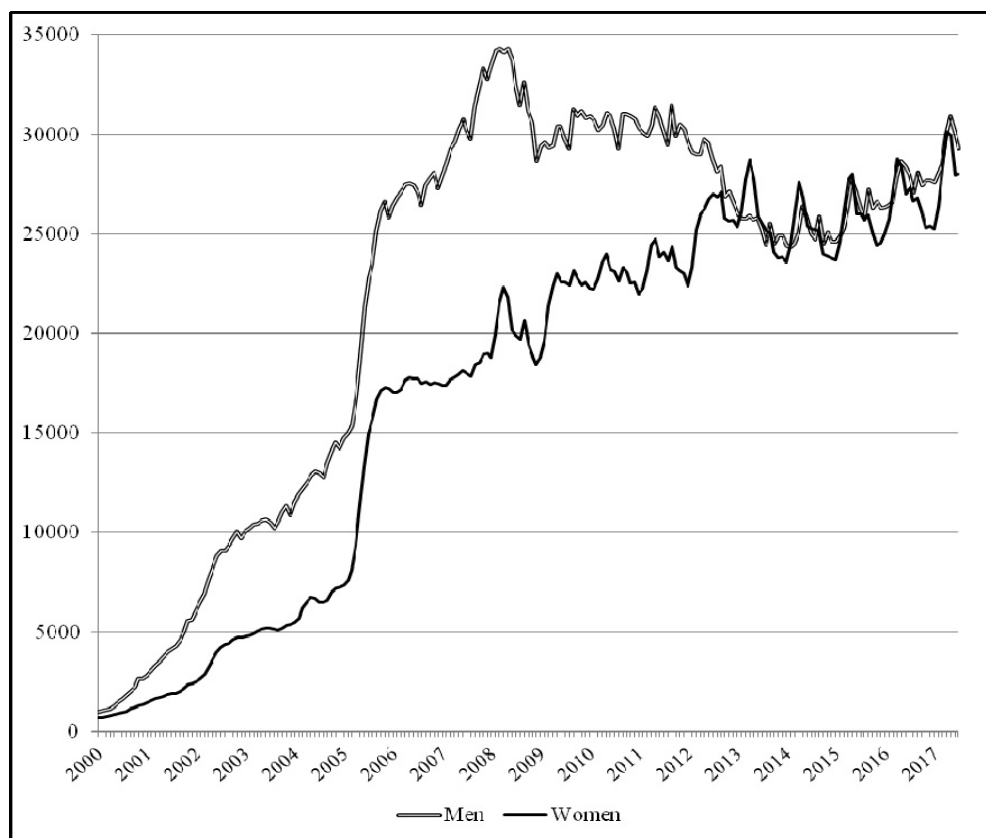


Source: NSI, *Continuous Register Statistics*.

The crisis affects the immigrants more (their unemployment rate is 39%) than the local population (unemployment rate of under 25%) and the groups from Eastern Europe were among those hit the hardest (Collective Ioé and Fernández, 2010). The unemployment rates for those immigrants reached in Spain the highest values in the whole of the European Union (Brinke and Dittrich, 2016). Men had suffered the crisis most intensely, as it can be observed from the figures concerning workers, participating in Social Security, primarily between 2011 and 2014-15 (figure 3). On the other hand, the number of women of legal age in Social Security increased continuously, which increased their share in the total employed population. In fact, women make up 50% of Bulgarian workers, while at the stage of economic expansion they were outnumbered by men.

Figure 3

Bulgarian workers participating in Social Security (January 2000 – May 2017)



Source: Ministry of Employment and Social Security, *Foreign workers, participating in Social Security* <<https://expinterweb.empleo.gob.es/series/>>. Data from the end of each month.

The different trends in the occupations of men and women may have consequences for the mobility patterns of both genders. On the other hand, it is noteworthy that the recent recovery in employment could contribute to a new increase in immigration.

Geographic mobility as a strategy

The crisis cut short the expectations of progress and well-being, which were achieved by – or to which aspired – thousands of people during the phase of rapid economic growth. In order to mitigate its consequences, the migrants applied different strategies, both in the

production sphere, as well as in the reproducing system, whereby they tried to bridge the gaps between family needs and available resources. The strategy is an entirety of decisions, actions and activities, adopted by a subject (individual or a group) in order to achieve an objective, with great likelihood to achieve the effect desired (Bourdieu, 2006). A part of the migrants tries to improve their working and living conditions by means of the geographic mobility.

The geographic mobility increases along with the globalization and the demand for flexible workers, the development of the means of transportation and communication (Guarnizo, 2003; Urry, 2007; Portes, 2012). The information, the contacts, the relationships and assistance, provided by families and friends are resources, which guarantee the mobility (Palloni *et al.*, 2001). The routes and the times, when movement takes place, reflect the functioning of the networks of migrants, which leaves little room for a chance (Hannam, Sheller and Urry, 2006).

In Europe, the circulation of migrants between East and West was facilitated by the progressive enlargement of the European Union and by the opening of the frontiers (Wihtol, 2013 and 2017). As Catherine Wihtol said (2016), the more open the frontiers, the more migrants circulate. Also, the crisis of recent years played a prominent role for the mobility. (Fassman *et al.*, 2014). In a recession there are fewer openings for employment and a greater number of migrants are inclined to move in search of opportunity. The loss of a place of work, the job insecurity and the decline in incomes provide an impetus to the mobility, which is transformed into a survival strategy (Miguélez and Godino, 2014).

Mobility can be internal or international – a distinction which is frequently blurred, because the flows are becoming ever more complex and fragmented (King and Skeldon, 2010). A migrant chooses one or another result of the circumstances, of the needs of the family group, of the resources available (in terms of personal relations and economic means) and of the objectives. In Spain, the internal mobility of the immigrants was very intense in the first years of stay (Recaño, 2002) and remains a common practice, even though in many cases it does not involve a change of the place of residence. The accelerated deterioration of the living conditions activated the international emigration, which public opinion identifies as a return. But the reality is more complicated, because not everybody leaving Spain return to their country, nor all who return are doing it for good.

Return refers to a movement of emigrants, who go back to the country of origin with the intention to establish themselves there (Snel, *et al.*, 2015). The migrants return for many reasons: some because they had an unsuccessful experience abroad, lost a job, find difficulties to re-integrate themselves into the labour market or were unable to adjust themselves to the receiving country; others return, because they achieved success and the goals desired and decided to return when they thought that the country of origin offered opportunities (Ruspini *et al.*, 2016). In general, economic success, social and cultural integration in the country of destination and/or weak attachment to the place of birth were facilitating the decision to remain in the country of destination and reduced the intention to return. By contrast, difficulties encountered abroad make return a credible option and all the more likely one – the stronger the attachment of the emigrant to the place of birth. In the case of Bulgaria these circumstances did not result in mass returns (Mintchev, 2016). The

migrants who maintain close relations with family and friends living in the country of origin, who visit them relatively frequently and spend there a large portion of their savings, are more likely to return than the migrants who do not develop such international practices. (Snel *et al.*, 2015; Ruspini *et al.*, 2016).

In reality, the return has multiple dimensions (Cavalcanti and Parella, 2013). A return could be definitive or could mean just a brief break between periods of long stay abroad and, quite often, many migrants alternate periods of emigration with transient returns. The difficulties in finding work or the insufficient salary in the place of origin are motives that drive a new emigration, which is much easier when a part of the family already reside abroad. The money earned helps improve the living conditions and stay for part of the year in the country of origin; but when one runs out of savings, one has to emigrate again. The migrants who leave and return repeatedly become part of a circular migration (King and Christou, 2011; Skeldon, 2012). This is a matter of movements of different duration, repetitive or cyclical, between the place of origin and the place/s of destination, which do not imply a change in the principal place of residence (Zelinsky, 1971; Bovenkerk, 1974). When these migrations are governed by international agreements, the mobility is not yet circular, but temporary, which the States try to encourage in order to make the labour market more flexible, like it occurred with the instances of contracting in the country of origin of citizens of Bulgaria and of other countries for seasonal agricultural work in Spain (Gordo, 2008).

In conceptual terms the distinction between return and circular migration, which means between permanent residence in the country of origin and systematic and repeated emigration, is clear. But one has to agree with Ruspini, Richter and Nollert (2016) that from the empirical point of view it is difficult to trace the dividing line between the two modalities, because it is not possible to observe over the years the trajectories of migrants. No doubt, the studies of migrations in Europe make a distinction between both types of migration and observe an increase in circularity (Engbersen *et al.*, 2013; Mintchev *et al.*, 2016). Some speak of the “liquid” or “fluid” character of the migration of the citizens of Central and Eastern Europe (Engbersen and Snel, 2013). In any case the geographic mobility is viewed as a strategy characteristic of East Europeans, who instead of establishing themselves definitively or for a long period of time in another country, are opting for the mobility with the aim to improve their living conditions in the countries of origin (Morokvasic, 2015; Wihtol, 2016).

Methodology

This article draws on two sources of additional information: the statistics and the accounts of the migrants. Among the statistics special mention should be made of the *Residential Variation Statistics* (RVS), which are being compiled by the National Statistical Institute (NSI) and which we have used in the analysis of extremal migration, the entries into and the departures from Spain. The register of entries (immigration) is of good quality, but the account of departures (emigration) is not very reliable (Arango, 2016). The RVS underestimates the emigration and, in the majority of cases, does not provide information

on the countries of destination, which depends on the will of those departing. The unit of measurement is the migration and not the migrant. The same person may complete various migrations in the course of a specified period. Among the other variables, the RVS includes age, gender, nationality and the place of birth of the migrant.

The data provided by the Occupation Observatory of the State Public Employment Service (SEPE) allows to analyse the internal territorial mobility (among the Spanish provinces) based on labour motives. SEPE considers that mobility exists when the domicile of the worker does not coincide with the centre of work and has kindly provided figures of the contracts entered into by Bulgarian citizens in provinces, different from those of their residence. SEPE registers the information on the number of contracts based on the nationality and the gender of the worker. The same person can accumulate different contracts in the course of one year. Only the lawful contracts are being accounted for; that is why this source does not reflect all movements, since in Spain there are many irregularities in the contracting of the workforce.

Although the statistics have clearly improved in the last few years, the information provided is deficient in many aspects, which necessitates the combining of a quantitative and qualitative methodology. 25 in-depth interviews were conducted with immigrants resident in the provinces of Valencia and Madrid, whose accounts allow an insight into the motives, for which the migrants undertake movement or decide to remain in their places of residence. The decisions they make depend on the economic and labour situation in the countries of origin and destination and on various personal and family circumstances. The accounts were supplemented by information published in the media and by contributions from the literature on European migrations.

Migration patterns of Bulgarians during the crisis

Among the strategies adopted by the migrants for mitigating the effects of the crisis, the geographic mobility stands out, which is characterized by its diversity: migration among different Spanish provinces, emigration to other countries, return to the place of origin and circular migration. The accounts collected by different authors point towards an increase in the mobility in consequence of the crisis: “Many left, we are not that many now ... Some returned to Bulgaria, live there and collect unemployment benefits from Spain... Many left Spain, but did not go back [to Bulgaria] and re-emigrated to France or to other places” (Benlloch, 2016, pp. 198-199). “Many people have left, because here they lost their jobs and now they have returned to Bulgaria and work there and have their home there. And I also know people, who have left Segovia in search of work, because here they can’t find any” (Martín, 2014, 109). “Many people ended up with no job and as a result the Bulgarians, like people from many other countries, returned to their country of origin and to other countries with more opportunities” (Mesa Diocesana, 2015, 38).

Internal mobility for employment reasons

During the phase of economic expansion, the residential mobility of the East Europeans was higher, superior to that among other foreign communities (Reher and Silvestre, 2011), which was related to a greater propensity for mobility of recent arrivals, to employment of temporary nature in activities like agriculture or construction and the desire for improvement of living and working conditions (Recaño, 2002; Miguélez and Godino, 2014). The numbers of change of domicile have declined since the onset of the crisis, the values registered in the last few years are inferior to those for other groups, which reveals the greater impact of the crisis on the workers from Eastern Europe (Gil, Bayona and Vono, 2012).

Nevertheless, Bulgarians, just like Romanians (Viruela, 2016), have shown a great propensity for territorial mobility for employment reasons. In effect, during the first years of the crisis, the Ministry of Employment and Social Security registered a notable increase of contracting of Bulgarian citizens in provinces other than that of domicile (table 1). If in 2007 they held 13,000 contracts with other provinces, in 2011 they were reported as about 20,000. In the next years lower values were registered, except for 2016. The occupation in provinces other than that of domicile is equivalent to about 20% of the contracts. Men are playing the leading role in these movements, but the ever-increasing presence of women, which is currently exceeding 35%, is worthy of mention.

Table 1
Contracts held by Bulgarian workers in provinces different from that of their residence

Year	Number of contracts	MR*	% of women in the total
2007	13,066	15.5	23.5
2008	13,345	16.4	25.8
2009	15,192	17.5	28.8
2010	18,885	20.8	29.3
2011	19,985	21.5	29.1
2012	18,179	18.7	33.8
2013	18,893	20.7	33.4
2014	19,414	20.3	33.9
2015	19,893	19.9	34.1
2016	20,652	19.5	35.2

* The mobility rate (MR) expresses the percentage of contracts in provinces other than those of their residence from the total number of contracts held by Bulgarian citizens.

Source: Ministry of Employment and Social Security. Data provided by the Occupation Observatory of the State Public Employment Service (SEPE).

The geographic mobility for employment reasons is related primarily to the agrarian sector, although activities like accommodation, transportation and commerce are also encouraging mobility: “Now I’m organizing myself on my own, but with difficulties, because it’s hard to be on one’s own, difficult because of the paperwork ... I work in Palma. I go to Bulgaria, sometimes pass via Valencia, on other occasions via Mallorca, this is in fact how my life develops. I am transporting foodstuffs, for supplying stores in Valencia and in Palma, the stores of Bulgarians. We are selling foodstuffs to Russian, Bulgarian, Romanian stores in

the cities of Spain, because there are lots of people from these countries, who would like to buy things from their countries” (male, 38 years of age).

In the last few years, many of those who lost their jobs in the construction, industry and services sectors have transformed themselves into self-employed individuals, like the case referred to or into travelling day-workers and take part in different agricultural campaigns. Among the campaigns which attract greater numbers of workers are notably the harvesting of grapes in Castilla-la Mancha or Castilla y León; of citrus fruits in the Community of Valencia and Murcia; of other fruits, in Aragón and Cataluña; and to a lesser degree, of strawberries and olives, in Andalucía. The harvesting of those products requires great numbers of workers, so that in peak periods the local workforce is being supplemented by day-workers arriving from other provinces (Sánchez and Serra, 2017). Since some of the tasks are of short duration, as is the harvesting of grapes, a worker needs to connect campaigns in different regions in order to remain active for a longer time and the result is movement routes, which on the same dates tend to repeat themselves year after year. On occasion, the immigrants who reside in Spain are joined by compatriots who returned to Bulgaria and who punctually show up each season (Martín, 2014; Benlloch, 2016).

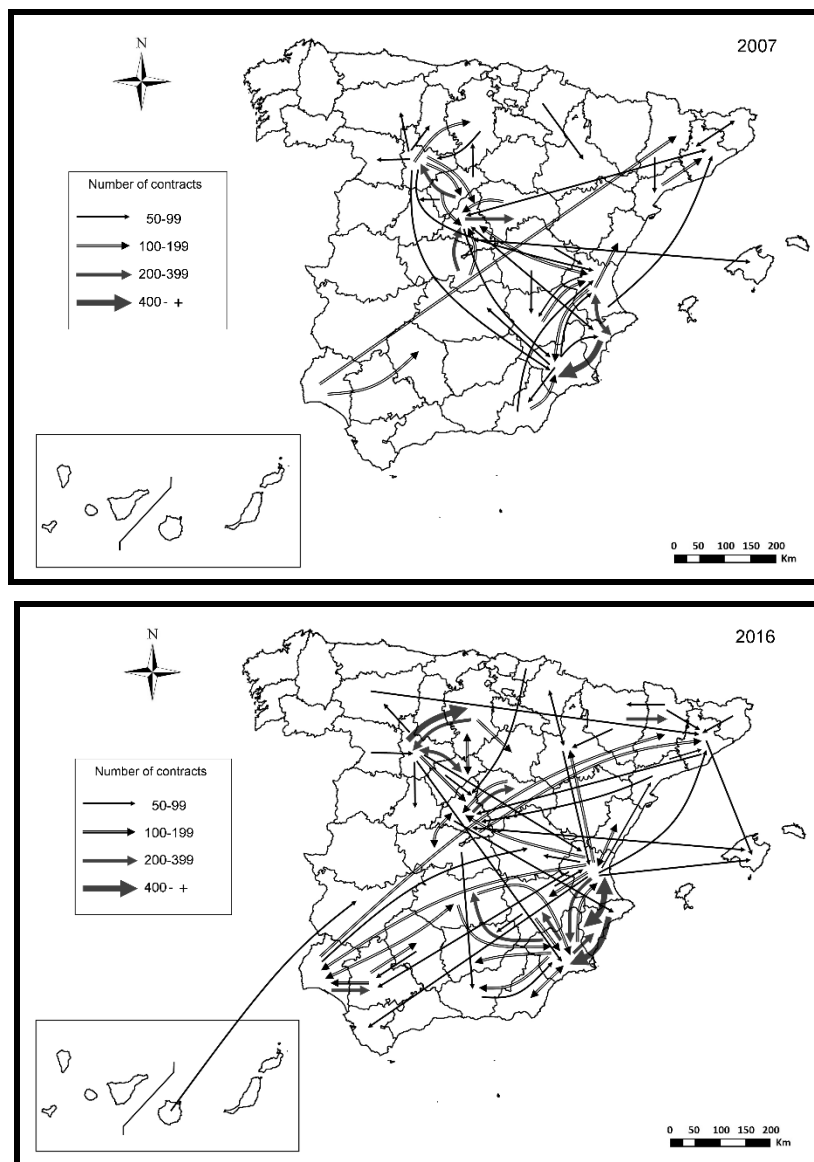
The increase in the internal mobility, which occurred in the initial years of the crisis, was accompanied by an expansion of the area of migration, as it can be observed from the maps on figure 4, on which the flows of more than 50 contracts are shown in 2007 and 2016. More than half of the movements are over short distances, because they are taking place between neighbouring provinces, showing the greatest concentration in the south-eastern peninsula (Valencia, Alicante and Murcia) and in Castilla-León (Valladolid). Over the last decade the transfer of workers has markedly increased in those provinces, at the same time as mobility over larger distances increased, like the movements which connect Andalucía with the Mediterranean coast and those with Aragón and the central part of the country. It should be kept in mind that the data which we are commenting on refers to legal contracts and that therefore the actual mobility should be much greater².

The internal mobility within the agrarian sector is related to the experience, gained by the migrants and to the support of the social networks. It is common for employers to recruit day-workers among people who are known to those who worked in previous seasons and also since some of those day-workers act as intermediaries between the agricultural entrepreneurs and other workers of the same nationality (Sánchez and Serra, 2017). The employer and the worker mutually need each other – the first in order to be able to handle confidently the campaign and the other – for staying active. The circulation between the province of residence and that of work takes place owing to a widely dispersed social network in the territory, which constitutes a key element of the mobility capital of the migrants.

² Reports concerning irregular contracting and work exploitation are relatively frequent. See for example “The Civil Guard break up an organization engaging in work exploitation of Bulgarian citizens”, Press office of the Civil Guard, 2 November 2016. <<http://www.guardiacivil.es/es/prensa/noticias/5988.html>>.

Figure 4

Principal flows of Bulgarian workers among provinces in 2007 and 2016*



* Flows representing more than 50 contracts are shown.

Source: Ministry of Employment and Social Security. Data provided by the Occupation Observatory of the State Public Employment Service (SEPE).

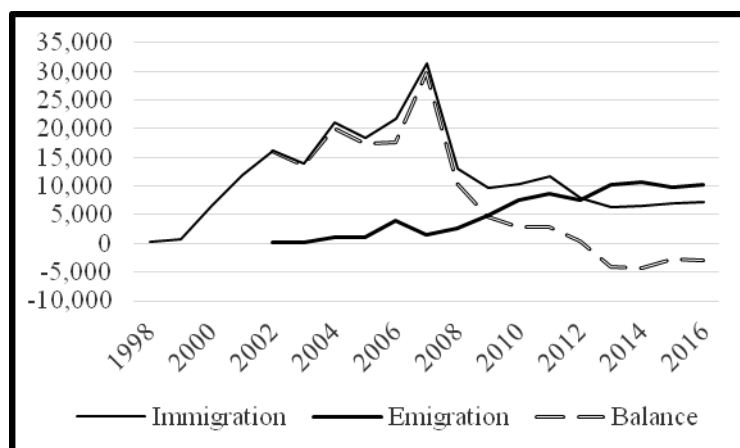
The contracting of Bulgarian workers in provinces other than that of their residence is in a state of stagnation recently, which is related to two reasons. On the one hand, the increases in contracting of Spanish unemployed in construction and industry, who sought refuge in the agrarian sector. On the other hand, as it is commented hereafter, the migration of Bulgarian citizens increased. Nevertheless, it is interesting to note that those immigrants remain a fundamental component in the agrarian sector of different regions, as is the case in Castilla and León (Sánchez and Serra, 2017). Although the competencies increased some employers prefer hiring foreigners, because they inspire more confidence than local workers. A vine-grower from Ribera del Duero (in Castilla-León) formulated it as follows: “sad, but Bulgarians, especially women, work well and are capable of sacrifice, which is necessary in the field”³.

Growth in international mobility

The crisis had a strong impact on external flows. The number of arrivals experienced an abrupt and severe slowdown in 2008 (figure 5), demonstrating that Spain was not yet such an attractive destination, as during the phase of economic expansion. The number of departures, clearly and against all projections, were modest in the initial years of the crisis. Emigration intensified more a little later, in connection with the worsening of the economic and labour situation in 2011-12 (Parella and Petroff, 2014).

Figure 5

Spain: External migrations of individuals born in Bulgaria (1998-2016)*



* Data on outbound movements is published since 2002.

Source: NSI, *Residential Variation Statistics*.

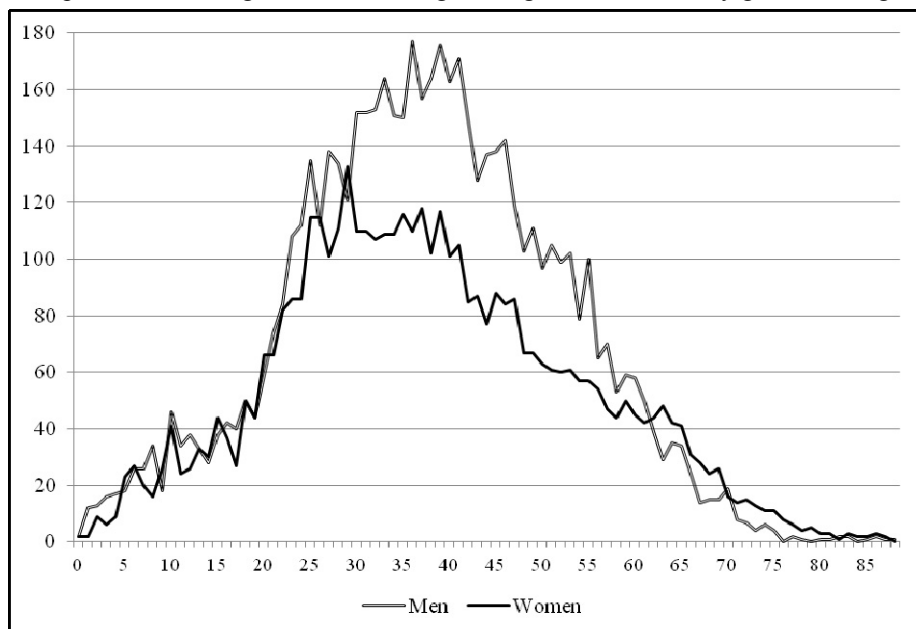
³ Henández, Ana Belén (2012): “Grape harvesting, an immigrant terrain”, *ABC*, 7 October 2012. <<http://www.abc.es/20121007/comunidad-castillaleon/abcp-vendimia-terreno-inmigrante-20121007.html>>.

In the last five years the numbers of the Bulgarian community resident in Spain declined by about 50,000 people, which is equivalent to 30% of those registered in 2012. As the situation of unemployment wore on, as the opportunities to find work diminished and the benefits and subsidies ran out, many of those, who earlier opted to resist the impact of the crisis in Spain, reconsidered their options and decided to emigrate to another country or to return to Bulgaria. This is how one of the women, interviewed by Sara Martín (2014, 40), formulated it: “People left, because they didn’t work any more and didn’t receive benefits any more... I have a cousin who was here for more than fifteen years and now they live there. Here they bought a house during the [economic] boom. Both of them were out of a job [because of the crisis] and were unable to pay the mortgage and the bank repossessed the house. They were not receiving any support... and they returned there, because there they had a house”.

Among those who emigrated there is a large share of men, because they were affected most by the loss of employment, due to their clearly expressed dependency on the construction sector. In the outbound flows registered in 2016, the major difference between the genders existed among those between 30 and 50 years of age (figure 6). Those who emigrated more were the heads of family out of a job, while the wives remained in Spain, because they had more options for continuing working and for the socialization of the children, many of whom were born here. It must be noted, nevertheless, that adolescents under the age of 15 also left. This means that there were entire families who emigrated and that a part of the emigration was expected to be permanent or last for a long period of time.

Figure 6

Departures of immigrants born in Bulgaria, registered in 2016, by gender and age



Source: NSI, Residential Variation Statistics (data micro-fiches).

Table 2
Outbound movements of immigrants born in Bulgaria, by destination (2008-2016)

Year	Return	Other known destination	Unknown destination	Total
2008	1,191	51	1,317	2,559
2009	1,201	75	3,655	4,931
2010	1,031	65	6,392	7,488
2011	940	81	7,745	8,766
2012	1,182	93	6,236	7,511
2013	1,037	72	9,229	10,338
2014	1,373	115	9,318	10,806
2015	776	81	9,023	9,880
2016	822	90	9,363	10,275
2008-16	9,553	723	62,278	72,554
% of the total	13.2	1.0	85.8	100.0
% of women	44.4	49.9	42.0	42.4

Source: NSI, Residential Variation Statistics (data micro-fiches).

The statistical information on the country of destination is very incomplete and the latter is not known in 86% of the cases (table 2). But it is estimated that the vast majority have returned to Bulgaria (Domingo and Blanes, 2015), with the prevailing share being of men of working age. Women turn out to be less inclined to return, because many of them continue to be employed in the place of destination and/or because they think that for them the opportunities for employment would be more limited in Bulgaria as a result of the restructuring of the economy, which was brought about by the larger process of economic transition.

The persons interviewed recognized, that the loss of one's job and the difficulties in finding other employment or the economic and labour insecurity were driving them to return, which was in line with the findings of other studies (Eurofoun, 2012; Martin, 2014; Ivanova, 2015; Mintchev, 2016). These motives are reinforced by others related to health, family or problems with integration at the place of destination, as a young family states (the husband aged 33, and the wife - 29), with two young children (the first 1 year old and the other – born just a few months ago) and with a stay of one year in Spain, who decided to return, because “being far from friends and completely unintegrated is saddening us much” and stated that they were doing so now “because it would be more difficult to do it later, when the children start attending school and educating themselves in the Spanish mentality and language”. By contrast, others prefer for their children to grow up in Spain.

As it was already stated, a return does not necessarily mean an end to the migration process, it could serve as a starting point of a new episode of emigration and of frequent departures and returns between the place of origin and that of destination (Mintchev, 2016). The East-West circular migration gained notoriety in the last decade of the XXth century, after the fall of the Berlin wall and intensified in the initial years of the XXIst century, along with the progressive enlargement of the European Union and the opening of frontiers. This phenomenon, which affected a great number of individuals, is also related to the economic

crisis and the difficulties which the migrants encounter in settling down and improving their living conditions in just one place, with the transnationalization of the migration networks and with the opportunity to travel rapidly at a reasonable cost, owing to the development of the means of communication and transportation by road and the onset of *low cost* flights (Favell *et al.*, 2011; Skeldon, 2012; Engbersen *et al.*, 2013; Wihtol, 2013).

The majority of movements between Spain and Bulgaria take place in summer months and reflect basically family- and recreation-related reasons. Migrants use these visits for exploring the opportunities offered by the labour markets at the place of origin, for supervising the process of construction of residential buildings, in which they have invested the majority of their savings or to take care of elderly parents and of children, like various women interviewed were doing, who worked for several months in Spain as housekeepers and then returned briefly to their place of origin: “We, meaning my mother and sister are working in turns in Spain, taking care of an elderly lady. Now it’s me who’s staying here, but after that my mother will come and then my sister. Because in this way we know that our children, who remain in Bulgaria, are taken care of and we are also able to spend a few months in each year with them” (female, 30 years). Others organize schedule vacations from Spain so that they can help their family in Bulgaria, like one of those interviewed is doing, who returns home precisely in May “to help my father plant cherries”⁴ (male, 46 years old).

Both the statistical information and recent studies agree in indicating that few Bulgarian immigrants decide to re-emigrate to another country (Mintchev and Boshnakov, 2016). Those who do prefer Germany, due to the favourable economic and labour situation there. The emigration to another country is a strategy, which is contemplated mainly by young people pursuing university studies, because the salaries in Bulgaria are very low⁵ and because they believe that both there, as well as in Spain, they would have a difficulty in entering into the qualified labour market. When that happens, alternatives are sought: “Perhaps I belong in the United States, not because it’s a better place, but because people there are valued for what they do and not for where they come from ... for me this is a good thing. In Spain they regard with Olympic indifference researchers from Eastern Europe” (female, 28 years old).

The majority of Bulgarians remain in Spain

Several thousand Bulgarian immigrants left Spain during the economic crisis and have chosen primarily to return to Bulgaria or to engage in mobility. No doubt, it is interesting to underline that the majority of those who arrived in Spain remained here and currently there

⁴ The areas planted by cherries, which contracted significantly in the initial years of the XXIst century, are recovering by new plantations in the southern regions of Bulgaria. Ministry of Agriculture, Food and Forestry. Republic of Bulgaria. <<http://www.mzh.government.bg/MZH/en/Home.aspx>>.

⁵ Currently (in the first half of 2017) the minimum wage in Bulgaria (235 euros) is 3.5 times lower than that in Spain (825). Eurostat: *Monthly minimum wages bi-annual data*. <http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=earn_mw_cur&lang=en>.

are more than 118,000 immigrants of this origin. An opinion poll conducted in 2011 showed that the majority of the immigrants were reluctant to return to Bulgaria or to re-emigrate into another country (Mintchev and Boshnakov, 2016). Economic and labour success, integration into the host society, above all that of the children, many of whom were born here or were brought here at a very early age, are factors in favour of staying here. This is also the better option for the migrants, who because of the crisis worked less hours and have seen their incomes decline, as one of those interviewed remembers: "The amount of work decreased. Now I clean less, but I have not lost my job. The crisis has affected both Spain and Bulgaria and I find myself in a better situation here" (female, 47 years of age). This opinion is shared by other migrants, who do not see sufficient reasons to return.

In general, family members advise young people against returning to Bulgaria (Mintchev and Boshnakov, 2016). Young people feel disappointed by their country of origin, particularly those, who emigrated at an early age and were educated in Spain, where they have built strong social and friendship bonds. Here is how this is formulated by a university student, who arrived in Spain at the age of six: "No! OK, for vacations - yes. Indeed, this summer I will be going there to see the family. My grandmother tells me not to go back, to stay in Spain or to go elsewhere, but not to Bulgaria. You see, Bulgaria is a sad country, people are very introvert, pessimistic. People are not in the habit to go out, as here... The country has changed somewhat, but very little. I see it every time I return. But... I would not return to live there. The relations with my friends [there] have gradually cooled, while my [knowledge of] Spanish and my social skills improved in Spain. I have always lived in Valencia, I would remain to live here or I would go to Barcelona or some other city" (female, 20 years of age).

Conclusion

The economic crisis, the surge in unemployment, the running out of subsidies and social benefits and the scarcity of jobs have triggered the geographic mobility of thousands of Bulgarian immigrants over the last years. The new movements are marked by diversity: circulation between various Spanish regions, return, emigration to other countries and movements between the places of origin and of destination. Many of those movements are never registered in the statistics and some modalities are completely left unaccounted for, as is the case of circular migration.

The majority of Bulgarians, who came to Spain, remain here. Many of them arrived prior to 2007 and already have stayed for more than 10 years among us, including some of them for more than 20 years and as it is known the likelihood of emigration declines as the years of residence go by, because the bonds to the host place are strengthening. Various factors contribute to the stay of thousands of Bulgarians in Spain: the time elapsed since their arrival, the progress in career, the acquisition of properties and the establishment, particularly that of the children, who have lived here practically their entire life. When all those circumstances concur, a migrant would have no reasons to leave. But also many of those affected by the crisis prefer to remain in Spain. Some work less than they used to and earn less income. Those, who have lost their jobs, work in other economic sectors and in

other provinces and regions. Like we have found, the internal mobility for employment reasons witnessed a considerable increase in the initial years of the recession.

The crisis had immediate consequences for the external flows. The arrivals of new immigrants declined abruptly in the first year of the crisis (2008) and the departures increased, which affected adversely the economic and labour situation in 2012 and led to a negative migration balance in the last few years. The emigration for returning is, clearly, the most important flow. The crisis contributed to making thousands of migrants return earlier than they planned. But some did not undertake new migrations, while other went to and from between the place of origin and that of destination relatively frequently. Just like other East Europeans, Bulgarians have a substantial experience in circular migration. Thousands of migrants have taken up mobility as an alternative to the definitive emigration. This modality of movement was stimulated by the economic crisis, the freedom of movement within the European Union and the advances in and the decline of the costs of the modes of transportation. Some Bulgarians – residents of Spain, very few of them – intend to improve their living conditions in other countries. For them Germany is the most important destination.

Entire families are taking part in the new migration cases, but there is a greater share of young men of adult age. This is not a matter related to gender, but to availability. The males were the most affected by the losses of employment in Spain, while females have maintained certain activity during the crisis (housekeeping services, care of dependent persons, commerce, accommodation etc.). This, in the case of family units, led to an increase in the number of transnational families as a more adequate solution for optimization of the labour resources of the adults and for the socialization of children.

References

- Arango, J. (2016). Spain: New Emigration Policies Needed for an Emerging Diaspora. Washington, DC: Migration Policy Institute. <<http://www.migrationpolicy.org/research/spain-new-emigration-policies-needed-emerging-diaspora>>.
- Benlloch, C. (2016). La inmigración de Bulgaria y el Reino Unido en el medio rural valenciano: estudio comparado de dos modelos migratorios. Tesis doctoral dirigida por el Dr. Joan Lacomba. Valencia, Doctorado en Ciencias Sociales, del Trabajo y de los Recursos Humanos.
- Bourdieu, P. (2006). Campo del poder y reproducción social: elementos para un análisis de la dinámica de las clases sociales. Córdoba (Argentina): Ferreyra Editor.
- Bovenkerk, F. (1974). The Sociology of Return Migration: A Bibliographic Essay. La Haya: Martinus Nijhoff.
- Brinke, A. and Dittrich, P. J. (2016). Labour Mobility in the Euro Area: Cure or Curse for Imbalances? Berlin: Jacques Delors Institut. <<http://europe-solidarity.eu/documents/labourmobilityeuroarea.pdf>>.
- Cavalcanti, L. and Parella, S. (2013). El retorno desde una perspectiva transnacional. REMHU. – Revista Interdisciplinar da Mobilidade Humana, N 41, pp. 9-20.
- Colectivo Ioé and Fernández, M. (2010). Encuesta Nacional de Inmigrantes 2007: el the labour market y las redes sociales de los inmigrantes. Madrid: Observatorio Permanente de la Inmigración.

- Domingo, A., Gil, F. and Maisongrande, V. (2008). La inserción laboral de los inmigrantes búlgaros y rumanos en España. – Cuadernos de Geografía, N 84, pp. 213-236.
- Domingo, A. and Blanes, A. (2015). Inmigración y emigración en España: estado de la cuestión y perspectivas de futuro. – En: Arango, J., D. Moya, J. Oliver and E. Sánchez (Dirs.), Anuario de la Inmigración en España 2014. Barcelona: CIDOB, pp. 94-122.
- Engbersen, G. and Snel, E. (2013). Liquid Migration. Dynamic and Fluid Patterns of Post-Accession Migration Flows. – En: Glorius, B., I. Grabowska-Lusińska and A. Kuvik (Edits), Mobility in Transition. Migration Patterns After EU Enlargement. Amsterdam: Amsterdam University Press, pp. 21-40.
- Engbersen, G., Leerkes, A., Grabowska-Lusinska, I., Snel, E. and Burgers, J. (2013). On the Differential Attachments of Migrants from Central and Eastern Europe: A Typology of Labour Migration. – Journal of Ethnic And Migration Studies, Vol. 39, N 6, pp. 959- 981.
- Eurofound (2012). Labour mobility within the EU: The impact of return migration. European Foundation for the Improvement of Living and Working Conditions. <<http://www.eurofound.europa.eu/publications/report/2012/labour-market-social-policies/labour-mobility-within-the-eu-the-impact-of-return-migration>>.
- Fassmann, H., Kohlbacher, J. and Reeger, U. (2014). The Re-Emergence of European East–West Migration – the Austrian Example. – Central and Eastern European Migration Review, Vol. 3, N 2, pp. 39–59.
- Favell, A., Recchi, E., Kuhn, T., Solgaard, J. and Klein, J. (2011). The Europeanisation of Everyday Life: Cross- Border Practices and Transnational Identifications Among EU and Third-Country Citizens. EUCROSS Working Paper. <http://www.eucross.eu/cms/index.php?option=com_docman&task=cat_view&gid=7&Itemid=157>.
- Gil, F., Bayona, J. and Vono, D. (2012). Las migraciones internas de los latinoamericanos en España: del boom a la crisis económica. – Papeles de Población, Vol. 18, N 71, pp. 1-42.
- Gómez-Mestres, S. and Molina, J. L. (2010) Les nouvelles migrations dans l'Europe: chaînes migratoires, établissement et réseaux sociaux des Bulgares en Espagne et en Catalogne. – Balkanologie, Vol. 12, N 2. <<https://balkanologie.revues.org/2211>>.
- Gordo, M. (2008). La contratación en origen de rumanos para actividades agrícolas de temporada. – Cuadernos de Geografía, N 84, pp. 237-262.
- Guarnizo, L. E. (2003). The economics of transnational living. – International Migration Review, Vol. 37, N 3, pp. 700-723.
- Hannam, K., Sheller, M. and Urry, J. (2006). Editorial: Mobilities, Immobilities and Moorings. – Mobilities, Vol. 1, N 1, pp. 1-22.
- Ivanova, V. (2015). Return policies and (r)emigration of Bulgarians in the pre- and post-accession period. – Problemy Polityki Spo ecznej. Studia i Dyskusje, Vol. 31, N 4, pp. 119-136.
- King, R. and Christou, A. (2011). Of Counter-Diaspora and Reverse Transnationalism: Return Mobilities to and from the Ancestral Homeland. – Mobilities, Vol. 6, N 4, pp. 451-466.
- King, R. and Skeldon, R. (2010). Mind the Gap! Integrating Approaches to Internal and International Migration. – Journal of Ethnic and Migration Studies, Vol. 36, N 10, pp. 1619-1646.
- Kovacheva, V. (2014). EU Accession and Migration: Evidence for Bulgarian Migration to Germany. – Central and Eastern European Migration Review, Vol. 3, N 2, pp. 173-188.
- Martin, S. (2014). Las estrategias de las mujeres inmigrantes búlgaras en Segovia frente a la actual crisis económica. Valladolid: Trabajo Fin de Grado en Relaciones Laborales y Recursos Humanos, Facultad de Ciencias Sociales, Jurídicas y de la Comunicación.
- Mesa Diocesana (2015). Aproximación a la realidad inmigrante en Aranda de Duero 2015. Aranda de Duero: Comisión arciprestal de pastoral con inmigrantes.

- Miguélez, F. and Godino, A. (2014). ¿Movilidad territorial y sectorial como respuesta a la crisis? En F. Miguélez and P. López-Roldán (Dirs.): *Crisis, empleo e inmigración en España. Un análisis de las trayectorias laborales*. Barcelona: Obra Social la Caixa, pp. 221-269.
- Ministry of Employment and Social Security. Foreign workers, participating in Social Security. Madrid. <<https://expinterweb.empleo.gob.es/series/>>.
- Mintchev, V. (2016). Potential and Return Migrants in Bulgaria: Demographic and Socio-Economic Aspects. – *Economic Studies*, N 5, pp. 91-115.
- Mintchev, V. and Boshnakov, V. (2016). The Bulgarian Community in Spain (Will the Bulgarians Return from Spain?). – *Economic Studies*, N 5, pp. 117-141.
- Mintchev, V., Boshnakov, V., Richter, M. and Ruspini, P. (2016). Determinants of Migration and Types of Migration and Mobility. – En: M. Richter, P. Ruspini, D. Mihailov, V. Mintchev and M. Nollert (Edits): *Migration and transnationalism Between Switzerland and Bulgaria*. Suiza: Springer International Publishing, pp. 25-60.
- Morokvasic, M. (2015). Migrations et mobilités Est-Ouest après 1989 sur fond d'intégration Européenne. – *Migrations Société*, N 158, pp. 61-92.
- National Statistical Institute. (NSI). Continuous Register Statistics. Madrid. <<http://www.ine.es>>.
- National Statistical Institute. (NSI). Residential Variation Statistics. Madrid. <<http://www.ine.es>>.
- Occupation Observatory of the State Public Employment Service (SEPE). Contracts for foreign workers. Data provided by the Observatory.
- Palloni, A., Massey, D., Ceballos, M., Espinosa, K. and Spittel, M. (2001). Social Capital and International Migration: A Test Using Information on Family Networks. – *American Journal of Sociology*, Vol. 106, N 5, pp. 1262-1298.
- Parella, S. and Petroff, A. (2014). Migración de retorno en España: salidas de inmigrantes y programas de retorno en un contexto en crisis. – En: J. Arango, D. Moya and J. Oliver (Dirs.), *Anuario de la inmigración en España 2013*. Barcelona: CIDOB edicions, pp. 62-87.
- Portes, A. (2012). *Sociología económica de las migraciones internacionales*. Barcelona: Anthropos.
- Ragaru, N. (2008). Imaginaires et itinéraires migratoires bulgares en Europe. Une Introduction. – *Balkanologie*, Vol. 1, N 2. <<http://balkanologie.revues.org/873>>.
- Recaño, J. (2002). La movilidad geográfica de la población extranjera en España: un fenómeno emergente. – *Cuadernos de Geografía*, N 74, pp. 135-156.
- Reher, D. and Silvestre, J. (2011). International Migration Patterns of Foreign-Born Immigrants in Spain. A Study Based on the National Immigrant Survey (ENI-2007). *Revista Internacional de Sociología (RIS)*, (Monographic 1), pp. 167-188.
- Ruspini, P.; Richter, M. and Nollert, M. (2016). Between Return and Circulation: Experiences of Bulgarian Migrants. – *Economic Studies*, N 5, pp. 7-20.
- Sánchez, M. J. and Serra, I. (2017). Migración y reemplazo étnico en la viticultura: Rumanos y búlgaros en Ribera de Duero, España. – *Migraciones Internacionales*, Vol. 9, N 2, pp. 201-225.
- Skeldon, R. (2012). Going Round in Circles: Circular Migration, Poverty Alleviation and Marginality. – *International Migration*, Vol. 50, N 3, pp. 43-60.
- Snel, E., Faber, M. and Engbersen, G. (2015). To Stay or Return? Explaining Return Intentions of Central and Eastern European Labour Migrants. – *Central and Eastern European Migration Review*, Vol. 4, N 2, pp. 5-24.
- Stanek, M. (2010). Los flujos migratorios desde Europa central y oriental después de 1989. – *Historia y Política*, N 23, pp. 91-117.
- Urry, J. (2007). *Mobilities*. Cambridge: Polity Press.
- Viruela, R. (2003). Transición y migraciones en Europa central y oriental. – *Migraciones*, N 14, pp. 181-218.
- Viruela, R. (2016). La movilidad interna e internacional de los inmigrantes rumanos durante the crisis. *Scripta Nova. Revista Electrónica de Geografía y Ciencias Sociales*, 536. <<http://www.ub.edu/geocrit/sn/sn-536.pdf>>.

Viruela, R. (2018). To Return or Not To Return: Migration Strategies of Bulgarians In Spain in the Last Decade.

Wihtol, C. (2013). El fenómeno migratorio en el siglo XXI. Migrantes, refugiados y relaciones internacionales, México, DF: Fondo de Cultura Económica.

Wihtol, C. (2016). Las nuevas migraciones”, Sur 23. – Revista Internacional de Derechos Humanos, Vol. 13, N 23, pp. 17-28.

Wihtol, C. (2017). Les européens dans les politiques européennes d’aujourd’hui. – Hommes & Migrations, N 1317-1318, pp. 45-51.

Zelinsky, W. (1971). The Hypothesis of the Mobility Transition. – Geographical Review, Vol. 61, N 2, pp. 219-229.

THE CHOICE OF BULGARIAN MIGRANTS – STAY OR LEAVE AGAIN?

This article reviews issues related to re-migration/return of Bulgarian migrants and its sustainability. Information is provided about the scale of re-migration to Bulgaria. An assessment is made of the possibilities of the local labour market to provide incentives for returning from abroad. Based on an empirical sociological survey conducted in 2017 (as part of the project “Return Migrants: Segmentation and Stratification of Economic Mobility” financed by the National Research Fund) categories of return migrants are differentiated based on their plans for the future – whether to stay or to leave Bulgaria again. The profile of the individual categories of return migrants is presented summarizing their socio-demographic characteristics and prior migration experience. Applying a binary logistic regression the social and demographic factors as well as the factors based on migration experience, that induce the attitudes toward staying or moving again, are identified.

JEL: F22; O15

1. Introduction

The debate and the first publications on the return of migrants date back to the beginning of the 1980s, when serious attention was devoted to the voluntary return of the so-called migrants from third countries and the connection of this phenomenon to developments in the countries of origin (Ruspini, Richter and Nollert, 2016). Usually, it is assumed that the return depends on the original intentions to migrate, the length of the stay abroad and the conditions in which this is taking place (Ghosh, 2000). This is supplemented by the possibilities for mobilization of capacity and resources by the returning individuals themselves (Cassarino, 2004).

Migrants are returning as a result of the success or failure of the migration they undertook. A mass return from abroad indicates that the conditions in the country of origin have changed. The migrants may be motivated to return as a result of the opening of new

¹ Vesselin Mintchev is from the Economic Research Institute at the Bulgarian Academy of Sciences and from International Business School, Botevgrad, Bulgaria, e-mail: v.mintchev@abv.bg.

² Venelin Boshnakov is from the University of National and World Economy, Sofia, Bulgaria, e-mail: venelinb@unwe.bg.

opportunities back home or simply because they have achieved their financial (in most cases) goals. On the other hand, the issue remains open – nobody is sure whether a person returns for good or is going to leave again, thus becoming a “circular” migrant. In this sense, the people who have migration experience are usually classified as “returned”, irrespective of whether they are returning permanently or temporarily.

Returning migrants may be quite different. The distinction most frequently drawn in the receiving countries is between forced and voluntary return. The distinction among the various types/categories of return migrants is also being followed up depending on the intention stated – definitive return (e.g. upon expiry of bilateral agreements for exchange of workforce), return upon retirement or following completion of studies, circular migration (Glorius, 2013).

What concerns the issue of *sustainability of return*, it is most frequently discussed in connection with the voluntary return of refugees or asylum-seekers to the countries of origin (incl. on the Balkans – for example, in Bosnia & Hercegovina and Kosovo, after the end of the conflict in former Yugoslavia). This issue is in the focus of the report “Understanding Voluntary Return” (Black et al., 2004).

Table 1

Elements and potential measures of the sustainability of return

	Physical	Socio-economic	Political-security
Subjective perception of return migrants	(Lack of) desire to re-emigrate	Perceived socioeconomic status	Perception of safety, security threats
Objective conditions of return migrants	Proportion of return migrants who (do not) re-emigrate	Actual socio-economic status of return migrants	Actual persecution or violence against return migrants
Aggregate conditions of the home country	Trends in levels of emigration and asylum-seeking abroad	Trends in levels of poverty and well-being	Trends in levels of persecution, conflict and violence

Source: Black, R., Koser, K., Munk, K. (2004). *Understanding Voluntary Return*. Sussex Centre for Migration Research: Home Office Online Report 50/04, p. 25.

The conceptual framework of the report is shown in table 1. The so-called physical and socio-economic sustainability of return may be reviewed more generally outside the context of the voluntary return of asylum-seekers and refugees. The return may be evaluated from the point of view of subjective perceptions or of attitudes of the return migrants themselves, as well as from the point of view of the conditions which they have to face following their return – both at individual and macro-level. Hence, the proposals of the authors concern indicators for measurement of all three aspects of the sustainability of return – physical, socio-economic, and political. Of interest for us are the indicators for measurement of the subjective perceptions, relevant to the so-called physical sustainability (which evaluate the attitudes in favour of staying or a new departure) as well as the indicators for the objective condition upon return, relevant to the so-called socio-economic sustainability (such as employment status and income after the return).

Return is deemed “unsustainable” not only if the individual (or a group of return migrants) emigrates again, but also if he/she has the desire (and plans) to do so. Return, in addition, may turn out to be unsustainable also if there are no jobs, income levels and adequate services in the country of origin, which has to be accessible and acceptable for the return migrants. Thus the factors, leading to “sustainability of return”, depend not only of the specific conditions in the receiving country, but also on the conditions in the country of origin (legislative framework, labour market situation, etc.) (Zareva, 2018). No doubt, they are also closely related to the social and demographic characteristics of the return migrants – gender, age, family status, level of education and qualification, employment status, etc. (Bakalova, 2018).

The scale of the return migration to Bulgaria may be assessed based on data from the sample surveys of potential migration and of returned migrants conducted in sequence in the years 2007, 2011, and 2013 (table 2). The number of households with return migrants was estimated at nearly 300 thousand in 2007, reaching 411 thousand in 2011 and over 470 thousand in 2013. This corresponded to 10% of the households in the country in 2007, to nearly 14% in 2011 and to over 15% in 2013. Having in mind the number of return migrants per one household, their total number in Bulgaria may be estimated from 380 thousand in 2007 to more than 690 thousand in 2013 respectively (Mihailov et al., 2007; Mintchev et al., 2012; 2017).

Table 2

Estimates of the number of return and current migrants in/from Bulgaria

Annual average (last 5 years)	2007	2011	2013
Relative share of households with return migrants*	10,1%	13,7%	15,5%
Number of households with return migrants	294345	411896	470783
Return migrants per 1 hh	0,133	0,158	0,229
Number of return migrants	384494	474304	693745
Relative share of households with current migrants**	7,4%	7,1%	10,7%
Number of households with current migrants	213908	212189	326285
Current migrants per 1 hh	0,097	0,090	0,159
Number of current migrants	280435	269604	483990

*Return migrant is an individual who has resided abroad for a period at least 3 months during the last five years, and at the time of the survey is located in Bulgaria.

**Current migrant is an individual who, at the time of the survey, resides abroad.

Source: UNFPA sample survey 2007; ERI at the BAS sample surveys 2011 and 2013.

The relatively high share of households with a return migrant and the doubling, in practice, of the estimated number of individuals returned are in effect indicating a significant scale and dynamics of the circular migration. It is no coincidence that among the respondents with migration experience who are located in the home country, the majority would like to leave again for various periods of time or even for good. Against this backdrop, the possibilities of the Bulgarian labour market to offer options for return of Bulgarians abroad appear modest, to say the least. This is evident from the comparison of the number of job vacancies (NSI, 2010) and the breakdown by occupations of Bulgarians abroad (based on data from OECD, table 3). In 2010 the registered job vacancies were 19-20% of the number

of Bulgarians employed abroad as Professionals and Technicians and associate professionals and between 12 and 14% of those employed as Managers, Clerical support workers, and Plant and machine operators.

Table 3

Job vacancies and Bulgarian migrants by occupations

	BGR migrants by occupation, 2010-2011 (Nr)	Job vacancies by occupation in Bulgaria, 2010 (Nr)	Job vacancies by occupation in Bulgaria, 2015 (Nr)	JV as a share of migrants by occupation, 2010 (%)
Managers	7406	1034	891	14.0
Professionals	22545	4494	5274	19.9
Technicians and associate professionals	14027	2661	1504	19.0
Clerical support workers	11409	1341	923	11.8
Service and sales workers	38695	1900	2793	4.9
Skilled agricultural, forestry and fishery workers	8575	115	83	1.3
Craft and related trades workers	30686	1466	1478	4.8
Plant and machine operators, and assemblers	20882	2667	2953	12.8
Elementary occupations	72413	1496	1684	2.1
Total	226638	17174	17583	7.6

Source: OECD-DIOC (Database on Immigrants in OECD and non-OECD Countries: DIOC, www.oecd.org); NSI, Bulgaria

For the other professions, the relative share of job vacancies is even lower (2-5%). This indirectly confirms that a deficit of professions requiring higher or medium-level qualification has gradually formed, and this limits the options for employment of individuals with lower qualifications – that also seek professional accomplishment abroad.

In this article we share the idea that the heterogeneous nature of re-migration/return may be interpreted using the notions of “segmentation” and “stratification” of the return migrants (Nonchev, 2018; Nonchev and Hristova, 2018)³. The segmentation is based on numerous criteria and results in various categorisations of return migrants. One of the basic among them is formed depending on the “sustainability of return” assessed in accordance with the purely subjective attitudes in favour of subsequent migration. In line with this, the following are differentiated:

³ This approach is developed, among others, within the research project “Return Migrants: Segmentation and Stratification of Economic Mobility” funded by the Bulgarian National Research Fund, Contract No. DN 05/6 of 14.12.2016.

- individuals returned to Bulgaria permanently, i.e. who have no intention for new migration move;
- individuals returned to Bulgaria temporarily, who intend to migrate again (for a period up to one year or a longer period);
- individuals that have returned home and intend to leave Bulgaria permanently (i.e. to settle in another country).

Hereafter we review these categories of return migrants in a comparative aspect in terms of their socio-demographic profile and capacity for migration, as well as from the point of view of their previous migration experience and the degree of integration in the host society (table 4). The analysis is based on data from a quantitative nationwide representative survey among return migrants in Bulgaria in 2017⁴.

Table 4

Research questions	
Topics	Indicators
Sustainability of return	<ul style="list-style-type: none"> • Individuals returned to Bulgaria permanently, i.e. who have no intention for new out-migration; • Individuals returned temporarily, who anticipate a short- or long-term migration (3-12 months, or a period over 1 year); • Individuals returned temporarily, who intend to leave the home country for good (to settle in another country).
Socio-demographic profile and capacity for migration	<ul style="list-style-type: none"> • Gender • Age • Family status • Ethnicity • Educational qualification • Occupation taken, following the return • Income level, following the return
Previous migration experience and the degree of integration in the host society	<ul style="list-style-type: none"> • Accomplishment of the goals of migration (success/failure) • Self-assessment of the social status following the return • Duration of the last stay abroad • Presence of relatives/friends abroad

The target group comprises of individuals, who are Bulgarian citizens that in the previous 10 years (the period 2008-2017 inclusive) have worked at least once abroad for a period of at least three months. The group includes also persons who have stayed outside Bulgaria in order to accompany a family member abroad (e.g. taking care for the household of their relatives, or for children of relatives or acquaintances, etc.).

The survey was conducted in nine districts of the country – Sofia-city, Plovdiv, Varna, Pleven, Stara Zagora, Dobrich, Kardjali, Yambol and Montana – spreading across all NUTS-2 administrative regions and comprising of various types of settlements (capital; regional centre cities; small towns; villages). The sample was performed in two steps: first,

⁴ The survey is conducted in the framework of the research project mentioned above.

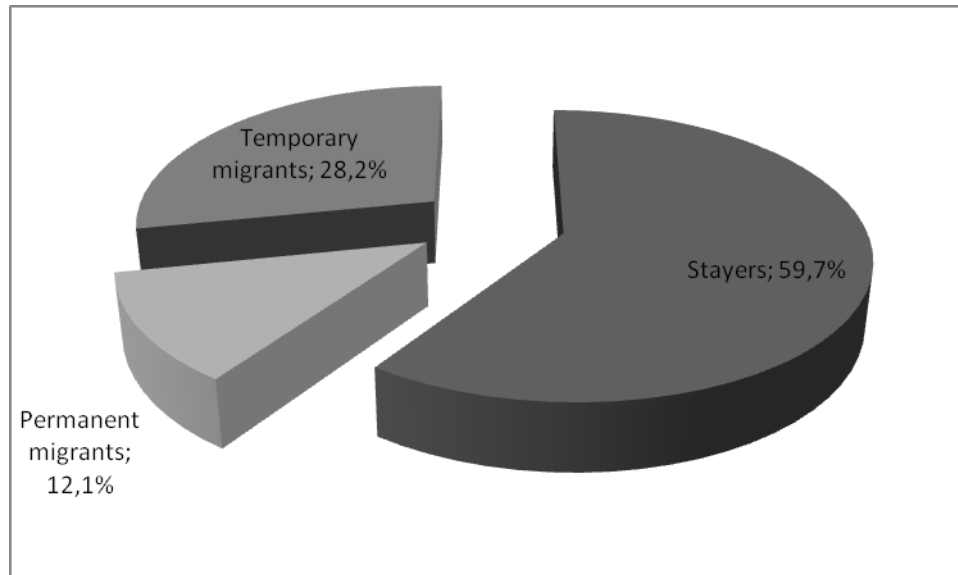
a random selection of addresses with return migrant(s) chosen by a random starting point (random route); second, a version of the snowball method in which the respondent selected at first stage directs the interviewer for the next contact: an individual from the target group. The planned sample size was 600 individuals where interviews have been accomplished with 604 respondents. The information collection method was a personal standardized interview (face to face) at the respondent's home; the period for conducting the field work was 28 October – 20 November 2017.

2. Socio-demographic profile of the return migrants

The segmentation (categorization) of return migrants, from the point of view of the sustainability of return, is based on their attitudes: (1) whether to remain in Bulgaria, (2) whether to leave again temporarily, and (3) whether to settle abroad permanently. Thus, three types of return migrants are grouped: stayers, temporary migrants and permanent migrants. The respondents who prefer to stay in the home country predominate – nearly 60% of those who responded. Those who would like to leave again for a short period (3 – 12 months) or for a long period (longer than 1 year) come next – 28.2% of the responded; one in eight respondents would like to leave Bulgaria for good.

Chart 1

Types of return migrants in Bulgaria according to their future plans, 2017



The scope of the socio-demographic characteristics, the capacity and prior migration experience evaluates at each individual category of return migrants, enables us to

understand more precisely who are those willing to leave again temporarily or permanently. In what way are they similar and how do they differ from those who choose to stay?

Socio-demographic characteristics

It is assumed that gender, age, and the family status are of principal importance for the formation of attitudes in favour of migration. The same holds true also for the members of any minority community in the country.

Table 5

Socio-demographic characteristics of return migrants according to their future plans (1)

Future plans	Stay in BG permanently	Leave BG, temporarily	Leave BG, permanently	Total
Gender				
Male	55.0%	52.9%	57.5%	54.7%
Female	45.0%	47.1%	42.5%	45.3%
Age				
Up to 30	16.7%	20.6%	26.0%	18.9%
31-40	19.4%	28.2%	24.7%	22.6%
41-50	19.2%	26.5%	20.5%	21.4%
51-60	19.4%	12.4%	12.3%	16.6%
Over 60	25.3%	12.4%	16.4%	20.6%
Family status				
Single	22.8%	24.1%	27.4%	23.7%
Married	61.4%	57.6%	53.4%	59.4%
Divorced	11.4%	10.0%	17.8%	11.8%
Widow/er	4.2%	7.6%	1.4%	4.8%
N/A	0.3%	0.6%	-	0.3%
Ethnicity				
Bulgarian	79.7%	85.3%	87.7%	82.3%
Turkish	9.4%	7.1%	4.1%	8.1%
Roma	9.4%	7.6%	6.8%	8.6%
Others	1.4%	-	1.4%	1.0%

Gender

Unlike the results obtained in previous studies (Mintchev et al., 2017), the present data does not indicate any major differences based on gender among the categories returned: (1) wishing to stay in the country, and (2) planning to leave again temporarily or (3) permanently. Yet, a certain difference is noted in the gender structure between those planning to go abroad temporarily (53% of whom are men and the rest – women) and those planning to emigrate (57.5% compared to 42.5%).

Age

The breakdown based on the age of return migrant categories confirms once again the increased propensity of the younger population, but also of the population of middle age, to

leave the country again. The share of respondents aged up to 50 is over 75% of those who would leave temporarily and 71% of the intending to settle permanently abroad. This share declines to 55% among the “stayers”.

Family status

Married individuals predominate among the return migrants – 59.4% in total for the sample. Their share however surpasses 61% of the return migrants planning to stay permanently in Bulgaria and drops to 53.4% of those planning to leave permanently the country.

Ethnicity

The breakdowns based on ethnicity do not confirm the expectations of increased propensity to move again among the Turkish and Roma communities. Their relative shares are higher among the stayers, compared to the share in the sample; it is found lower among the respondents with attitudes for repeat migration. On the other hand, the share of ethnic Bulgarians among the people who would migrate again (85.3% and 87.7% for the circular and permanent migrants, respectively) is somewhat higher than the share in the total sample (82.3%).

Capabilities characteristics

The educational level, the employment status, and the income received are indicators of capability of the individuals to mobilize resources necessary for implementing the migration intentions.

Education

The most frequently encountered educational degree among the three types of return remigrants is “vocational secondary education”. Among the stayers and the permanent migrants, the relative share of respondents with such education is higher than their share in the total sample (40-41% compared to 38.8%). The situation is different for the individuals with university degrees. The share of higher educated among the stayers and particularly among the permanent migrants is lower than their share in the total sample; however, in the case of temporary migrants this share is slightly higher (albeit only by 1 percentage point) – i.e., it could be expected that among higher education graduates preferences exist for some sort of temporary mobility, while among the people with vocational secondary education an interest in a permanent move is also maintained.

Regarding the share of the respondents with general secondary education, among the temporary and especially among the permanent migrants it is significantly greater than their share in the total sample (24 and 25% respectively, compared to 18.8%) whereas their share among the stayers is lower by some 4 percentage points. The situation is quite the opposite

among the respondents with basic or lower education. Their share among the individuals planning to move again is lower in comparison to their share in the sample as a whole, while the respective share among stayers is 2 percentage points higher than in the total sample. In this connection, it may be expected that the attitudes in favour of repeat migration are highest among the individuals with general secondary education and lowest among the individuals with basic or lower education.

Employment status

The modal group for all three types of return migrants is “employed full time”. They account for nearly half (47%) of the respondents in the sample. It is worth noting that their share among the stayers is slightly over 2 percentage points higher, compared to their share in the total sample (49.4% compared to 47.1%), but significantly lower among those contemplating temporary migration (41.8%). On the other hand, if one-fourth of the respondents in the total sample are unemployed, this share among the circular and permanent migrants is significantly higher – over 37%. The share of unemployed among the stayers, respectively, is clearly lower (16.9%). Obviously, the availability of full-time employment after return keeps the working-age migrants in the country, while the absence of such is a serious incentive to repeat migration.

Income

The data presented hereafter concerns the average monthly income per household. The modal group of the respondents quoted the income segment of BGN 1,200-2,000 which accounts for 23.2% of the respondents in the sample. The share of individuals in the higher-income segment (above BGN 2,000) was nearly half that (12.6%) while the share of those in the lower-income segment (up to BGN 800) was almost equal to that of the modal group (20.9%).

The fact that the share of individuals in the higher-income segment among the permanent migrants (17.8%) exceeds the respective share in the total sample – while in the case of circular migrants it is only 8.8% – suggests that higher income may be a disincentive for a circular migration; however, on the other hand, it may be assumed that it can stimulate (to some extent) a willingness to a permanent migration. Since the share of the lower income segment among the temporary migrants is higher than that in the total sample (while conversely, lower among those planning to settle permanently) leads to the conclusion that lower income may be an incentive for temporary (circular) migration, and conversely – a deterrent for a permanent migration.

Table 6

Socio-demographic characteristics of return migrants according to their future plans (2)

Future plans	Stay in BG permanently	Leave BG, temporarily	Leave BG, permanently	Total
Education				
Basic or lower	21.9%	17.1%	13.7%	19.6%
General secondary	14.7%	24.1%	24.7%	18.6%
Vocational secondary/postsec.	40.6%	34.7%	39.7%	38.8%
Higher	22.8%	24.1%	21.9%	23.1%
Labour status (What was your employment upon your last return to Bulgaria?)				
Employed full time	49.4%	41.8%	47.9%	47.1%
Employed part-time	4.4%	1.2%	4.1%	3.5%
Student	3.3%	1.8%		2.5%
Retiree	15.3%	8.2%	2.7%	11.8%
Own business	6.7%	4.7%	4.1%	5.8%
Liberal profession (self-employed)	3.3%	4.1%	2.7%	3.5%
Unemployed	16.9%	37.6%	37.0%	25.2%
Didn't know/Not responded	0.6%	0.6%	1.4%	0.7%
Income				
Up to 800 BGN	20.6%	23.5%	16.4%	20.9%
Over 800 to 1200 BGN	19.4%	21.2%	21.9%	20.2%
Over 1200 to 2000 BGN	25.8%	18.2%	21.9%	23.2%
Over 2000 BGN	13.3%	8.8%	17.8%	12.6%
Not responded	20.8%	28.2%	21.9%	23.1%

Migration experience

The migration experience of the respondents (migrants currently in Bulgaria) is described by several indicators – achievement of the goals of previous migration, self-assessment of the personal living standard in Bulgaria following the return (compared to that in the last host country), duration of the last stay abroad, and finally – the presence of relatives/friends abroad.

Table 8

Migration experience of return migrants

Future plans	Stay in BG permanently	Leave BG, temporarily	Leave BG, permanently	Total
Did you achieve the goals, in pursuit of which you left for abroad?				
Yes	73.3%	80.0%	67.1%	74.5%
No	26.7%	20.0%	32.9%	25.5%
As a whole, how do you live since you are back in Bulgaria, compared to the country of your last stay abroad?				
Better	29.4%	15.3%	12.3%	23.4%
Worse	22.5%	48.2%	53.4%	33.5%
No change	43.1%	34.1%	31.5%	39.1%
Didn't know/ Not responded	5.0%	2.4%	2.7%	4.0%
Duration of the stay abroad				
up to 6 months	32.5%	32.4%	13.7%	30.2%
7 to 12 months	20.0%	21.2%	20.5%	20.4%
over 1 to 3 years	18.6%	23.5%	31.5%	21.6%
over 3 to 6 years	14.2%	12.4%	16.4%	13.9%
over 6 years	14.7%	10.6%	17.8%	13.9%
Did you have any relatives in the first country				
Yes	63.1%	70.0%	64.4%	65.2%
No	36.9%	29.4%	35.6%	34.7%
Different in the various stays?	-	0.6%	-	0.2%

Achievement of the goals of migration

As a whole – more than 74% of individuals state that they have achieved the goals for which they left. It is noteworthy however that the share of “successful returnees” reaches 80% of the circular migrants and declines to 67% for the permanent ones. The original intentions of the respondents were to a greater degree related to temporary, rather than permanent migration – hence, the higher share of “successful” individuals among the circular migrants is observed, compared to those planning to emigrate. And the willingness to search a temporary (mainly seasonal) employment abroad seems much more realistic than to leave the country for good.

Self-assessment of the personal living standard in Bulgaria following the return

The self-assessment of the personal living standard in Bulgaria after the return clearly differentiates the types of return migrants into stayers in the country, circular migrants (individuals wishing to leave again temporarily), and permanent migrants (individuals planning to leave for good). For a large part of the respondents (39%) their living standard in the country after return does not differ from the one that they enjoyed abroad. Those who believe that their standard is inferior to the one they had abroad account for 1/3 of the total sample; however, this is the case respectively for 53% of the permanent and 48% of the

circular migrants. Regarding those who report a higher living standard in Bulgaria after return (compared to what they had abroad), their relative share among those desiring to repeat the migration is only between 12 and 15%, given 23% on average for the sample, and respectively over 29% among the stayers.

Duration of the stay abroad and presence of relatives/friends abroad

The data regarding the length of stay abroad confirms that longer stays are a motive for decisions for a next permanent migration. A half (49.4%) of the participants in the total sample had stayed abroad for more than 1 year; however, among the individuals planning a permanent migration the share of such respondents exceeds 65%. As regards the presence of relatives/friends abroad, on the other hand, there are no significant differences among the various types of return migrants. Obviously, all of them have their contacts abroad (i.e. migrants' networks) – between 63 and 70% of both stayers and movers have relatives and friends abroad.

3. Assessment of the determinants of re-migration intentions

The explorative analysis of the types of potential re-migration is hereafter augmented by results obtained from a binary logistic regression analysis conducted in the following research framework. The binary logistic regression utilizes sample micro-data to estimate a multivariate causal model with a binary dependent variable. This variable can take 2 possible values (outcomes) which contrast one specifically defined target group of observations (in our case, individual respondents) to another one chosen as a comparison (base) group.

The regression model links the predicted probabilities for classifying any observation in the target group as a function of a set of independent variables. These variables are in fact treated as determinants (i.e. causal predictors of the outcome) according to the conceptual reasoning outlined above – they are expected to correlate with the binary outcome. This way, the impact of each determinant of interest should be estimated on a net basis, i.e. as a *ceteris paribus* marginal effect. The general model of the logistic regression has the form (Greene, 2003):

$$P_{[Y_i=1]} = \frac{\exp(\beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \dots + \beta_k X_{ik} + \varepsilon_i)}{1 + \exp(\beta_0 + \beta_1 X_{i1} + \beta_2 X_{i2} + \dots + \beta_k X_{ik} + \varepsilon_i)}$$

where:

- “P” is the probability by which observation “i” should be classified in the target group given the values of the independent variables for this observation;
- “exp()” is the exponential function (using Napier’s constant “e” as a basis);
- X_j ($j=1, \dots, k$) are independent variables (determinants);

- “epsilon” is a random residual variable;
- “betas” are model parameters (to be estimated).

The model is empirically estimated after a transformation which results in a linear model with the “log-odds ratio” as a dependent variable:

$$\text{Log}\left(\frac{P_{[Y_i=1]}}{P_{[Y_i=0]}}\right) = \text{Log}\left(\frac{P_{[Y_i=1]}}{1 - P_{[Y_i=1]}}\right) = \beta_0 + \sum \beta_j X_{ij} + \varepsilon_i$$

The odds-ratio measures the degree to which the chance for being classified in the target group (Y=1) outweighs the chance for classification in the base group (Y=0). This model is estimated by a maximum likelihood method which maximizes the probability of observing the actual outcomes for Y given the fitted regression coefficients.

In order to facilitate the interpretation of empirical results, each determinant has been represented by a set of binary indicator variables using a traditional coding scheme. All quantitative variables have been transformed into ordered categories by defined numerical intervals. For each variable, a choice has been made about the reference category of individuals (serving as a basis for interpreting the marginal effects of this variable). The strategy for choosing the reference category is related to the general expectation about how each variable is linked to the willingness to move. This way, the reference category for each attribute is chosen to be the value which is expected to have a “holding” (pull-down) effect to the out-migration inclination of the individual. This coding strategy leads to the identification of the expected “initial profile” of the potential stayer (individual with the lowest expected chance for re-migration) – it is an artificial individual who possesses as personal traits all reference categories of the independent variables.

Hereafter we present the selection of independent variables along with the categories for which indicator variables have been defined.

Socio-demographic profile:

- gender (reference category: females; one indicator variable: male=1 for a man, 0 otherwise);
- age (reference category: 61 or higher; four indicator variables: (1) age up to 30; (2) age 31-40, (3) age 41-50; (4) age 51-60; each of them takes 1 if the individual’s age is in the respective interval: (up to 30], [31-40], [41-50], [51-60], otherwise 0);
- marital status (reference category: married; one indicator variable: single=1 for singles; 0 otherwise);
- education level (reference category: secondary general; three indicator variables: (1) basic or lower; (2) secondary vocational; (3) higher; each of them takes 1 if the individual has the respective degree, 0 otherwise);
- children (reference category: an individual with 1 or more children; one indicator variable: nochild=1 if there are not any children in the family, 0 otherwise);

- ethnic group (reference category: Bulgarian; two indicator variables: (1) turkish; (2) roma; each of them takes 1 if the individual is in the respective group, 0 otherwise);
- employment status (reference category: employed; 2 indicator variables: (1) unemployed, (2) self-employed /running own business practice or freelance profession/; each of them takes 1 if the individual falls in the respective category, 0 otherwise);
- income level (reference category: individuals form a household with income over 2000 BGN monthly; 3 indicator variables: (1) income up to 800 BGN; (2) income 801-1200 BGN, (3) income 1201-2000 BGN; each of them takes 1 if the household income is in the respective interval, 0 otherwise).

Here a set of proxy variables have been extracted in order to explore the expected effects of the migration experience which are of special interest to our study. At first, a positive migration experience is traditionally considered as a very influential determinant which is (in most cases) expected to induce consecutive attempts of the individual “to get back in the game”. The success of the last stay abroad has been captured by an attitudinal question: “*Did you succeed to achieve the goal/s/ for which you went abroad?*” – a binary variable is defined to take a value of 1 if the respondent has answered “Yes” to this question. Next, the migrant networking factor is included in the model by one binary variable (famfr abroad) – it takes a value of 1 if the respondent’s household has declared that at least one household member (or close family friend) resides abroad at the time of survey (otherwise 0).

A special aspect of the self-assessed wellbeing after the return is captured by the question “*How do you live in Bulgaria after you came back, in comparison with the life you had abroad?*”. Two binary variables are defined to take a value of 1 if the respondent has chosen the answer „better” or “worse”. This way we expect to capture the perceived relative position of the individual in respect to the household wellbeing. The reference category here is the answer “no change” to this question. Finally, an important variable reflecting the migration experience has been included – namely, the length of stay during the last stay abroad. The reference category here is “up to 6 months” which contains the respondents that have experienced short periods abroad; all other cases have been coded into 4 groups for which indicator variables have been defined: (1) length 2=1 if the length of stay is 7-12 months, otherwise 0; (2) length 3=1 for 1 to 3 years, otherwise 0; (3) length 4=1 for 3 to 6 years, otherwise 0; (4) length 5=1 for over 6 years, otherwise 0.

The categorization of respondents into non-overlapping subsamples – potential permanent re-migrant (settlers), temporary (circular) migrants, and stayers – provides an option to construct the dependent variables (DV) of interest. Here we suggest two such variables: for the permanent migrants contrasted to the stayers, and for the circular migrants contrasted again to the stayers.

DV1. The first dichotomous variable is coded by “1” for each respondent with clearly expressed preference to leave temporarily Bulgaria. We expect that such kind of individuals have been guided by willingness to circulate. All potential stayers (non-migrants) are coded by “0”, and the observations for potential permanent migrants are ignored by DV1.

DV2. The second dichotomous variable is coded by “1” for each respondent with clearly expressed preference to leave Bulgaria and to settle in another country. We assume that

these individuals wish to out-migrate for good. Again, all potential stayers are coded by “0”, and the observations for the circular migrants are ignored by DV2.

This strategy provides an opportunity to estimate marginal effects of the independent variables on the willingness to move, however, separately for the two types of re-migration intentions. In any of these two cases (DV1 and DV2), the comparison group consists of stayers (potential non-migrants) – this way we can distinguish between the target group (coded by DV=1) and the base group (coded by DV=0) in respect of the attributes incorporated as determinants variables. The following categories of respondents constitute the “synthetic” profile of the “reference individual”, each of which is expected to have a pull-down effect on the willingness to move:

- gender: females;
- age: 61 or higher;
- marital status: married;
- educational level: secondary general;
- children: yes;
- ethnical group: Bulgarian;
- employment status: employed;
- income level: household income over 2000 BGN monthly;
- achievement of goals abroad: no;
- family member or friend residing abroad: no;
- self estimated welfare status (compared to the life abroad): no change;
- length of stay (during the last stay abroad): up to 6 months.

Socio-demographic variables

Only part of these variables showed the expected impact on the probability for categorization in the respective target group (willing to circulate or to emigrate permanently). However, the adverse effect of multicollinearity could have caused the loss of significance for some of the parameters as far as many of the independent variables entered together are correlated.

Gender does not differentiate between respondents expressing a willingness to re-migrate and a willingness to stay. The parameter of “male” variable is statistically insignificant in both models, so the survey provides evidence that the willingness to leave again is not different for men and women concerning either temporary or permanent intentions.

Table 9

Binary logistic regressions for the likelihood to re-migrate

	DV1. Circular vs. Stayers		DV2. Permanent vs. Stayers	
	B	Exp(B)	B	Exp(B)
Gender (male)	-0,234	0,791	-0,074	0,929
Age up to 30	1,855 ***	6,393	1,847 ***	6,338
Age 31-40	1,860 ***	6,426	1,363 **	3,909
Age 41-50	1,366 ***	3,918	0,640	1,896
Age 51-60	0,376	1,456	0,182	1,199
Single	-0,631 *	0,532	-0,608	0,545
Basic	-0,812 *	0,444	-1,134 *	0,322
Secondary vocational	-0,555 *	0,574	-0,581	0,560
Higher education	-0,344	0,709	-0,392	0,676
No children	0,149	1,161	-0,043	0,958
Turkish	-0,038	0,963	-0,341	0,711
Roma	-0,848	0,428	-0,865	0,421
Unemployed	0,808 ***	2,243	0,776 **	2,172
Self-employed	0,731	2,077	-0,105	0,900
Income up to 800 BGN	0,269	1,309	-0,013	0,987
Income 800-1200 BGN	0,217	1,243	0,083	1,086
Income 1200-2000 BGN	-0,309	0,734	-0,179	0,836
Achieved goals abroad	0,578 **	1,783	-0,491	0,612
HH member/friend abroad	0,339	1,403	0,139	1,150
Welfare status- better	-0,755 ***	0,470	-0,840 *	0,432
Welfare status- worse	1,119 ***	3,062	1,275 ***	3,579
Length of stay (7-12 m)	0,250	1,283	1,236 **	3,442
Length of stay (1-3 y)	-0,099	0,906	1,318 ***	3,734
Length of stay (3-6 y)	-0,194	0,824	1,011 *	2,749
Length of stay (over 6 y)	-0,230	0,795	1,497 ***	4,470
Intercept (beta-0)	-2,367 ***	0,094	-2,816 ***	0,060
No. of observations	531		434	
Nagelkerke R square	0.263		0.265	

Source: Authors' calculations.

Notes: Wald test significance levels: * 0.10; ** 0.05; *** 0.01. Exp(B) estimates the odds ratios.

The most significant results (also with highest odds ratios) were obtained in regard to the age variable – the initial expectations for a high inclination of the younger people to leave Bulgaria for a short-term or to emigrate for good were confirmed. The net effects of the indicator variables for the youngest respondents (up to age 30) were highest but not much different from the estimates about the next two age group, as compared to the reference category “age 61+” – the odds ratios are 6.4 for the age groups “up to 30” and “31-40” and 3.9 for age group “41-50” in model 1 (intentions to circulate). Significant results for the first two age groups are obtained also in model 2 (willingness to emigrate), albeit not so strong: odds ratios 6.3 and 3.9 respectively.

No effect is observed about the marital status in model 2 which shows that living in a family neither stimulates nor obstructs the formation of intentions to leave Bulgaria

permanently. Surprisingly, the hypothesis for a stronger attitude of the singles (as compared to the reference category: married) towards temporary re-migration has been rejected. The negative sign of the parameter (significant at 1% risk) shows that, other things equal, not the singles but the married respondents are more likely to leave again, however, for a short period of time.

Greater re-migration attitudes of higher educated Bulgarian migrants are not observed, considering the regression results. Negative signs of the parameter estimates for “higher” variable are observed in model 1 and model 2, however, both of them are not significant. Due to this, we can conclude that higher educated respondents do not differ significantly from those with general secondary education regarding their intentions to re-migrate. The situation is not the same with the respondents having a secondary vocational education – the parameter for this education variable is found to be significant only in model 1 which shows that, *ceteris paribus*, there is a lower willingness with these migrants to circulate, as compared to the reference category (secondary general). Interesting result is obtained regarding the migrants with basic or lower level of education. The parameter for this variable is found to be significant in both models. The negative sign of this parameter reveals that the migrants with lowest education express a higher willingness to stay (as compared to the reference category).

No significant results are found in respect of ethnicity of the respondents. The situation is similar regarding the availability of children in the family of the respondent. Although, the divergence of the signs (positive in model 1 and negative in model 2) provides some indication that respondents with children show somewhat higher propensity to emigrate for good. This can be explained by the general attitude of potential emigrants to leave with the whole family in order to provide a better life for their children abroad.

In general, controlling for the level of income did not show any significant results for the intentions to neither circulate nor emigrate. No significant difference is observed in the likelihood for re-migration between the individuals in the reference category (with the highest household income) and those in any lower income stratum. This provides evidence in support of a new hypothesis that re-migration intentions are neither stimulated nor constrained by the level of income received at home after returning from abroad.

A feasible explanation of this result could be a technical reason – multicollinearity with the income and, possibly, labour status variables have caused the statistical insignificance of the income effect. However, we can still postulate an alternative explanation – the willingness to move is not systematically concentrated mainly to low-income strata; still, many individuals with migration experience and medium to higher income level do not see their future in the country and would opt to re-migrate.

The labour status variables have shown the expected results, especially regarding the unemployed respondents. In general, the self-employed do not differ substantially from the full-time employed (reference category) regarding their propensity to leave again in both models. However, both perspectives (temporary and permanent) are significantly preferred by the unemployed contrasted to the employed – for example, the odds ratio for the unemployed shows a twice higher chance for them to be categorized in the target group (potential emigrant or circular migrant) than in the base group (potential stayers) as compared to the reference category.

Migration experience variables

The range of attributes involved in the migrants' profile provides opportunities for evaluating the impact of migration experience as a factor of re-migration intentions. One of these attributes, namely the availability of household member or family friend abroad, did not show any significant effect in both models. A plausible explanation is the fact that the any of three groups (potential stayers, circular, and permanent migrants) has a very high share of respondents having such acquaintances abroad (63-7%), i.e. they practically do not differ at all in respect of this attribute.

On the other hand, there is a strong effect of the self-evaluated current wellbeing (after the return in Bulgaria) on the willingness to re-migrate (short-term or permanent move). The parameters of the two proxy variables – indicating perceptions of being better- or worse-off after return, compared to the living standard experienced abroad has been estimated as statistically significant in both models. Even more, the signs of these effects confirm the initial expectations – those with higher self-assessed wellbeing express a lower likelihood to leave again: both in short or long-term perspective. On the contrary, those with a worse material status clearly indicate a higher willingness to remigrate. Both perspectives (temporary and permanent) are strongly preferred by these respondents – the odds ratio shows over 3 times higher chance for them to be categorized in any re-migration group (circular or permanent) than in the base group (stayers) as compared to the reference category (respondents with “no change” in the wellbeing after their return).

The results obtained for the other two determinants – achievement of goals and length of stay abroad – reveal particular divergence between the two types of re-migration intentions. The length of stay abroad showed the expected stimulating impact only for those who wish to leave Bulgaria for good – the longer the period of stay, the higher the willingness to emigrate. For example, the estimate of the odds ratio for individuals with the longest length of stay (over 6 years) shows that the chance for having a disposition to permanent out-migration is 4.5 times higher than the chance for staying in Bulgaria. On the contrary, such effects are not found regarding the individuals with intentions to circulate where we do not observe any differences between individuals with longer or shorter periods of stay abroad. Although not statistically significant, the negative parameter estimates for the long-period variables (e.g. “3-6 years” and “over 6 years”) indicate that individuals with such migration experience would rather stay in the country than choosing to circulate.

The self-assessed achievement of goals with the last migration move has proved to have the expected direction of its effect only for those intending to circulate. A statistically significant effect of this variable has been estimated by model 1 where the chance for re-migrating temporarily is 1.8 times higher (for those declared an accomplishment of migration goals) than the chance for staying in Bulgaria. The odds ratio seems not so high but it is still quite indicative that the achievement of particular migration goals significantly induces a propensity to move again temporarily. On the other hand, such an effect is not statistically significant with model 2, i.e. regarding the individuals with intentions to move permanently. Nevertheless, the negative sign of the parameter estimate for the achievement variable suggests that respondents not confirming to have achieved their migration goals (i.e. not satisfied with their last migration experience) would rather opt to leave for good.

4. Conclusions

Having in mind the abundant tradition in the literature on external migration, the issues related to the return migration and its sustainability have long been on the sidelines of the research interest. The globalization, the innovations in transport and communications, and expanding migration pressures are changing the course of migration processes worldwide. Currently, increasing attention is being devoted to short-term forms of transborder mobility of individuals.

The assessments of return migration in Bulgaria are based on sample surveys attesting the increase of the relative share of households having a return migrant. Nevertheless, the capacity of the local labour market to attract the migrants back into the country can be evaluated as humble.

The segmentation of return migrants depending on their attitudes to a repeat migration enables the formation of three migration types: stayers, temporary and permanent migrants. On the basis of data from an empirical survey conducted at the end of 2017, the socio-demographic profiles of each of these three types of return migrants is presented. Applying the method of binary logistic regression, the factors facilitating the formation of the attitudes to stay in the country or to re-migrate have been assessed. The analysis confirms the importance of the “age” factor – other things equal, the older the returnee, the lower his/her chances to undertake a new move (either temporary or permanent). The likelihood of individuals with basic or lower educational level to stay is higher, as compared to the reference category (the respondents with general secondary education) – concerning both temporary and permanent migrants. The likelihood to stay is higher also among those with vocational secondary education, but only if confronted to the option of circular migration (model 1). On the other hand, the unemployed individuals reveal clearly a greater attitude for re-migration in comparison to the reference category (the full time employed). The self-assessment of the living standard after return shows the expected significant effect: the higher the self-assessed living standard, the greater the willingness to stay, and *vice versa* – the more unfavourable standard, the greater the likelihood of re-migration.

The family status and the achievement of the goals of previous migration show significant impacts only when differentiating the temporary migrants from the stayers. The married individuals – as well as those who declared to have accomplished their migration goals – are more inclined to a temporary re-migration than single individuals or those who did not achieve their goals. And lastly – the longer a stay abroad, the more likely it becomes for the individual to leave the country permanently.

The results presented above do not surprise, in most aspects they confirm the findings of a range of similar empirical studies (Mintchev and Boshnakov, 2006, 2007; Mintchev, 2016). It should be noted, however, that a more precise assessment of the effects of variables such as “family status”, “educational degree earned”, and “achievement of the goals of migration” requires additional efforts in a future research.

References

- Bakalova, M. (2018). The returning migration: an overview of literature, conceptual issues and theoretical aspects. Unpublished manuscript under project: Return Migrants: Segmentation and Stratification of Economic Mobility (financed by the National Research Fund under contract No. DN 05/6 of 14.12.2016).
- Black, R., Koser, K., Munk, K. (2004). Understanding Voluntary Return. – Sussex Centre for Migration Research: Home Office Online Report 50/04.
- Cassarino, J. P. (2004). Theorising Return Migration: The Conceptual Approach to Return Migrants Revisited. – International Journal of Multicultural Societies, Vol. 6, N 2, pp. 253-279.
- Ghosh, B. (2000). Return Migration; Reshaping Policy Approaches. – In Ghosh, B. (ed.) Return Migration: Journey of Hope or Despair?. Geneva: International Organization for Migration, pp. 181-226.
- Glorius, B. (2013). Understanding the counter-flow. Theoretical and methodological aspects in studying remigration processes after EU expansion. – In: Glorius, B., Grabowska-Lusinska, I. and A. Kuvik (eds.). Mobility in Transition. Migration Patterns after EU Enlargement, IMISCOE Research, Amsterdam: Amsterdam University Press, pp. 217-236.
- Greene, W.H. (2003). Econometric Analysis. – Upper Saddle River, NJ: Pearson Education (Section 21.3 Models for binary choice, pp.665-668).
- Mihailov, D., Mintchev, V., Boshnakov, V., Nikolova, K., Petkova, K., Budgeva, R., Petrova, N., Ankov, B. (2007). Family Patterns and Migration. National Representative Survey. Sofia: Agency for Social and Economic Analysis, Centre for Comparative Studies, Ministry of Labour and Social Policy and the United Nations Population Fund.
- Mintchev, V. (2016). Potential and Return Migrants in Bulgaria – Demographic and Socio-Economic Aspects. – Economic Studies, N 5, pp. 91-115.
- Mintchev, V., Boshnakov, V. (2007). Stay or Leave Again? New Evidence for Bulgarian Return Migration. – Economic Thought, N 7, pp. 107-126.
- Mintchev, V., Boshnakov, V., Richter, M., Ruspini, P. (2017). Determinants of Migration and Types of Migration and Mobility. – In: Richter, M., Ruspini, P., Mihailov, D., Mintchev, V. Nollert, M. (eds.). Migration and Transnationalism between Switzerland and Bulgaria. Springer, pp. 25-60.
- Mintchev, V., Boshnakov, V. (2006). The Economics of Bulgarian Emigration – Empirical Assessment. – Economic Thought, N 7, pp. 134-161.
- Mintchev, V., Markova, E., Misheva, M., Zareva, I., Balkanska, I., Boshnakov, V., Kaltchev, I. (2012). Bulgarian Emigration: Theories, Policies, Empirical studies. Sofia: Ikopis.
- Nonchev, A., (2018). Analytical framework and methodology. Unpublished manuscript under project: Return Migrants: Segmentation and Stratification of Economic Mobility (financed by the National Research Fund under contract No. DN 05/6 of 14.12.2016).
- Nonchev, A., Hristova, M. (2018). Segmentation of Returning Migrants. – Economic Studies, N 2.
- Ruspini, P., Richter, M., Nollert, M. (2016). Between Return and Circulation: Experiences of Bulgarian Migrants. – Economic Studies, N 5, pp.7-20.
- Zareva, I. (2018). Policies for encouraging the return of Bulgarian migrants to Bulgaria. – Economic Studies, N 2.
- Zareva, I. (2018). Returning migrants – effects on the labour market in Bulgaria. – Economic Studies, N 2.

POLICIES FOR ENCOURAGING THE RETURN OF BULGARIAN MIGRANTS TO BULGARIA

This article deals with migration policies, intended to encourage and support the return of Bulgarian migrants.² A review is made of international regulations in regard to external migration, which have an impact on the migration policy of Bulgaria. The findings of an analytical overview of Bulgaria's migration policy are presented, with the emphasis being placed on the return of Bulgarian migrants to the country. Good practices in this area are highlighted and the results of a representative opinion poll are presented of the attitudes of returning migrants towards the policy of the Bulgarian state for encouraging and supporting their return.

JEL: F22; F66; K37

Bulgaria is a country, characterized by a continuing negative mechanical population growth over the last decade. The expectations are for this trend to continue in the medium- and even the long-term perspective. The basis for making such an assessment is the data on the dynamics of the inbound and outbound flows of migrants, of the social and economic development of the country from a comparative perspective (with other EU Member States), as well as the results of a number of empirical studies³, according to which the main motives, driving the population of Bulgaria towards migration, are of economic character: the higher living standards and labour remuneration, the better professional

¹ Irena Zareva is an associate professor at the Economic Research Institute at BAS, e-mail: i.zareva@iki.bas.bg.

² The paper was prepared as part of the project Returning Migrants: Segmentation and Stratification of Economic Mobility, financed by the Scientific Research Fund, Competition for financing of fundamental scientific research – 2016, implemented by a team of researchers from the Economic Research Institute at BAS and the University of National and World Economy, whose member is also the author.

³ Including the results of an empirical study, conducted as part of the above project. The results of other similar studies are published, for example in: V. Mintchev, E. Markova, M. Misheva, I. Zareva, I. Balkanska, V. Boshnakov, Y. Kalchev, (2012). Bulgarian emigration: theories, policies, empirical studies. Sofia. Icopis; Zareva, I., (2017). Social inequalities and migration. The case of Bulgaria. LAP LAMBERT Academic Publishing; Richter, M., P. Ruspini, D. Mihailov, V. Mintchev (Eds.), (2016). Migration and transnationalism between Switzerland and Bulgaria, Springer International Publishing Switzerland etc.

fulfilment abroad, as well as the need to support close relatives in Bulgaria. At the same time the reasons, for which the migrants are returning to the country, are mainly of non-economic character – attachment to the family, need to care for children, for elderly or ill relatives, as well as the end of a period of temporary employment or job loss abroad.

There are a number of economic, social, political, cultural, psychological and other prerequisites for migration, but among the most important of them are the economic and social ones. The social inequality among the countries and within a given country, as well as the prospects for better life and social and political fulfilment in the various states, are generating migration. The relatively low living standards and revenue, the poverty, the lower quality of education and employment, including of young and well-educated people, the existing significant social and economic disparities/inequalities between the conditions and prospects in Bulgaria and in most EU Member States; the income inequalities existing in the country and the resulting inequalities in consumption, in the access to education and healthcare, the low level of satisfaction with the living standards are strong motivating factors driving migration and do not create favourable conditions for the return of Bulgarian migrants.

All of the above justifies the conclusion that it is necessary to put in place a system of policies and measures for retaining in the country and for encouraging the return of Bulgarian migrants from abroad, one of the components of which are the migration policies.

Migration policies are among the determinants of international migration. They set the framework, which influences in a specific manner the migration flows and the integration of migrants. Their results and effectiveness depend on the social, economic and political conditions in a given country, on their relative weight/significance for determining the migration, on the gaps in and discrepancies between policies, on the shortcomings in implementation, etc.

A number of international regulations have an impact on the normative documents, as well as on the migration policy of Bulgaria. The fundamental right in the EU to freedom of movement of persons creates a favourable environment for the migration processes and influences the migration flows to and from Bulgaria.

International framework

International Norms

The legislation and policies of Bulgaria in regard to returning Bulgarian migrants are in conformity with the international treaties on human rights to freedom of movement and return to one's country. The provisions of these documents proclaim the right of each individual to leave any country, including his own and as regards the right to entry – it is attributed to the citizens of the respective state.

According to Article 13 of the *Universal Declaration of Human Rights* (UN General Assembly Resolution No. 217/1948): "Everyone has the right to freedom of movement and

residence within the borders of each State” and “Everyone has the right to leave any country, including his own, and to return to his country”.

In Article 12 of the *International Covenant on Civil and Political Rights* (in effect for Bulgaria from 23/03/1976) it is stated that everyone shall be free to leave any country, including his own and that no one shall be arbitrarily deprived of the right to enter his own country.

In the *International Covenant on Economic, Social and Cultural Rights* (in effect for Bulgaria from 23/03/1976) it is declared that: “Each State Party to the present Covenant undertakes to take steps, individually and through international assistance and co-operation [...] with a view to achieving progressively the full realization of the rights recognized in the present Covenant (incl. the right to work, social security, health, education etc. – note by the author) by all appropriate means, including particularly the adoption of legislative measures” (Article 2).

Regional framework, resulting from the membership of Bulgaria in the EU and the commitments of the country, assumed in the Treaty of Accession

The freedom of movement for persons is a fundamental right in the European Union, provided for by the Charter of Fundamental Rights of the EU. Regulation (EU) No 492/2011 of the European Parliament and of the Council on freedom of movement for workers within the Union guarantees the right of freedom of movement for workers and their families and equal treatment with regard to the access to employment, the work remuneration and the working conditions. In practice, however, there are a number of restrictions of the freedom of movement for persons in the EU. An example in this respect is the Schengen Agreement (for elimination of the internal border controls and strengthening control on the external frontiers), the protection of labour markets (with limited access to them for newly admitted Member States for a specified period), the policies against illegal migration, etc.

The Charter of Fundamental Rights of the EU (of 7 December 2000, adapted on 12 December 2007 in Strasbourg) defines the freedom of movement for persons as a fundamental right in the EU. According to Article 45, every citizen of the Union has the right to move and reside freely within the territory of the Member States.

The Convention for the Protection of Human Rights and Fundamental Freedoms and Protocol No. 4 thereto, states that (apart from the rights already declared in the Convention and in Protocol No. 1⁴): “Everyone shall be free to leave any country, including his own.”

⁴ The Convention for the Protection of Human Rights and Fundamental Freedoms is an international treaty between member States of the Council of Europe, adopted in 1950. The states undertake to fulfil the obligations, arising from the Convention, by ratification, upon becoming party to it. All member States have ratified the Convention. There are a number of non-binding Protocols to the Convention, which supplement its provisions. Protocol No. 1 relates to the protection of property, the right to education and the right to free elections. Protocol No. 4 is related to prohibition of imprisonment for debt, freedom of movement, prohibition of expulsion of own nationals, prohibition of collective expulsion of foreigners.

(Article 2(2)) and “No one shall be deprived of the right to enter the territory of the state of which he is a national” (Article 3(2)).

In the Treaty on European Union⁵ it is stated that the Union recognises the rights, freedoms and principles set out in the Charter of Fundamental Rights of the European Union and that it shall accede to the European Convention for the Protection of Human Rights and Fundamental Freedoms (Article 6(1) and (2)). In conformity with this “The Union shall offer its citizens an area of freedom, security and justice without internal frontiers, in which the freedom of movement for persons is ensured [...]” (Article 3(2)).

According to Article 20 of the Treaty on the Functioning of the European Union a citizenship of the European Union was established (this term was introduced by the Treaty of Maastricht). “Every person holding the nationality of a Member State shall be a citizen of the Union. Citizenship of the Union shall be additional to and not replace national citizenship”. In other words, the citizenship of the EU is not grounds for acquiring citizenship of a Member State.

The same article of the Treaty guarantees the right (of Union citizens) to move and reside freely within the territory of the Member States. Here the freedom of movement of citizens is not linked to their participation in economic activities and the labour market. Thereafter the treaty deals with freedom of movement for workers, which is in conformity with the establishment of a common/single labour market. According to Article 45 “Freedom of movement for workers shall be secured within the Union.” This freedom includes also the right to accept employment offers actually made, the right to move, stay and remain in the territory of a Member State after being employed.

In addition to those Treaties, the right of freedom of movement for persons and workers, including the recognition of professional qualifications, is regulated also by the following documents:

- Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, the goal of which is to regulate the main framework of countering discrimination in regard to employment and practicing of crafts, in view of the implementation of the principle of equal treatment in Member States.
- Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States amending Regulation (EEC) No 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC. It sets out the conditions, regulating the exercise of the right of citizens of the Union and their family members to move, stay and reside freely within the territory of the Member States, as well as the restrictions imposed on those rights for reasons, related to public order, security and health.

⁵ The Treaty on European Union and the Treaty on the Functioning of the European Union are the basis, on which the EU is founded (as legal successor of the European Community).

- Regulation (EU) No 492/2011 of the European Parliament and of the Council on freedom of movement for workers within the Union, according to which the right to free movement and equal treatment in regard to access to employment, pay and working conditions is a fundamental right of workers and their family members.
- Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications and Directive 2013/55/EU of the European Parliament and of the Council of 20 November 2013 amending Directive 2005/36/EC on the recognition of professional qualifications and Regulation (EU) No 1024/2012 on administrative cooperation through the Internal Market Information System, which establish the procedure for recognition of professional qualifications, acquired in one or more Member States, in order to ensure access to a certain profession and its practice in the territory of a Member State.

Article 165 and Article 166 of the Treaty on the Functioning of the European Union are aimed at support of freedom of movement for persons and in particular of the mobility of students.

The EU has a common migration policy – for freedom of movement for persons, a common labour migration policy – for freedom of movement for workers, a common immigration policy towards third countries. Important determinants of the migration policy of the Union are the ongoing demographic changes, the falling behind in terms of competitiveness compared to other economically developed world centres, the need of more labour force, particularly of qualified one, etc.

The character and orientation of the migration policy of the EU are changing along with the change in the social and economic, and the political environment (both internal for the EU, as well as external); the weight of different factors, influencing migration; the relations, interaction and agreements among states, regions and on a global scale. Currently, under the impact of the migration pressures on the EU, the common European migration policy is applied along the following main lines⁶: working with countries of origin and transit passage; strengthening of the external borders of the EU; management of the migration flows and limiting the smuggling of migrants; reforming the common European asylum system; ensuring opportunities for legal migration (in this connection a proposal is under review for introducing improvements into the Blue Card Directive, in order to attract highly qualified specialists); stimulating the integration of citizens of third countries.

The respective acts of the European Union, related to migration, have been introduced into the legislation of Bulgaria. As an EU Member State, the migration policy of the country, including that oriented at Bulgarians, returning from abroad, is aligned with the common policy of the EU, guaranteeing freedom of movement for persons and freedom of movement for workers.

⁶ <http://www.consilium.europa.eu/bg/policies/migratory-pressures/>

Principal normative acts and policy directions in Bulgaria

The international and European provisions and regulations, the changes in the directions of the European migration policy are reflected in Bulgaria's legislation and policy in the area of migration. The legislation of the Republic of Bulgaria applies the provisions of international law, the respective acts of the European Union, related to migration and asylum, have been transposed. The Bulgarian migration policy is coordinated and synchronized with the common migration policy of the EU (guaranteeing freedom of movement for persons and freedom of movement for workers), in conformity with the EU membership commitments of the country, assumed by the Treaty of Accession. The emphasis of policy is changed accordingly and in recent years it is being directed mainly at immigration policies and countering illegal migration.

The principal normative acts, relevant to the migration of Bulgarian citizens and in particular to their return to the country, are:

The *Constitution of the Republic of Bulgaria*. According to Article 26 (1) "Irrespective of where they are, all citizens of the Republic of Bulgaria shall be vested with all rights and duties proceeding from this Constitution" and according to Article 25(3) "No one shall be deprived of Bulgarian citizenship acquired by birth" and (2) "A citizen of Bulgarian origin shall acquire Bulgarian citizenship through a facilitated procedure".

The *Law on Bulgarians Living Outside the Republic of Bulgaria* (SG No.30/11/04/2000, as most recently amended by SG No. 58 of 26/07/2016). According to Article 4 (1) of the Law, the Bulgarian state renders assistance for the creation of favourable conditions for the free development of Bulgarians, living outside the Republic of Bulgaria, in compliance with the principles of international law and of the legislation of the respective state, with the aim of protection and support of their rights and lawful interests. At the same time it regulates a number of facilitations for Bulgarians, living outside the Republic of Bulgaria, who are not Bulgarian citizens, intended to support their return to the country: in regard to payment of stamp duties, relevant to the regulation of their stay or establishment in the Republic of Bulgaria („When staying in the territory of the country Bulgarians, living outside the Republic of Bulgaria, who are not Bulgarian citizens, shall be eligible for facilitations in regard to payment of stamp duties, relevant to the regulation of their stay or establishment in the Republic of Bulgaria, under terms and procedure, determined by the Council of Ministers", Article 6); in obtaining permit for exercising the right to work when staying in the country (Article 7). The Law provides for facilitated conditions for engaging in economic activity in the country for Bulgarians, living outside Bulgaria, who are not Bulgarian citizens. They are entitled to conduct economic activity and to invest, to re-establish their title of ownership and to receive inheritance ("Bulgarians, living outside the Republic of Bulgaria, who have no Bulgarian citizenship, may conduct economic activity in the Republic of Bulgaria, invest and participate in the cash privatization, re-establish their title of ownership and receive inheritance, in compliance with the applicable legislation, under the terms and procedure, envisaged for Bulgarian citizens, except in regard to land", Article 8), enrol free of charge into primary and secondary education in state and municipal schools, as well as into higher education in state higher education schools in Bulgaria under the terms, envisaged for Bulgarian citizens (Article 9 and Article 10). In addition,

“Bulgarians, living outside the Republic of Bulgaria, who are not able to cover on their own the costs of their education, may apply under programmes, financially supported by the state budget, by the respective higher education establishment or from other sources.” (Article 10(3)).

Chapter Three of the Law, “Establishment in the country of Bulgarians, living outside the Republic of Bulgaria”, contains the provisions, aiming to support the return of Bulgarians from abroad to the country. Bulgarians, living outside the Republic of Bulgaria, who wish to establish themselves in Bulgaria, receive permanent residence permits under facilitated conditions and procedure, while the state bodies and the local administration must render assistance, provide material and other means of support for their establishment under terms and procedure, determined by the Council of Ministers (Article 15). The Bulgarian state creates conditions for Bulgarians in need, who are establishing in its territory, for providing at no charge the right of use of lands from the state or municipal land stock, for the initial three years from the date of their establishment, and the Council of Ministers determines the terms and conditions, under which such persons may obtain credit for purchasing real property, dwellings and equipment under facilitated terms (Article 16). The Law also regulates the setting up of a National Council for Bulgarians, living outside the Republic of Bulgaria, as a state-public body with organizing, coordinating and representative functions, as well as for development of government (funded by the state budget) and private programmes in support of Bulgarians, living outside the Republic of Bulgaria.

One of the main goals of this Law is to encourage and support Bulgarians to return from abroad by creating favourable conditions and facilities. In fact, it is the only such normative document in this direction. At the same time, however, the fact that no rules have been prepared for its implementation, significantly impedes the elaboration and application of adequate and effective measures and policies in this direction.

An important objective of the Law is to preserve the Bulgarian identity of Bulgarians, living abroad. In this sense they receive support from Bulgarian institutions and organizations by teachers, training aids, materials or in any other appropriate manner for education in Bulgarian language, for studying Bulgarian literature, history, geography and other subjects; for improving the qualifications of teachers abroad and if necessary for secondment of Bulgarian teachers; for organizing meetings and other events for conducting cultural, education and other related activities.

Other normative acts in the areas of culture and education activity are:

DCM [Decree of the Council of Ministers] No. 103 of 31/05/1993 on the conduct of educational activity among Bulgarians abroad, according to which more than 400 Bulgarians from abroad are enrolled as graduate, postgraduate and doctoral students each year.

DCM No. 334/2011 on Bulgarian Sunday schools abroad, based on which the state provides financial support for the functioning of such educational establishments.

Decision of CM No. 456/2011 on establishment of Standing interagency commission on issues of educational activity among Bulgarians abroad, which organizes and coordinates the work of state agencies and organizations in implementation of the educational policy of

Bulgaria in regard to Bulgarians and Bulgarian communities abroad, assists the activity of enrolment of graduate, postgraduate and doctoral students – Bulgarians from abroad.

The National programme “*Native language and culture beyond border*” of the Ministry of Education and Science is developed and applied successfully, through which the Bulgarian state is funding Bulgarian schools, including state education establishments in the host countries, where Bulgarian language is taught, thus contributing to expansion of the network of Bulgarian Sunday schools abroad.

Law on the Bulgarian Citizenship (SG, No. 136/1998, as most recently amended by SG No. 103 of 27 December 2016). This Law regulates the conditions for acquisition, forfeiture and restoration of Bulgarian citizenship by foreigners, as well as a facilitated procedure for obtaining citizenship for persons of Bulgarian ancestry. By the amendments to the Law additional facilitations were introduced for applicants for Bulgarian citizenship. The procedure for admission of persons of Bulgarian ancestry as Bulgarian citizens was also optimized. The Law allows dual citizenship.

Employment Promotion Act (SG No. 112 of 29/12/2001, as most recently amended by SG No. 102 of 29/12/2015). This Law introduces European legislation in the area of labour migration and the freedom of movement for persons. It regulates the social relations in intermediation for furnishing information and placement in the Republic of Bulgaria and in other states of Bulgarian citizens, of nationals of another Member State of the European Union, of States which are Contracting Parties to the Agreement on the European Economic Area, or of the Swiss Confederation in Bulgaria.

Labour Migration and Labour Mobility Act (SG No. 33 of 26/04/2016, as most recently amended by SG No. 24 of 16/03/2018). It transposes the requirements of several EU Directives in this area - Directive 2014/54/EU on measures facilitating the exercise of rights conferred on workers in the context of freedom of movement for workers, Directive 2014/36/EU on the conditions of entry and stay of third-country nationals for the purpose of employment as seasonal workers and Directive 2014/66/EU on the conditions of entry and residence of third-country nationals in the framework of an intra-corporate transfer. The part of Chapter Eight of the Employment Promotion Act, whereby the requirements were introduced of Directive 2009/50/EC on the conditions of entry and residence of third-country nationals for the purposes of highly qualified employment has been transferred to it.

The law regulates the access to the labour market of workers – third-country nationals, including citizens of other countries (non-Member States) of Bulgarian ancestry, as well as the employment of Bulgarian citizens abroad, including in their free movement within the European Union and the European Economic Area. Facilitations are envisaged for the persons of Bulgarian ancestry in regard to access to the labour market, seasonal employment, opportunities to apply for a Blue Card, etc.

Law on Recognition of Professional Qualifications (SG No. 13 of 08/02/2008, as most recently amended by SG 85 of 24/10/2017). This Law regulates the terms and procedure for recognition of professional qualifications, acquired in other EU Member States and in third countries, with the aim of access to and practice of regulated professions in Bulgaria, as

well as the terms and procedure for partial access to practice of a regulated profession and recognition of length of service for mastering the profession in another Member State.

The state policy in regard to Bulgarians abroad finds an expression in some strategic documents, shaping the framework for its implementation:

- *National Strategy on Migration and Integration* (2008-2015), the Strategic goal 1 of which is: “Attracting persons of Bulgarian citizenship, living in the territories of other states and persons of Bulgarian ancestry with foreign citizenship – to permanently return and settle in the Republic of Bulgaria”. In order to achieve this goal, two priorities are envisaged – „Permanent return to the country of persons of Bulgarian citizenship, living in the territories of other states“ and “Permanent attraction and settlement in the country of persons of Bulgarian ancestry with foreign citizenship”. It is envisaged to elaborate a Programme for permanent return to the country of persons of Bulgarian citizenship, living in the territories of other states, with an accent on qualified young Bulgarian emigrants and a Programme for permanent motivation and settlement in the country of persons of Bulgarian ancestry with foreign citizenship, the main instrument of which is the Green Card document (entitling to rights, equal to those of Bulgarian citizens), and its main parameters boil down to facilitation of the procedures for establishment and social integration of persons of Bulgarian ancestry.

In conformity with the need of further development and synchronization of the Bulgarian with the common European migration policy, this strategy was superseded by the new National strategy in the field of migration, asylum and integration (2011-2020), although the former was preserved under the name of National programme for legal migration and integration (2012-2015).

- *National Strategy on Migration, Asylum and Integration* (2011-2020). The emphasis in this strategy is shifted to the protection of EU borders and countering of illegal migration. The main priorities in the Strategy are aimed at guaranteeing the security of the external frontiers of the EU; at effective countering of illegal migration and the trafficking in human beings; at ensuring of a high level of protection for asylum seekers, refugees and persons, having received humanitarian status, as well as at attracting highly qualified Bulgarian citizens-emigrants and foreigners of Bulgarian ancestry, with the view of their permanent establishment in the country.
- The *National Strategy on Migration, Asylum and Integration* (2015-2020), adopted in 2015. Here the emphasis is again on immigration policies and on countering illegal migration, and fundamental provisions, related to Bulgarians living abroad have been retained. Its goal is to: “Create a political framework for building a comprehensive and stable normative and institutional foundation for the successful management of legal migration and integration, as well as for prevention and countering of illegal migration and identification and providing the necessary care to all persons seeking and having obtained international protection in Bulgaria.” Two of the twelve priorities of the national policies in the field of migration, asylum and integration are: “Attracting highly qualified Bulgarian citizens-emigrants and foreigners of Bulgarian ancestry – for permanent establishment and settlement in the country”, as well as “Ensuring the social inclusion and integration of third-country nationals” (to the extent that part of

Bulgarians abroad are third-country nationals). The orientation of the priorities remains unchanged, as well as the priority of attracting highly qualified Bulgarian citizens-emigrants and foreigners of Bulgarian ancestry, with the view of their permanent establishment and settlement in the country.

However, there is still no developed action plan for this Strategy, which means that in reality there is no functioning state programme in the field of migration and integration. To date a draft Plan for 2018 has been prepared, which is still not adopted. Three annual plans were developed for 2011, 2012 and 2013 for the implementation of the Strategy in the version for the 2011-2020 period. In them, for the stated "Policies in regard to Bulgarians abroad" a measure is envisaged, namely - strengthening in long-term perspective of work with Bulgarian emigrants and their organizations abroad by consolidating the regular connection established between them and the Employment and social issues services of the Ministry of Labour and Social Policy at Bulgarian embassies, the Employment Agency and the larger interested companies and corporations, the aim of which is to increase the awareness of the rights as citizens of the EU and of the opportunities for professional fulfilment in Bulgaria.

- *Updated National Demographic Strategy of the Republic of Bulgaria (2012-2030)*. Two of the twelve main directions of the strategy are: development of an adequate migration and immigration policy, and significant reduction of the number of migrating young people of reproductive age. In this connection tasks are envisaged for attracting Bulgarians, living abroad and encouraging their economic activity in Bulgaria. In the annual plan for 2017, however, on three of the measures envisaged under Priority I "Slowing down the negative demographic processes and the decrease of population size", Direction 5 „Elaboration of an adequate migration (internal and external) and immigration policy", no activities were implemented. The main activities under the other measures were related mainly to the conduct of forums and festivals, and the operation of two portals for information and consultations by the State Agency for Bulgarians Abroad.

The following bodies have been established for the implementation of state policies in the area of migration:

- *National Council on Migration and Integration* (established by Decree of the Council of Ministers No. 21/05.02.2015 – under the jurisdiction of the Ministry of Interior) as a collective advisory body on the formulation and coordination of implementation of the state policies in the areas of migration and integration of foreigners, seeking or having obtained protection in the Republic of Bulgaria.
- *National Council on Labour Migration and Labour Mobility* (established by the Law on Labour Migration and Labour Mobility – under the jurisdiction of the Ministry of Labour and Social Policy), whose functions are aimed at support of policy implementation in the field of labour migration and labour mobility, including in regard to the employment of Bulgarian citizens abroad and to motivating them to return for employment to the Republic of Bulgaria.

The *State Agency for Bulgarians Abroad* (with the Council of Ministers) is the institution, which implements state policy vis-à-vis Bulgarians abroad, maintains contacts and supports the activity of civil structures of Bulgarian communities abroad.

The policies, related to the return of migrants, have a different orientation. They may relate to the encouragement of return and to the (re-)integration of those that have returned. Encouragement of the return of migrants may be achieved by a comprehensive set of policies and measures for temporary or permanent return. Among them may be: various awareness campaigns regarding the potential benefits of returning; comprehensive information services, related to the possibilities for returning – practical advices, administrative procedures, etc., options for employment and available job vacancies, possibilities for development of entrepreneurship (own business and self-employment), etc.; cutting of red tape; creation of a more favourable business climate; orientation and support in finding jobs and if required – appropriate training, recognition of the qualification received abroad; assistance in launching own business via administrative support, professional advice for developing business plans, mentorship, training and consultancy, etc.; assistance to find housing; etc. Examples of specific measures may be seen in different countries. Hungary, for example, offers the migrants a free plane ticket and a certain amount for subsistence for a year. Romania envisages a facilitated administrative procedure for starting a business, as well as an option for funding of projects of persons returning from abroad.

Examples of initiatives for return and integration of migrants

Poland is among the EU states with considerable emigration. In this connection different programmes have been developed and implemented, oriented at encouragement of the return of Polish migrants, including highly qualified ones, as well as of young researchers and doctoral students, at their inclusion into the labour market and integration into the economic and social life of the country. They are both national, as well as regional. For example: a) national – “Povroty.gov.pl” – a portal for providing information, including on legal issues (unemployment benefits, taxation, education, retirement, health insurance etc.) and support the integration of Poles, living abroad and intending to return (launched in 2008); “Have you got a Plan to return” – including information services, removal of administrative barriers (double taxation, recognition of education and qualification received abroad, facilitation of the acquisition or restoration of Polish citizenship, etc.), activities in the area of education (abroad and domestically, with the view of supporting the return of children), activities, oriented at the state administration, including training, etc., which started in 2008; b) regional – “Become your own boss – stay in Poland” – a programme for supporting the start-up of business and self-employment of returning persons, which was started in 2010; Opolskie – here I stay), which started in 2008, etc.

Various programmes have been implemented in Hungary, which are oriented at attracting young people back to the country (such as “Come Home Youth”, offering jobs to young Hungarians, living abroad, by ensuring funds for a plane ticket for returning and a certain amount for subsistence for a year, information on partner companies under the programme, on job vacancies, on the opportunities for employment and starting an own business; the government signed contracts for cooperation with 50 companies from the country for

participation in that programme), as well as for young researchers (such as the Lendület (Momentum) Program of the Hungarian Academy of Sciences).

The “Slovensko Calling” programme has been functioning in Slovakia since 2009, ensuring information services, consultations and assistance in finding jobs (contact with employers) for Slovaks, living abroad, with the view of supporting their return, integration and employment in the country.

In the Russian Federation, 53 regions are actively participating in the state programme “Compatriots for a year”. Each territory has its own rules of work for the integration of the migrants. The programme for resettlement of compatriots enables foreign citizens to obtain a Russian passport in a short period of time and based on a simplified procedure. The participants in it receive compensations for relocating to the region chosen, ensured from the federal budget; the state budget also reimburses fees for review of resettlement documents; migrants, who are not working until they become citizens, are entitled to receive benefits for a period of six months. Aid for resettlement is paid on two occasions – after arrival at the location of stay and after staying in the chosen region for at least 18 months. If the region would be recognized as a priority one, the aids would be in greater amount. A migrant’s family members are also entitled to financial benefits.

A number of priority directions and measures for encouraging and supporting the return of Bulgarian migrants are envisaged in Bulgaria’s strategic documents, and in some normative acts (such as the Law on Bulgarians Living Outside the Republic of Bulgaria and the Law on labour migration) – a number of facilitations with the same orientation for Bulgarians, living outside Bulgaria, who are not Bulgarian citizens. However, there are no specific measures of the government, similar to the above.

Examples of Bulgarian initiatives for return and integration of migrants

The State Agency for Bulgarians Abroad created two electronic portals (which may be found on its website), via which it maintains contact with Bulgarians and their organizations abroad – the Rodina information and communication portal and the Rodina Consult information and consultations portal. The Rodina Consult portal provides information and consultations to Bulgarians abroad on issues, related to their rights and obligations; on job and investment opportunities, on legalization of qualification or diplomas, on access to health care. The specialized legal consultation offered is within the competencies of the legal adviser.

The Agency is engaged (since 2007) with the initiative “Career in Bulgaria. Why not?” – an annual career forum for informing and motivating highly qualified young specialists, Bulgarians with experience and/or education abroad, in regard to work and social accomplishment in Bulgaria. Co-organizers of the event are the non-governmental organizations Tuk-Tam and Back 2 BG. The mission of the organizers is to maintain a network of highly qualified young Bulgarians, most of them educated abroad, with potential employers in the country – local and international companies, state institutions. More than 1500 Bulgarians visit the event each year, which is also joined by more than 100

companies.

The Ministry of Labour and Social Policy started (in 2006) the establishment of a network of Employment and social issues services with the diplomatic missions of the Republic of Bulgaria in European countries with largest Bulgarian communities. Their purpose is to render assistance in connection with the labour mobility and integration of migrant workers, by providing information on issues, related to legal employment and consultations in regard to the legal framework in the labour and social sphere of the EU, in the respective states, as well as in Bulgaria; protection of the interests of Bulgarian citizens, employed in the territory of the respective states; development of the bilateral cooperation and of the contractual basis with the Republic of Bulgaria in the field of labour and social policy. The broadening of the functions of these services towards the provision of information on the conditions for returning to Bulgaria, for employment and for starting an own business would assist the return of Bulgarian migrants desiring to do so.

The policies for (re-)integration of the migrants into the economic and social life in their native country are another important element of the system of migration policies. Returning persons frequently encounter difficulties in their integration into the labour market, some of them have problems with the recognition of qualifications and education, obtained abroad, others have social and psychological problems, etc.

The specially developed index for assessment of the policies for the integration of migrants – the Migrant Integration Policy Index (MIPEX), which is based on 167 indicators, ranks Bulgaria on 31st place among 39 states, including all EU Member States (MIPEX 2015). According to it, the integration policies in the country are not sufficiently well developed and effective. The highest score was awarded for the anti-discrimination orientation of Bulgaria's policy (the Law on Protection against Discrimination is assessed as one of the strongest such laws in Europe). The weaker points are related to labour mobility, reunification of families and permanent residence. The greatest problems exist in the spheres of health care, participation in the political life of the country and access to citizenship, and particularly to education. The integration of migrants, including of Bulgarian ancestry, does not occupy a central place in the national migration policy and is not well supported with specific measures and actions, despite the existence of some regulations in the legislative acts (for example in the Law on Bulgarians Living outside the Republic of Bulgaria).

Empirical evidence

Although there is a normative framework and strategic documents mark priorities, directions of activity and policies in regard to the return of Bulgarian migrants and their (re-)integration in the country, they are not sufficiently backed by specific measures and activities for effective implementation, and the desired tangible effect in this direction is still not achieved.

A confirmation of this conclusion may be found from the results of the representative opinion survey conducted⁷, according to which 89% of the persons surveyed are unable to indicate any specific measures of the Bulgarian state, that have influenced their decision to return. Among those who have provided an answer to this question, nearly 8% claim that no measures have been taken on the part of the state for the return of Bulgarian migrants. Only about 4% of the respondents believe that there have been such measures, that have had an impact on their decision to return, pointing at the programmes for employment of young people and of the unemployed (of the Employment Agency), as well as the Back to BG career forum.

On the question what should the Bulgarian state do to encourage Bulgarian emigrants to return, a quarter of the polled have been unable to respond. According to the other respondents, in order to have the migrants return it would be necessary to have an adequate/higher labour pay, to open more workplaces with better working conditions and to improve the living standards (over 71%). The achievement of order, rule of law and security in the country was ranks second (about 4%) and in the third place is the creation of better opportunities for development of business, including small and medium-sized one (over 2%).

Conclusion

The migration policies are one of the determinants of international migration. However, they are just a part of the policies that have an impact on migration. The latter is influenced also by other policies of non-migration nature, for example such oriented at: the labour market, social welfare, taxation system, education, non-discrimination etc., as well as by the (im)migration policies of other countries and by the interaction among states.

The effects and efficiency of the migration policies depend on the social, economic and political conditions in a given country, their relative importance for determining migration, the gaps in and inconsistencies between policies, the shortcomings in their application, etc.

A number of international regulations have an impact on the normative documents, as well as on the migration policy of Bulgaria. The legislation and policies of the country in regard to the return of Bulgarian migrants are in conformity with the international treaties on human rights for free movement and return to one's country.

The fundamental right in the EU for free movement of persons creates a favourable environment for the migration processes and has an impact on the migration flows to and from Bulgaria. As an EU Member State, the country's migration policy, including that oriented at Bulgarians, returning from abroad, is aligned with the common policy of the EU, guaranteeing freedom of movement for persons and freedom of movement for workers.

⁷ The survey was conducted in 2017 as part of the above-mentioned project Returning Migrants: Segmentation and Stratification of Economic Mobility.

A number of Bulgarian strategic documents envisage priority directions for encouraging and supporting the return of Bulgarian migrants, and some normative acts – a number of facilitations with the same purpose. However, they are not sufficiently supported by specific measures and activities for their effective implementation and the desired tangible effect in this direction is still not achieved.

References

- Charter of Fundamental Rights of the EU.
Constitution of the Republic of Bulgaria.
Council Directive 2000/78/EC of 27 November 2000 establishing a general framework for equal treatment in employment and occupation.
Directive 2004/38/EC of the European Parliament and of the Council of 29 April 2004 on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States.
Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications.
Directive 2013/55/EU of the European Parliament and of the Council of 20 November 2013 amending Directive 2005/36/EC.
Employment Promotion Act.
European Convention for the Protection of Human Rights and Fundamental Freedoms.
International Covenant on Civil and Political Rights.
International Covenant on Economic, Social and Cultural Rights.
Labour Migration and Labour Mobility Act.
Law on Bulgarians Living outside the Republic of Bulgaria.
Law on Recognition of Professional Qualifications.
Law on the Bulgarian Citizenship.
Mintchev, V., Markova, E., Misheva, M., Zareva, I., Balkanska, I., Boshnakov, V., Kalchev, Y. (2012). Bulgarian emigration: theories, policies, empirical studies. Sofia. Icopis.
National Strategy on Migration and Integration (2008-2015).
National Strategy on Migration, Asylum and Integration (2011-2020).
National Strategy on Migration, Asylum and Integration (2015-2020).
Regulation (EU) No. 492/2011 of the European Parliament and of the Council on freedom of movement for workers within the Union.
Richter, M., Ruspini, P., Mihailov, D., Mintchev, V. (eds.). (2016). Migration and transnationalism between Switzerland and Bulgaria, Springer International Publishing Switzerland.
Treaty on the European Union.
Treaty on the Functioning of the European Union.
Universal Declaration of Human Rights (UN General Assembly Resolution No. 217/1948).
Updated National Demographic Strategy of the Republic of Bulgaria (2012-2030).
Zareva, I. (2017). Social inequalities and migration. The case of Bulgaria. LAP LAMBERT Academic Publishing.

EXPLANATIONS OF ECONOMIC RATIONALITY CHALLENGED: CONTEMPORARY RETURN MIGRATION TO BULGARIA

The article addresses one of the most intriguing questions in current migration researches: what drives return migration? It seeks at a micro level to find out what motivates the return in terms of the individual perceptions and reflexions of migrants returning to Bulgaria. The initial hypothesis is that non-economic factors have been the leading ones that have prompted the Bulgarian citizens to return to their homeland over the last decade. The underlying assumption is that the return to Bulgaria is not a failure of individual migration, but should be regarded in terms of the concept of emotional reflexivity and can be examined within the theoretical paradigm of transnationalism. The hypothesis is tested against qualitative and quantitative data from a 2017 national survey and 100 in-depth interviews with Bulgarian returnees. The text is organized in several parts. Following the introduction, in the second part methodological aspects of the two surveys are presented. Next part presents different theoretical paradigms of return migration and distinguishes between economic and non-economic factors of return, and between rationality and emotionality of the motivation. The concept of emotional reflexivity is introduced as an explanatory frame for non-economic emotional motivation for return. In the third part is the analysis of the qualitative sociological data on the returnees' motivation, illustrated by quotations from the in-depth interviews. A comparison is made between qualitative and quantitative data on the motivation and reasons for return. The analysis confirms the initial hypothesis. We conclude that the „return“ of Bulgarian migrants to Bulgaria cannot be comprehended without taking into account the factors related to life cycle and the relationship with home and family, as well as motives related to migrants' emotional reflexivity. The prevailing non-economic emotional and reflective motives for return to Bulgaria carry important implications and opportunities with regard to the development of effective policies and initiatives to encourage and support return.

JEL: A14; F22; J61

¹ Maria Bakalova is from University of National and World Economy, Bulgaria, e-mail: bakalova@unwe.bg.

² Mihaela Misheva is from University of National and World Economy, Bulgaria, e-mail: misheva.mihaela@gmail.com.

Introduction

Migration is not a new phenomenon. In the last century, however, and especially since the end of World War II, migration as an international and global phenomenon has intensified. Among the increasingly visible and attention-focused aspects of this phenomenon are the processes of migrants returning back to their country of origin. Research on these processes focuses on why migrants are returning and what is the motivation for their return. The motivation for return is a particularly important issue in the context of the discussion of what are and what should be the policies and normative mechanisms for managing immigration and emigration and for engaging the countries with their citizens abroad, including questions about migrants' possible return back (to their country of origin) (see Gamlen, 2006).

For CEI and SEE countries, these issues have acquired particular relevance against the backdrop of the so-called „brain drain“ problem, pertaining to the considerable influx of skilled migrants from these regions to the more developed countries of Western Europe and North America over the past decades. There has been a marked growth in the free movement of people in Europe with the EU enlargement processes, and especially the waves of accession of new member states in 2004 and 2007. Despite temporary restrictions in some of the „old“ member states to protect the national labor markets from the possible inundation from the Eastern European labor force, higher living standards and higher wages in these countries are an attractive factor for the steady migratory inflow from East to West in Europe (see for example Lang, 2013). This outflow from Central, Eastern and Southeastern Europe raises concerns about the demographic picture in the sending countries (also referred to as „countries of origin“ or „home countries“) and has largely determined the search for ways for potential return of migrants through U-turn or return migration (RM) (see, for example, Gamlen, 2006; Anniste & Tammaru, 2014; Kovacs, 2013; Serban, 2015; Bilgili & Siegel, 2014).

Return policies are part of a country's migration policies targeting emigrants and seeking their possible return to their homeland. These policies should include not only the act of attraction but also mechanisms for reintegration after the actual return (Ivanova, 2015). Where there are such mechanisms in place, migration policies stimulate migrants to return money, return with new skills acquired abroad, provide them even with dual citizenship and rights, and also offer incentives for return, as well as helping reintegrate returnees (see Kovacs et al., 2013: 61). The great challenge to the countries' migration policies is that the national logic they are building on increasingly runs counter to the transnational logic that drives migration (Krasteva, 2014: 493).

For Bulgaria the return of emigrants back to the homeland is a relatively recent phenomenon, and as a „net exporter“ of labor force and especially of the qualified labor force, questions about the return of Bulgarians from abroad are crucial for country's development. Here, „returning“ migrants are Bulgarian nationals who have changed their domicile abroad and have a current address in Bulgaria. Although the growth from external migration remains negative, i.e. emigrants with Bulgarian citizenship are more than those returning to the country, the phenomenon of „returning migrants“ or *returnees* is an undeniable fact that calls for an explanation – both in terms of reasons and consequences.

Understanding returnees' motivation has a direct bearing on the development and implementation of adequate and effective government policies and programs to stimulate return and enhance reintegration of returnees in Bulgaria. The issue is of particular importance, considering that a number of Bulgarian strategic documents envisage priorities for promoting and assisting the return of Bulgarian migrants, but these priorities „have not been adequately supported by specific measures and activities for their effective realization and hence the desired tangible effect in this direction is still unattained” (Zareva, 2018).

This article aims to seek at a micro level a response to the question of what motivates the return in terms of the individual perceptions and reflexions of migrants returning to Bulgaria. Our main hypothesis is that, in the case of Bulgaria, the phenomenon of „return“ is not significantly predetermined by economic rationality and cannot possibly be contingent as much on economic and/or political circumstances as on social and psychological types of motivation. Although scientific literature and research pay particular attention to the economic factors of migration (both outward, i.e. emigration and return), we hold the view that non-economic factors have been the leading ones that have prompted the Bulgarian citizens to return to their homeland over the last decade.

Such a hypothesis logically stems from the assumption that the return to Bulgaria from countries that are economically more developed and enjoy higher living standards (like Germany or Spain) should not be regarded as a failure of individual migration projects or a consequence of targeted policies of the Bulgarian state in the field. Return migration should rather be analyzed with regard to the concept of emotional reflexivity (see Holmes, 2010, quoted in Holmes and Burrows, 2012), and can be examined within the theoretical paradigms of transnationalism. In our opinion, the returnees are important for social and economical development of Bulgaria. Therefore an understanding of the reasons for the Bulgarian emigrants' return to Bulgaria is essential for the development of adequate policies and effective measures to stimulate the return and support the returnees' reintegration

The text is structured in four parts. The first part deals with methodological issues and presents the empirical basis of the analysis – a nationally representative survey and 100 in-depth interviews conducted in 2017 and focused on return migrants in Bulgaria. Presented are the questions from the survey and the interviews that are relevant to the testing of the hypothesis. The second part depicts the different theoretical paradigms explaining the RM and draws the lines of distinction between the economic and non-economic factors of return. Attention is paid to the concept of emotional reflexivity, which is assumed to be an adequate framework for examining the motivation for return. In the third part against the background of more general data on the re-migration in Bulgaria, the gathered qualitative sociological data on the motivation of returnees is analysed. In order to achieve more credible results a comparison is made between both qualitative and quantitative data on the motivation and reasons for return. The fourth part presents the conclusions reached and the possible implications for policymaking.

Methodology and Surveys

In order to test our hypothesis we have use qualitative and quantitative data on the return migration obtained from a representative survey and interviews with return migrants conducted within the scientific research project „Returning Migrants: Segmentation and Stratification of Economic Mobility”³.

The purpose of the in-depth interviews was to gather information on migratory trajectories (routes), return motivations and the current problems of different categories of returning migrants. The questionnaire contained two blocks of questions and a demographic section. The first block „Migration Biography“ covered contained questions about the period, destination, duration of migration or migrations, pre-departure status, reasons for departure and assessment of the stay. In the second block „Period in Bulgaria after the last return“ questions pertain to the reasons and motivation for return, evaluation of the return according to different criteria, reintegration in Bulgaria, new migration plans, among other issues. The questions in the in-depth interviews were focused on respondent’s biography, subjective experiences, assessments and opinions, giving the respondents maximum freedom of speech so they could dwell on the reasons and motives for their decisions and actions.

Altogether 100 in-depth interviews were made with returning migrants of legal age and of Bulgarian citizenship, who for the last 10 years (i.e. after 2007) have lived abroad at least once for a period longer than three months. The respondents were from different types of settlements throughout the territory of Bulgaria: Sofia, regional districts (Plovdiv, Razgrad, Kardzhali, Stara Zagora, Sliven, Montana, Vratsa, Yambol, Gabrovo, Varna) and from smaller settlements (Saedinenie, Asenovgrad, Yakoruda, Gotse Delchev, Kozloduy, Varshets, Sarnitsa, Dimitrograd, the village of Kukorevo). The selection of respondents was based on two mandatory conditions: a) adult Bulgarian citizens who have been once or several times abroad for three months for the purpose of work, training, attending children of relatives (for example or more grandchildren), escorting a member of the family; and (b) persons who have finally returned or periodically return to Bulgaria due to the nature of their engagement abroad (circular migrants). Different respondents in terms of age, gender, education and length of stay (both abroad and in Bulgaria after return) have been interviewed.

In order to test the hypothesis we have also analysed the results of the one-dimensional distributions on the following question from the survey⁴:

No 18A.1/2/3 „Range by importance up to three main economic reasons for returning to Bulgaria the last time - first, second and third place“;

³ The research project „Returning Migrants: Segmentation and Stratification of Economic Mobility“, funded by the Scientific Research Fund (Contract No. DN 05/6 of 14.12.2016), is implemented by the University of National and World Economy and the Institute of Economic Research of Bulgarian Academy of Science. Coordinator of the research team is assoc. prof. Andrey Nonchev.

⁴ For description of the national representative survey see Nonchev, Hristova, 2018.

No 18.B1/2/3 „Range by importance up to three main non-economic reasons for returning to Bulgaria the last time - first, second and third place”

From in-depth interviews, the answers to similar and related questions are considered:

Question No. 8 „Why did you come back? Identify all significant (family, economic, political, other) reasons”, including sub-questions about the awareness and importance of possible return policies when deciding to return. In some cases, the answers to question No 8 are presented in the context of the answers to one of the supplementary questions to question No 2, namely „Did you intend to return to Bulgaria? If so, after how long a stay and under what conditions?”.

Question No 12 „How would you describe your return to Bulgaria? Voluntary or forced? A progress or a backslide?”

The answers to the following questions are also considered since those questions are seen as „auxiliary“ for the testing of the hypothesis:

Question No 19 „What has changed in comparison to the time prior to your departure? With regard to family/friends?;

Question No 6 „How do you rate your stay in the country of the last migration? Did you succeed to adapt to the country and integrate into the local community?”;

Question No 7 „Did you help relatives and friends in Bulgaria? - How? And how did you keep in touch with them?”.

In the third part of the text the answers to these questions from the in-depth interviews are classified and a typology is made according to the length of stay abroad and according to whether the respondents indicated mainly economic or mainly non-economic reasons for their return, as well as according to the specific non-economic reasons they identified. The analysis is illustrated and backed up with quotations from the in-depth interviews, and the respondents are marked by gender, age, and place of residence in Bulgaria.

Theoretical and Analytical Framework

In the contemporary literature on migration issues, one can note a decline in the interest in the economic interpretation of cross-border migrations. Researchers have their own contributions to this tendency (Petkov, 2009). As Castels & Miller (2009) point out, the neo-classical theory is no longer able to adequately reproduce birth mechanisms, intermediate situations and end effects related to international labor mobility. As part of the more general „migration“ phenomenon, RM is considered within several theoretical paradigms that give different explanations of the return, the returnee, and the effects and implications (Cassarino, 2004): **neoclassical economics** (NCE), **new economics of labor migration** (NELM), **structural approach** (SA), **social networking theory** (SNT) and **transnationalism**. In each of these paradigms, a different focus and explanation is given to

the factors motivating micro-return in terms of individual perceptions and reflections of returnees.

The NCE sees migration as an investment in human capital and an attempt by individuals to maximize their usefulness by relocating to a place where they can be more productive (Todaro, 1969). The longer migrants remain in the recipient country and the better they are integrated into it, the harder and less meaningful it is for them to return to their country of origin. However, if they do not find work and migration does not improve their lives, individual migrants are more likely to return. Hence, in this paradigm, the *return is seen as a result of structural – educational and economic – integration failure* (see also de Haas & Fokemma, 2011). It is the result of an unsuccessful migration project and is considered as an anomaly and the returnee – as a failure („winners“ settle, whereas „losers“ return home) (Cassarino, 2004). The main assumptions of NCE are embodied and developed in the so-called Push-Pull Model (see Lee, 1996 quoted in Smoliner et al., 2013: 13-14), according to which *the motivation for emigration or return depends mainly on economic factors*, and in particular the different levels of pay and unemployment rates. In this way, the NCE sets a narrow rationalist understanding of return and its motivation (mainly economic and financial), while the focus is strictly individualistic whereby returnee is examined disregarding the more general context of family and community ties.

Unlike the individualistic rationalism of the traditional NCE, **the NELM** analyzes migration processes at the household level by introducing the idea of family strategy and highlighting the interdependence between migrants and their families. In this paradigm, capital is not only human on an individual level but networked and generic (i.e. social) capital, and migration is a form of social security (see Stark, 1991 and Stark and Bloom, 1985 in Piche, 2013). Thus, for NELM, return is part of a well-prepared migration project and is a logical consequence of a „calculated strategy“ defined at the migrant’s household level and stemming from the achievement of the migration objectives, while the returnee has succeeded and achieved their goals and returns to her homeland because of the strong attraction to home and relatives (Cassarino, 2004). Although it goes beyond the strictly individualistic focus and considers the return as part of a strategy formulated at a family level, the NELM remains a rationalist approach and considers *the motivation for return as fundamentally determined by economic and financial factors*. Both traditional paradigms (NCE and NELM) do not take into account the importance of the micro-level decision making and their main limitation is the primary focus on economic factors in the success-failure dichotomy and on changes in the conditions of different types of markets – labor, capital, insurance, etc.).

In sharp contrast to these understandings, according to the **SP** migratory processes, migration and return decisions can be understood only in a more global context in which all elements likely to impact migration and return are identified: factors ranging from economic environment and technology, to social and political environment. Migration is not a linear, one-way movement but a circular phenomenon (including circular migration) embedded in a system of interdependent variables and indisputably linked to globalization (see Petras, 1981 and Simmons, 2002, cited in Piche, 2013). Migration takes place in „migration systems“ linking countries and regions. Migration systems therefore facilitate not only outward migration but also returning migration, which is increasingly common in

the age of transnationalism, with increasingly cheaper and faster transport (see Bartram et al., 2014: 122). The main criticism of the SP is related to the structural dichotomy assumption that there is little information and exchange between the two worlds of the host and sending states, and hence the understanding that *return occurs in incomplete information about the homeland, while expectations from return are clarified against the structural context of the home only upon arrival there* (Cassarino, 2004).

Transnationalism is characterized by its focus on the dynamics and the maintenance of regular contacts and migration links between the sending and receiving countries, where migration is the result of the interaction of social networks in these two places (see Schiller et al., 1995). Hence, the circular nature of transnational migration processes, consisting of several stages in each of which a decision is made on migration or return (Haug, 2012). Issues of return are set in the context of maintaining cross-border ethnic and kinship relations between the country of origin and the host country. Return is a stage of the migration process, not the end of the migration cycle. It is part of a circular system of social and economic relations and exchange that facilitates migrants' reintegration and through which knowledge, information and forms of belonging and participation are transferred. Return and subsequent reintegration at home are prepared by returnees by maintaining strong ties with the country of origin, regular family money and visits to the country of origin. *The motivation of returnees stems from their attachment to home and household, and family ties are essential* (Cassarino, 2004). Criticisms of transnationalism include: excessive use of the term and its interchangeability with „international“, „multinational“, „global“ and „diasporic“; the assumption that all migrants make transnational connections; the lack of clarity as to the genuine nature of these connections; lack of clear distinction between transnational, trans-national and translocal processes; technological determinism; large variations in transnational practices; generational constraints, etc. (Vertovec, 2004: 3-4).

Similar to transnationalism, **the TSN** considers the return as a first step in completing the migration project and returnees – as carriers of tangible and intangible resources, assuming that they maintain strong ties with previous locations in other countries. But these links do not necessarily depend on diasporas, as transnationalism claims. Rather, according to the TSN, *these links reveal the experience of migration, which can substantially support returnees' home-based initiatives. Social structures increase the availability of resources and information by ensuring the success of the returning migrants' enterprises*. Reasons for return are related to social, economic and institutional opportunities at home, as well as to the applicability of one's own resources. The organizational characteristics of cross-border social and economic networks are sensitive to the economic, social and political context of host and home countries. In other words, the TCM allows for a link between the organizational structure of the networks and the meaning that actors attribute to their inclusion and membership in such networks (Cassarino, 2004: 268).

The presentation of the main theoretical paradigms for explanations of RM reveals the need to contextualize the return and identify the various micro and macro factors that influence it and shape its configuration under different conditions. These factors can be distinguished in two large groups – economic and non-economic. Factors for return can also be dealt with by their level: some are at macro level and concern the macroframe of economic and/or

political conditions in countries or regions (a.k.a. structural factors); others are at meso-level pertaining to community intra-group and inter-group relations within and across borders; at the the micro-level the focus is on the individual and factors at this level are related to idiosyncratic features and personal (including emotional and identity) factors and family relations.

In an attempt to propose a typology of factors motivating return, Russel King (1986; 2000) identifies four groups of return factors, presented in the format of the push-pull model:

A/ Economic factors:

- push from the host country (such as recession, stagnation in the labor market and unemployment, permanent deterioration of economic conditions, negative trends in labor policy regarding immigrants and unprotected labor market status, etc.).
- pull to the country of origin (economic growth, improvement of the labor market and others).

B/ Social factors:

- push from the host country (negative discrimination, racism and the like, leading to difficulties in adaptation and integration in the host country);
- pull to the country of origin (opportunities to achieve higher public status and higher productivity in the country of origin, for example on the basis of migration or education acquired through migration, changing social conditions and the overall societal macro-climate).

C/ Political factors:

- push factors - repatriation from the host country (from forced expulsion, to changes in migration policies that restrict rights and opportunities related to change of job, family reunion, citizenship, etc.), including in the form of policies targeting return, e.g. aid for certain taxes and social security contributions and reintegration grants in the sending country);
- pull factors - re-engagement (recommitment) to the country of origin (change of political conditions and the state of the sending country, e.g. de-escalation of ethnic conflict or civil war, change of political regime and the like). A special aspect of political factors of pulling is related to the changing international political and legal status of home countries as an outcome of membership in international structures (e.g. in the EU), as well as more generally to the role and importance of international factors in migration processes.

D/ Family factors:

- they are related to the life cycle and to the relationship with home and family and are based on kinship and social relationships. The motives related to family factors can be: nostalgia for home, return after retirement to spend the rest of their lives in their homeland; care for elderly or sick parents/relatives; finding a partner; education in their native language for children and others.

The array of return factors in King's typology cuts across the full spectrum of theoretical paradigms of RM. Economic factors for return are considered by all the paradigms – exclusively for the *NCE*, in the context of the family strategy in *NELM*, and alongside other non-economic factors for the rest. Non-economic factors for return (which are rather varied since this group covers all other factors except the economic ones) are pertinent to the *SP*, *transnationalism* and the *TSM*, although they operate at a different level depending on the level of analysis and explanation of each paradigm. The *NELM* represents a questionable case, since it does indeed introduce the idea of family strategy and highlight the interdependence between migrants and their families, thus hinting towards the importance of the family. However, unlike *transnationalism* where family and kin ties are essential for the motivation, within the *NELM* the motivation for return is fundamentally determined by economic and financial factors, which underlie a calculated strategy at a family level.

The latter considerations prompt a distinction between factors, causes and motivation for return. Although in research they are often used as synonyms, they vary according to the degree of subjectivization. Thus, the causes are objectively existing environmental factors or conditions that can turn into motives for return to the extent they are internalized and subjectivized by the migrant. In other words, not all existing factors (or causes) for return are turning into motives for return, and motivation pertains to the way the migrant perceives and interprets reality.

Building on King's typology one can differentiate the motives for return according to their rationality or emotionality, while distinguishing among the levels at which motivating factors operate. Thus economic motives for return are rational in nature and can be related to factors at all three levels. Social factors are mainly at the meso-level and can be related both to rational and emotional motivations. Political factors are at the macro and meso-levels, and the motives related to them are mainly rational, although it is also possible to have emotional political motives. Life-cycle and home-family factors are at the meso- and individual/micro-level, and the resulting motivation may be emotional but in some cases with rational elements too.

In the rationality-emotionality dichotomy, the rationality of return motivation is associated with cognitive and rationalist assumptions of people's reactions and actions (rational goal setting, calculation, and goal maximization), while emotionality focuses on the importance of emotions and experiences for people's actions and relationships. These alternatives (to economic rationality) views are based on the understanding that, in the complexity of contemporary social and personal life, people often have to rely on their emotions to direct their thoughts, actions and relationships (Holmes, 2010, quoted in Holmes and Burrows, 2012). Part of the non-economic motives for return is related to family factors (such as a sense of commitment and commitment to family and relatives, sense of „loss of roots“ and identity, lack of belonging to a place or in a group, nostalgia for home or homesickness). They are interpreted in terms of the concept of *emotional reflexivity*, understood as an inherent cognitive process of interpretation and action based on one's own feeling and feelings of the others. This cognitive process is considered to be central to one's lifestyle. Emotional reflexivity is such a type of reflexivity, where relations with others are of paramount importance (Ibid.).

This concept of emotional reflexivity as an explanation of return migrations clearly falls within the current tendency of questioning the preeminence of economically-based explanations of migrants' decision to return. Indeed, in a number of recent case studies, it is argued that non-economic factors are generally more relevant to the motivation to return than the economic ones. Thus, some studies on the return of migrants highlight the importance of social ties and their influence on patterns of movement and establishment. In a study of the motivation of Bulgarian nationals who have returned to Bulgaria after living for at least five years in an EU country (during the EU-15), Maleev concludes that the reasons for return range from pragmatic to ideological, the most important factors being socio-psychological in nature, such as nostalgia, dissatisfaction with the relationship with the host society, the feeling of nationality (Maleev, quoted in Ivanova, 2015). According to the „Family patterns and migration“ study carried out by the Agency for Social and Economic Analysis in 2007 (Mihailov et al., 2007), the main reasons for returning to Bulgaria in the 2002-2006 period are related to affection for family and relatives (80% of returnees) and difficulties in finding a legal job and the impossibility of a stable professional realization in the country of emigration (40% of returnees). Next in order are such reasons as the positive prospects for good work and business in Bulgaria (at that time related mostly to the then forthcoming EU accession of Bulgaria).

Other case studies also conclude that emotional factors are more important to return motivation than structural issues such as jobs, housing and general economic conditions. For example, a number of British return migration studies (cited in Holmes and Burrows, 2012) show that British immigrants often suffer from homesickness, which is a major motive for return. The sense of belonging and, respectively, the lack of belonging, the sense of being at home and the lack of home, as well as disillusionment and unrealized dreams, are particularly emphasized. In a survey of Albanian immigrants in Greece, the leading motives for return are home nostalgia (48.1%) and family reunification (22.2%) (Gialis, 2012).

According to a number of authors, the family and life-cycle factors are more important as a motivation for return than the initial emigration (see for e.g. Black et al., 2004, Nonchev & Hristova, 2018). Factors such as marriage, childcare, and responsibilities to older parents and relatives can strongly motivate migrants to return to their home country. The results of case studies reveal that in many cases family-related reasons, and especially the desire to reunite the family, are the most important ones, followed by work-related reasons, and especially the desire to start their own business (de Haas & Fokkema, 2011; Piotrowski & Tong, 2010).

As an explanatory frame for return motivation the concept of emotional reflexivity fits best with the paradigm of *transnationalism*, because of latter's unambiguous focus on human linkages. Within *transnationalism* family and social relations between sending and receiving countries are considered essential, stressing the importance of migrants' maintaining strong ties with their home country. It is this idea of the importance of emotional reflexivity that can shed light onto one of the core assumptions of *transnationalism* – the motivation of returnees stems from their attachment to home and family.

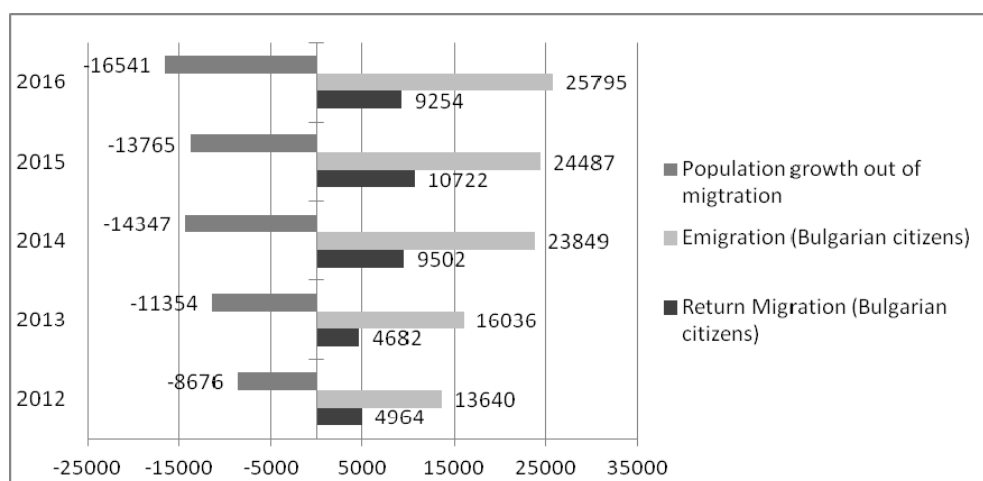
Remigration to Bulgaria: data analysis

Between 1980 and 2011, a total of 214,553 Bulgarians returned to live in Bulgaria after a stay abroad. After 2006 there emerged a rising trend in the number of Bulgarians returning to the country. Thus, in 2006, 9 467 (4.4%) Bulgarian citizens returned to the country, 15 288 (7.1%) in 2008, and in 2010 their number reached 23 811 or 11.1% of outgoing migrants. However, net migration during the period up to the last census in 2011 is minus 24,190 people (see *Aktualizirana...*, 2012: 22-15). The dynamics of the number of Bulgarian migrants returning to Bulgaria generally follows the same trends in the period after 2011, although the number of returnees decreases annually compared to 2006-2011 (see Chart 1).

Although Bulgaria continues to be a „net exporter” of migrants and the growth from external migration remains negative (i.e. emigrants with Bulgarian citizenship are more than those who return to the country), the return of migrants to Bulgaria is a lasting trend that raises the question of returnees’ motivation. Considering that, according to the 2011 surveys, the so-called „returning” and „present” emigrants have contributed more than EUR 690 million to the country (Minchev et al.: 2011), the question of the motivation of returnees really acquires particular significance.

Chart 1

„Outgoing” and „incoming” migration of Bulgarian citizens (2012-2017)



Source: INFOSTAT, National Statistical Institute (at <https://infostat.nsi.bg/>)

The field data from 2017-2018 draw a complex picture of re-migrants motivation to return. The returnees’ motivation to return to Bulgaria is revealed mainly through the answers of question No 8 „Why did you come back? Identify all the major causes (family, economic, political, etc.) with guiding questions about a specific event that provoked return, as well as

about the importance and awareness of national and regional policies and measures supporting return. The answers to this question show the presence of both economic and non-economic reasons and factors motivating return.

Economic factors and motives can be grouped as follows:

- Termination of the employment contract or seasonal work – mentioned in 14 interviews;
- Change in the economic conditions – the (mostly economic) reason for staying abroad is no longer valid or has dropped altogether (e.g. becoming jobless after the passing away of the elder person who is taken care of; change of the economic conditions) - mentioned in 12 interviews;
- Expectation of or better prospects for employment in Bulgaria, incl. starting one's own business - mentioned in 9 interviews;
- Completion of education or internship abroad (and not finding a job afterwards) - mentioned in 5 interviews;
- Lower living costs in Bulgaria (own housing, no rent paid) and/or equivalent pay (abroad and in Bulgaria) for the same position - quoted in 4 interviews.

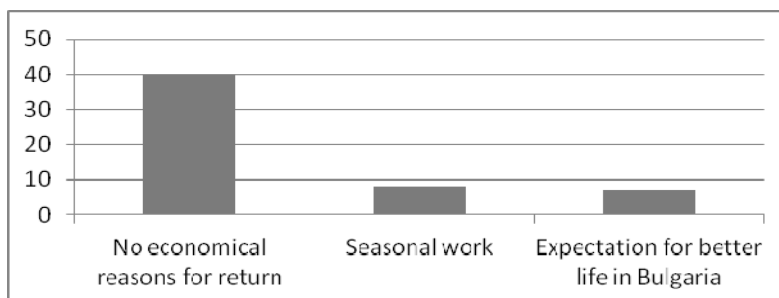
Non-economic motives can be divided into two large groups – specific reasons of family nature and personal reasons:

- Specific reasons of family nature: such as taking care for elder or sick relatives, marriage, living together with a partner, taking care for one's children or grandchildren – mentioned in 26 interviews;
- Personal reasons such as like homesickness and nostalgia; feeling sadness for being away from children and relatives; health problems; a desire to start a career in Bulgaria; a desire to study in Bulgaria; a desire to be with one's family and friends; old age; a desire for change of one's life – mentioned in 44 of 100 interviews.

It is evident that the non-economic motives for return to Bulgaria definitely predominate. Such a conclusion is also confirmed by the results from the representative survey. Indicatively, two-fifths of the respondents answer „I did not return for economic reasons“ to a question that asks them to point out the three most important economic reasons for returning to Bulgaria (Graph 2). At the same time, as the first and third non-economic reasons for returning to Bulgaria, the respondents put „Affection for the Family“ and „Nostalgia for the Country“ (Graph 3).

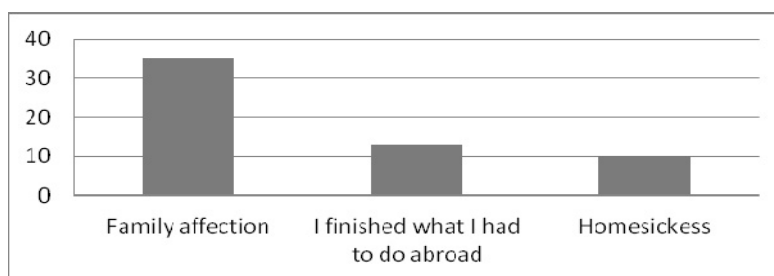
Graph 2

The three main economic reasons for returning to Bulgaria the last time (% of the answers)



Graph 3

The three main non-economic reasons for returning to Bulgaria (% of the answers)



In addition to quantitative data, in the results of the in-depth interviews, **the complex nature of the motivation for return** clearly surfaces. Interviewees mention **combinations of economic and non-economic motives** and in some cases – contrary to our hypothesis – economic motives are indeed the more relevant ones:

„Mainly economic reasons - I did not have the means to buy a home, and to rent a place was also very expensive. There were also family reasons - I realized that my father and mother would like me to be closer to them, to be back in Bulgaria” [man, 30, Sofia].

„I returned mainly for health reasons. ... At the same time, I felt nostalgic. I realized that it is not worth it to be away from my family for this miserable money and under such harsh conditions” [man, 61, Razgrad].

It should be noted that health problems as motives of a personal nature are an example of the implicit multiplicity of some motives which, although non-economic and personal in nature, may also contain a subtle economic component. For example, in some cases, health-related motives for return are tied to economic arguments for the cost of medical treatment - higher in the host country and lower in Bulgaria: *„We returned because of my husband’s*

illness. ... He had to come to Bulgaria for treatment and surgery. We made the judgment that the means we have will not get us there for treatment and surgery. There everything is much more expensive. It was urgent and we quickly got home” [woman, 58, Saedinenie]. In other cases, these economic aspects of health-related motives for return are lacking, and it is about climate or quality of health services: „I went back to Bulgaria because I was permanently ill. The humid climate in Italy had a bad effect on my liver and the condition of my joints” [woman, 59, Montana] or „I had to do a very serious medical test in Bulgaria, I did not want to trust the Greek doctors” [woman, 52, Vratsa].

The story of a woman who lives and works for 13 years in Greece seems indicative of the interplay of economic and non-economic motives for return: „I was content until the crisis also came to Greece itself. The wages were severely cut. The work increased because of staff reduction and one nurse was forced to do the work of two. ... I just could no longer stand the strain. Nostalgia was overwhelming for the reason that I could no longer stand being away from my children. That’s the main thing that made me go home. And the low wages that were merely enough to make both ends meet. It just was not worth it. I had to work on two jobs. And at one point you say to yourself: 250 Euros an average salary and if you are good and willing to work, you can also get it in your own country and be at home with your children, in your motherland, and have the feeling you are where you belong” [woman, 52, Vratsa].

Another example where non-economic motives prevail are the words of a young man who, for about two years, had enjoyed a high paid and motivating work abroad: „I realized that the material wellbeing I had achieved abroad did not bring me the happiness I saw in the eyes of my friends and colleagues with whom we have studied or grew up together. ... I was in an environment where entertainment was reduced to a minimum, if not non-existent. I had no time. ... At one point I became aware I can neither have a serious relationship at a distance, nor go out and have fun. I missed weddings, births of children of my very close relatives and friends. I missed pretty important things for me. I just realized that money is important, but not everything, and that if I can work in Bulgaria and make a living. So I will come back and give it a try” [man, 27, Sofia].

There are also cases in which specific family-related and personal reasons combine, and in which economic factors are seen as belonging to the general environment and not as an element of personal motivation: „I was nostalgic for Bulgaria and I missed my girlfriend ... I returned to Bulgaria mainly because of my girlfriend – for us to live together and create a family. Here, [in Bulgaria] economy has already started to recover and there has been a demand for cadres on the labor market” [man, 40, Montana].

An interesting example of a combination of family and personal motives for return but with a clear extension of motivation in the *pro bono publico* direction is seen in the words of a young man who, since his school years, has lived, studied and worked in Italy several times and although his parents are still living in Italy, he decides to return: „At the beginning I liked the idea of living abroad, getting to know the foreign culture, history. However, over time, nostalgia appeared. ... Overall, the idea of my departure was my development, both professionally and personally. And the idea of my return was exactly the same. After having gained some experience and having embraced the foreign culture, I decided that upon return, my knowledge could help both my country and myself to develop in different

environments. I realized I could share the experience I had gained and develop positively to my benefit and for the sake of society at large... from the point of view of a family, it is very difficult for a person to be abroad and to get to know the right person and start living with someone. And one of the reasons to come back is precisely the idea that I am already growing up, and I feel I am ready to make my own family and meet the right person ... in Bulgaria ... I will find the right person for me” [man, 26, Sofia].

Secondly, it should be noted the importance of **migrants’ preliminary awareness of the fact that they are going abroad for a fixed and usually not too long** (several months to a year) **period of time** and will return to Bulgaria after its expiration. Migrants with fixed migration periods are, for example, students going to a brigade abroad during the summer, or people who find seasonal jobs or go for fixed short periods. In such cases, homesickness and nostalgia for one’s country are irrelevant to return. Even though there may be sadness about family and relatives, migrants are well aware they have a time limit and will shortly go home. Illustrative of this finding are the words of several returnees:

„My school year was starting, and the season was over. There was no reason to stay any longer. The specific occasion for my return was the beginning of the academic year” [woman, 25, Razgrad].

„The purpose of my trip was to spend 4 months during the high season in the resort so that I earned lots of money to live on until I found a job. This was money that I could invest in my education” [woman, 32, Saedinenie].

„My family is here and I have never considered staying [there]. What is more, I had arranged a job for 6 months. ... I have always wanted to come back. I have always stayed there for a fixed period of time, in compliance with the legal leave in Bulgaria so that I keep my job [in Bulgaria]” [woman, 41, Plovdiv].

„I came back because I had gone there for three months. The time has over and that was it” [woman, 49, Kukorevo village].

In the light of the established relation between the length of stay, the migrant’s awareness of leaving for a fixed short period of time and the nature of the motivation to return, the research interest should focus on **the motivation of a specific group of respondents: those who had lived and worked for a longer time abroad (5 years and over), who enjoyed integration in the environment there and had set a decent life there, but nevertheless decided to come back to Bulgaria**. According to the NCE the longer migrants remain in the recipient country and the better they are integrated into it, the harder and less meaningful it is for them to return to their country of origin. The empirical findings of the in-depth interviews, however, contradict this theoretical assumption.

Of the 100 in-depth interviews, 17 are with returnees to Bulgaria, who have lived for a long time in the same place abroad before returning. Except for one, *all others have identified non-economic motives for their return pertaining to the aforementioned concept of emotional reflexivity, in which one’s own feelings and relationships to others are of paramount importance* (Holmes and Burrows, 2012). In three of the cases there is a mixed economic and non-economic motivation; in two other interviews the motives fall within the specific reasons of family nature, while in the rest of the interviews motivation is mainly

driven by personal reasons. There are several cases of motives for return related to emotional reflexivity, and the following two examples from our research deserve particular attention.

The first case involves a man who lives for nearly 7 years with his family in Switzerland, has his own company for construction repairs and has a very good income. As he himself says, „*Generally speaking, I had no intention of coming back [to Bulgaria]. I had the intention of settling there. Even my whole family came over. But my daughter felt seriously depressed there for some reason, and I decided there was no point in torment my child. And it would be better to come back with her to Bulgaria. So overnight I took the decision to return ... My daughter didn't feel OK at school. She had entered the difficult age of puberty. She would shut herself in her bedroom and weep. They say children should not be listened to when living abroad, but I do not think so. I cannot torment my child. What should I do – depress further my kid? I could still stay there, given that I had lived for two and a half years without my family in the beginning. My children are growing, and I saw them only twice a year – I didn't feel like doing this again*“ [male, 46, Plovdiv].

The second case concerns a woman who lives in Spain for 15 years. Initially she goes there on an excursion but it happens so that she stays there. And although, as she says herself, „*after the first year I started feeling homesick for Bulgaria and wanted to come back*“, she lives there for years, marries a Catalanian, and has a child with him. She appreciates her life in Spain very positively, and **the only reason for return**, as she herself says, **is nostalgia**: „*Only that, nothing else.*“ Even though the respondent sees the return as „*voluntary, greatly desired*“, she nevertheless regards it „*as a step back, regrettably. I come back and I feel as if I am 15 years back in time with regard to the people's psychological makeup and mentality. Regarding the standard of living and career development, there is also a drawback. I can see how my fridge is more modest here (figuratively speaking), food as price and quality is worse and other such things*“ [woman, 45, Sofia].

The motives related to emotional reflexivity are often described as nostalgia and grief over home and relatives, and the feeling that something is missing or abandoned in the country of origin. In the context of the motives for returning to Bulgaria, **nostalgia** in its meaning of „*painful sadness over one's country and relatives*“ occurs 13 times in 10 of the 100 interviews, and the synonymously used *sorrow, suffering, sadness, missing something/someone, loneliness* occur 18 times in 13 of the interviews. In a number of interviews, the words of the returnees unambiguously reveal the lack of home and the sadness over relatives and friends as the main reasons for returning. The words of a young man who worked for two years in the United States aptly summarize the feelings and motives for the return of many of the respondents in the in-depth interviews: „*My nostalgia and my love for Bulgaria and for my relatives brought me back here*“ [man, 29, Sofia].

The most emotionally loaded cases are of mothers who have left children in Bulgaria. After more than 10 years abroad, a woman said: „*Nostalgia has overwhelmed me because I could not stand the separation with my children. That's the main thing that made me go back home*“ [woman, 52, Vratsa]. Another mother is also very emotional and even though she did not spend a lot of time working abroad, she had a hard time because of the separation with her children: „*I returned mainly for family reasons. I desperately missed my children and suffered for them. My job required a lot of patience and attention. I was taking care of*

other children, while my own children were crying for me. No, there was no specific reason [for returning] except the grief that did not allow me to effectively work or rest" [woman, 52, Razgrad].

Another example is a woman who lives and works for 6 months in New Zealand. Moreover, she is not alone there but has the support of her brother who has long been living there: *„After half a year I decided to return. I do not regret doing so. My stay there changed my thinking. There is nothing better than the native land and the place where your kin is. Many people think I am crazy for coming back. But they never understand it unless they go through the same experience*" [woman, 56, Kardzhali].

The words of a young woman who was four times in Germany and Austria, attending for a few months each time specialization and training, expose emotional reflexivity as a driver of motivation: *„When the time to go back to Bulgaria came, I spoke with my direct superior about whether they were happy with my performance. He told me they were very pleased, and that they were even considering a job offer at their office in Germany. At first, I was happy, but then I gave it a second thought and decided to turn down the offer. I would be missing my friends and family. I had no strong reason (material or personal) to stay there. In Bulgaria, I feel better and complete. There [in Germany] I made several friendships, but they were not the same as those in Bulgaria*" [woman, 30, Kardzhali].

For most of the interviewed returnees, Bulgaria is very attractive, because it is **home** – conceived both as a family and relatives, as *the house* - the physical place of habitation, and also as a geographical concept. A young man who works abroad twice for periods of more than six months, says: *„Here is my home. My house is here. My parents were also in the Czech Republic, but they came home, and now they are here too. I came home for the holidays and decided to stay here in Bulgaria too. I want to find a normal job and do not go back there*" [man, 21, Sliven]. Another returnee, who worked abroad for 10 years, argues: *„I always wanted to go back. I have never set myself the objective of being abroad and living abroad. Abroad is not home. My home has always been here. It was a matter of time. ... The home. Here is my family. Here I breathe my air. I love my family, and this brought me back home*" [woman, 40, Saedinenie]. For some of the returning migrants, Bulgaria is the home where one comes back to „have his batteries recharged": *„The reason I came back was that during these 6 years I probably got exhausted and I decided to go back to Bulgaria and start all over again. After all, here is my family and my relatives*" [woman, 26, Dimitrovgrad]. The following statement fully summarizes this type of motivation for return: *„Our relatives are here. First and foremost because of them. Second, this is our country and, no matter how we look at it, here is best for us. These are the main reasons why a person returns*" [woman, 26, Plovdiv].

Changing the perspective, some respondents have identified the ways in which they felt abroad as a negative motivation for return thus falling a bit in line with NCE postulation that unsuccessful integration and adaptation in the host country may prompt return. A young woman who worked for one year in Germany and whose sister lives there for ten years, explains her motivation for a comeback as follows: *„I did not feel at home in Germany. I felt like an outsider. I did not feel well there*" [woman, 26, Varna]. Other respondents share: *„[I returned] Because of the social life. I felt bored, it was monotonous. I am much better in*

Bulgaria” [men, 26, Gotse Delchev]; „*I could not find what I was looking for in America. I preferred to go back and look for it in Bulgaria*” [man, 29, Sofia]; „*Before going there, I thought I would stay there for good. But after a week there, I was sure it was not my place. Right from the start, I wanted to go back. ... Well, the main reasons are that I really felt I could not live there*” [woman, 27, Vratsa].

The argument about the great importance (high relevance) of social relations expressed in the attachment to family and relatives falls clearly within the paradigm of *transnationalism*. This argument is also indirectly supported by the answers to the question about money transfers and maintenance of contacts with relatives and friends in Bulgaria while being abroad (Question No 7). Sending money „home” might have been a migration goal or a function of the migration project, but for emigrants it is also a form of keeping in touch with the loved ones and friends in the home country. Even when it comes to student brigades or young people who go to work abroad for a few months to make some money, the relationship with relatives is still present in motivation. A student who goes to work for 6 months in England notes: „*I was not able to help [by sending money] and it was not my goal. I am a student and I just wanted to make extra money and not burden my parents with expenses during those six months*” [woman, 24, Sofia]. With regard to keeping in touch with relatives and friends in Bulgaria, there is not a single respondent who replied that he did not maintain a regular contact. In many cases, contacts were regular on a weekly or even daily basis, maintained mainly through phone and Skype, in rare cases social networks such as Facebook and mobile applications such as Viber.

It is noteworthy that **no political non-economic motives** are mentioned in **in-depth interviews** as opposed to other recent surveys at meso- and macro-levels that clearly highlight the political factors (for e.g. on the return of Bulgarian Turks from Turkey in particular see Kutlay, 2017; İçduygu & Sert, 2015). Except for three interviews, in all the other 97 interviews the respondents either do not respond to the sub-questions about policy or else argue that they are unaware of any policies and initiatives of the Bulgarian state and local authorities targeting returnees and even if such existed, they did not have any influence on the decision to return.

Of the other three respondents, one answers that he has heard and participated in such initiatives: „*No, to be honest, I must admit I was not familiar with them [return policies]. But while I was in the UK, I had the opportunity to visit the „Career in Bulgaria - why not” forum. A high school classmate of mine was in charge of it. And the main target group of this forum was the Bulgarians abroad. They had the opportunity to meet with employers. You can also get advice on how to write your resume. I was also acquainted with „Here and there BG” who organized cultural events and parties for people coming back from abroad with the idea to help them overcome the so-called „reverse cultural shock*” [man, 30, Sofia].

Another respondent makes a connection between his return and Bulgaria’s membership in the EU: „*Absolutely no impact [do policies and initiatives have on the decision to return]. Rather, in regards to the accession to the EU, there was some misguided optimism on my part that things would be developing in a positive direction here and there would be a demand for people with my knowledge, skills and competence to do some work*” [man, 35, Sofia].

Social causes and reasons for return are implicitly and indirectly referred to in the sub-questions of Question No. 6 asking the respondent **to assess his/her stay in the host country**: „How did they treat you? Have there been any cases of discrimination, violation of rights, manifestations of xenophobia and intolerance?” and „Did you manage to adapt to the country and integrate into the local community?” In just four of the interviews did respondents say that they had experienced discrimination in the host country („Yes, it happened after hearing that I am Bulgarian” [woman, 26, Dimitrovgrad]). In 38 of the interviews it was argued that there was no sense of discrimination in the host country and 18 respondents expressly noted they could feel the good attitude of the local people during their stay abroad („Great people, in no way did I ever feel alien to those whom I contacted. I felt like a local” [man, 26, Sofia]). The responses clearly show that a sense of discrimination in the host country was not one of the reasons behind return.

The answers to the question of migrants’ successful adaptation and integration in the host society are not so conclusive. The answers are equally distributed between „I adapt and integrate well/fast” and „I cannot (very well/quickly) adapt”: „If I had not been alone I could have been able to adapt myself but because there was no close person next to me, I did not succeed in joining in the community” [man, 27, Razgrad]; „For two years I adapted a little by little” [woman, 67, Yambol]. Poor or too slow and difficult adaptation to the host community renders stronger some of the motives pertaining to emotional reflexivity (nostalgia, feelings of inattention, etc.) and can indirectly motivate return. Again, the significance of the time factor stands out - logically, the longer he stays in the host country, the better the migrant has presumably adapted. Also, circular migration and re-entry and subsequent stay in the same migration destination inevitably facilitate and enhance the process of adaptation.

The nature of return motivation is strongly contingent on **return assessment** (Question 12) - whether it is seen as *voluntary* or *forced*; whether it is perceived as *progress* or as *backslide*; and whether it is considered *temporary* or *permanent*. The motives related to emotional reflexivity are ambiguously related to the return assessment. It could be assumed that return is driven by nostalgia over home and country, the desire to be with your relatives, willingness to live in Bulgaria, among other motives, would lead to an appreciation of the return as a voluntary one. Indeed, in almost half of the interviews, return is defined as *voluntary*, sometimes adding “*strongly desired*”. The exception is when the return is related to taking care of a sick parent/relative or the failure to find a job in the host country. Then the return is defined as *involuntary*.

The perception of return as *progress* or *backslide* is related, and in some cases even stems from the nature of the motivation for return. In 21 of the interviews, return is unambiguously defined as a progress „in every respect” [man, 39, Kozloduy] - for economic reasons, because of the experience gained abroad, which can be used in Bulgaria, but also for reasons related to family, social and emotional-psychological reasons. Return is regarded as *backslide* in 16 interviews mainly for economic reasons, but there is also the understanding that it is „setback in terms of the way of thinking and mentality in Bulgaria” [woman, 45, Sofia]. For one-tenth of the respondents in the 100 in-depth interviews, the return is neither progress, nor a step backwards: things are either as before (for short-term migrants) or different at different moments after return, or respondents cannot define it

precisely. Regarding whether the return is permanent or temporary, the answers are *permanent* for more than two-fifths of the interviews, often with the provision *for now*, or adding *definitely permanent* in some cases. This is a logical consequence of the predominant motives of return associated with emotional reflexivity.

Conclusion

In the modern world, the motivation of individuals to migrate is becoming increasingly complex and involves a combinations of economic and non-economic factors, both rational and emotional in nature. The empirical data from the national survey and the in-depth interviews clearly reveal the complex nature of the motivation for return to Bulgaria. After testing it against the data, our initial hypothesis of the foremost significance of non-economic factors in the RM to Bulgaria has been largely confirmed by the empirical evidence. The analysis, however, prompts a number of qualifications to the initial hypothesis.

First, in the case of Bulgarian returnees from the last decade the non-economic factors are narrowed down to reasons of family nature and personal reasons. Social and political non-economic factors (as described in King's typology) seem to be irrelevant to the return motivation of Bulgarians abroad.

Second, the emotional strand in the non-economic motivation clearly prevails – *homesickness* and *nostalgia for the country and kin* are the kernel of the desire to return to Bulgaria and this is even more so for migrants who had lived and worked for a longer period abroad and had set a decent life there, but nevertheless decided to come back to their home country. Along this emotional strand and despite returnees' rational appreciation of the situation in the country, Bulgaria seems very attractive because it is *home*, conceived both as a family and relatives and as the physical place of habitation.

Third, there is a connection between the duration of stay abroad, migrants' awareness of it and the return motivation. When migrants are aware that they are going abroad for a fixed and usually not too long period of time and will return to Bulgaria after its expiration, homesickness and nostalgia for one's country and kin are irrelevant to return.

The phenomenon of „return“ of Bulgarian migrants to Bulgaria cannot be comprehended without taking into account the factors related to life cycle and the relationship with home and family, as well as motives related to migrants' emotional reflexivity. The role of non-economic factors and motives for the return of Bulgarian emigrants is so significant that it may even seem that the decisions based on such motives are essentially emotional. This is not so. In the motives of emotional reflexivity there is a deep rationality that is not economic in nature.

The prevailing non-economic emotional and reflective motives for return to Bulgaria carry important implications and opportunities with regard to the development of effective policies and initiatives to encourage and support return, through the transformation of the state and its institutions into a significant factor in the management of migration processes. The great importance of social and emotional-reflective motives for return allows the

development of complex programs to attract back Bulgarian emigrants and their reintegration into the Bulgarian society and economy, similar to the policies and programs developed in countries like Poland, Slovakia and Hungary over the last decade.

References

- Aktualizirana nacionalna strategija za demografsko razvitie na naselenieto v Republika Bulgaria (2012-2030). (2012). Sofia: MTSP ["Updated National Strategy for Demographic Development of the Population in the Republic of Bulgaria (2012-2013)". (2012). Sofia: Ministry of Labour and Social Policy].
- Ivanova, V. (2015). Politiki na zavrashatane: sravnitelnen analiz na visokokvalificiranata migracija v Bulgaria i Bosna i Hercegovina. Disertacionno izsledvane za prisazhdane na NS "Doctor". Sofia: NBU ["Return Policies: Comparative Analysis of Highly Quolified Migration in Bulgaria nad Bosnia and Herzegovina". Doctoral dissertation. Sofia: NBU].
- Krasteva, A. (2014). Ot migracia kam mobilnost: politiki i patishta. Sofia: NBU [From Migration to Mobility: Policies and Roads. Sofia: NBU].
- Mintchev, V., Markova, E., Misheva, M., Zareva, I., Hristova-Balkanska, I., Boshnakov, V., Kalchev, J. (2011). Balgarskata emigracia: teorii, politiki, empirichni izsledvania. Sofia: Ikopis [Bulgarian emigration, theories, policies, empirical studies].
- Petkov, K. (2009). Imigracia, identivnost i grazhdanstvo: balgarskata situacia i evropejskija kontekst. – Sociologicheski problemi, N 2 [Immigration, identity and citizenship: Bulgarian situation and the European context. – Sociological problems, N 2].
- Anniste, K., Tammaru, T. (2014). Ethnic Differences in Integration Levels and Return Migration Intentions: A Study of Estonian Migrants in Finland. – Demographic Research, Vol. 30, pp. 377-395.
- Bartram, D., Poros, M. V., Monforte, P. (2014). Return Migration. – Key Concepts in Migration. SAGE Key Concepts series. Sage Publication, pp. 121-124.
- Bilgili, Ö., Siegel, M. (2014). Policy Perspectives of Turkey towards Return Migration: From Permissive Indifference to Selective Difference. – Migration Letters, Vol. 11, N 2, May 2014, p. 218+.
- Black, R., Koser, K., Munk, K. (2004). Understanding Voluntary Return. Sussex Centre for Migration Research: Home Office Online Report 50/04. Online at <<http://webarchive.nationalarchives.gov.uk/20110220155644/http://rds.homeoffice.gov.uk/rds/pdfs04/rdsolr5004.pdf>> (последен достъп май 2017 г.).
- Cassarino, J.-P.. (2004). Theorising Return Migration: The Conceptual Approach to Return Migrants Revisited. – International Journal on Multicultural Societies, UNESCO, 6 (2), pp. 253-279. Online at <<http://unesdoc.unesco.org/images/0013/001385/138592E.pdf#page=60>>. <hal-01237439> (last accessed September 2017).
- Castels, S., Miller, M. (2009). The Age of Migration and International Population Movements in the Modern World. UK: Palgrave Macmillan.
- de Haas, H., Fokkema, T. (2011). The Effects of Integration and Transnational Ties on International Return Migration Intentions. – Demographic Research. Vol. 25/2011, pp. 755-782. Online at <<https://www.demographic-research.org/volumes/vol25/24/25-24.pdf>> (последен достъп ноември 2017 г.).
- Gamlen, A. (2006). Diaspora Engagement Policies: What are they, and what kinds of states use them?. – Centre on Migration, Policy and Society. Working Paper N 32, University of Oxford.

- Gialis, S. (2012). Integration a Few Kilometres Away from the Motherland: Albanians' Internal Migration, Settlement and Voluntary Return in Epirus and the Ionian Islands in Greece. – *Migration Letters*. Vol. 9, N 2, pp. 141+.
- Haug, S. (2012). Migration and Return Migration: the Case of Italian Migrants in Germany. – *Kakanien Revisited*. A platform for interdisciplinary CE and SEE studies and networking. Online at <<http://www.kakanien-revisited.at/beitr/labourmigration/SHaug1.pdf>> (last accessed in May 2017).
- Holmes, M., Burrows, R. (2012). Ping-Pong Poms: Emotional Reflexivity in Contemporary Return Migration from Australia to the United Kingdom. – *Australian Journal of Social Issues*, Vol. 47, N 1, pp. 105+.
- İçduygu, A., Sert, D. (2015). The Changing Waves of Migration from the Balkans to Turkey: A Historical Account. – In: Vermeulen, H. et al (eds.) *Migration in the Southern Balkans. From Ottoman Territory to Globalized Nation States*. IMISCOE Research Series. Springer Open.
- King, R. (1986). *Return Migration and Regional Economic Problems*. London: Croom Helm.
- King, R. (2000). Generalizations from the History of Return Migration. – In: Bimal, G. (ed.). *Return Migration: Journey of Hope or Despair?*. Geneva: International Organization for Migration, pp. 7-55.
- Kovács, Z., Boros, L., Hegedűs, G., Lados, G. (2013). Returning People to the Homeland: Tools and Methods Supporting Remigrants in a European Context. – In: Lang, T. (ed.) *Return migration in Central Europe : current trends and an analysis of policies supporting returning migrants*. Leipzig: Leibniz-Institut für Länderkunde, pp. 58-94.
- Kutlay, M. (2017). The Turks of Bulgaria: An Outlier Case of Forced Migration and Voluntary Return. – *International Migration*, 55(5), pp. 162-179.
- Lang, T. (ed.). (2013). *Return migration in Central Europe: current trends and an analysis of policies supporting returning migrants*. Leipzig: Leibniz-Institut für Länderkunde.
- Mihailov, D., Mintchev, V., Boshnakov, V., Nikolova, K., Petkova, K., Budgeva, R., Petrova, N., Ankov, B. (2007). *Family Patterns and Migration. National Representative Survey*. Sofia: Agency for Social and Economic Analysis.
- Mintchev, V., Boshnakov, V. (2006). *Return Migration's Profile and Experience: Empirical Evidence from Bulgaria*. – The WIIW Balkan Observatory. Working Papers. July 2006.
- Nonchev, A., Hristova, M. (2018). Segmentation of Returning Migrants. – *Economic Studies*, N 2.
- Piché, V. (2013). Contemporary Migration Theories as Reflected in Their Founding Texts. – *Population*, Vol. 68, N 1, pp. 141-165.
- Piotrowski, M., Tong, Y. (2010). Economic and Non-Economic Determinants of Return Migration: Evidence from Rural Thailand. – *Population*, Vol. 65, N 2 (April 1, 2010), pp. 333-350.
- Schiller, N. G., Basch, L., Blanc, C. S. (1995). From Immigrant to Transmigrant: Theorizing Transnational Migration. – *Anthropological Quarterly*, Vol. 68, N 1, pp.48-63.
- Serban, M. (2015). Migration Policies from Origin Perspective in the Case of Romania. Testing a Definition 1. – *Journal of Community Positive Practices*. Vol. 15, N 1, pp. 72-85.
- Smoliner, S., Förschner, M., Hochgerner, J., Nová, J. (2013). Comparative Report on Re-Migration Trends in Central and Eastern Europe. – In: Lang, T. (ed.) *Return migration in Central Europe: current trends and an analysis of policies supporting returning migrants*. Leipzig: Leibniz-Institut für Länderkunde, pp. 11-57.
- Todoaro, M. (1969). A Model of Labor Migration and Urban Unemployment in Less Developed Countries. – *The American Economic Review*, Vol. 59, N 1.
- Vertovec, S. (2004). *Trends and Impacts of Migrant Transnationalism* – Centre on migration, Policy and Society, Working Paper N 3 (WP-04-03), Oxford: University of Oxford.
- Zareva, I. (2018). Policies to Promote the Return of Bulgarian Migrants to Bulgaria. – *Economic Studies*, N 2.

RETURNING MIGRANTS – EFFECTS ON THE LABOUR MARKET IN BULGARIA

The article presents the results of the analysis of data from a representative opinion survey², related to the effects of external migration on the labour market in Bulgaria in two main aspects – the effects of departure and of returning of Bulgarian migrants. When examining the impact of the outbound flow of migrants the focus is on the age and education structure of the migrants, their employment status, professions and ways of finding employment abroad (placement). The study of the effects of the return of the migrants was conducted based on their work status, employment by economic activities and qualifications, and a comparison was made with the status prior to their departure and after their return to the country. The main barriers to the integration of the migrants into the Bulgarian labour market were identified.

JEL: F22; F66; J21; J24; J61

The research literature contains a number of studies on subjects, related to the return of migrants, various aspects of which were examined in the 1980's, including such related to their reintegration following their return. Since the beginning of this century an ever-growing attention has been dedicated to the impact of external migration, including of the returning migrants on the development of their countries of origin.

The findings of theoretical and empirical studies show that the external migration processes have both positive, as well as negative effects on the labour market in the countries of origin. Emigration can lead to a decline in the numbers of economically active persons and to labour force shortages. Possible consequences are also the decline in unemployment in a situation of greater supply compared to the demand for labour, especially for low-skilled workers, but also a shortage of highly qualified personnel, and a decrease of productivity.

¹ Irena Zareva is an associate professor at the Economic Research Institute at BAS, e-mail: i.zareva@iki.bas.bg.

² The survey was conducted in 2017 as part of the project Returning Migrants: Segmentation and Stratification of Economic Mobility, financed by the Scientific Research Fund, Competition for financing of fundamental scientific research – 2016, implemented by a team of researchers from the Economic Research Institute at BAS and the University of National and World Economy, whose member is also the author. A description of the methodology can be found in Nonchev, A., M. Hristova (2018). Segmentation of Returning Migrants. Economic studies, 2/2018.

The return of qualified migrants can increase the human capital of a country and the transfer of know-how, while that of those de-qualified (who downgraded or lost their qualifications abroad) has the opposite effect and creates the need for their additional training with the view of their integration into the local market. Many of the migrants encounter problems in finding a job upon their return. Some of them start their own business or become self-employed. In a number of cases however, the amount of their savings is insufficient for launching initiatives of a greater scale in this direction.

The effects on the labour market largely depend on the professional, qualification and educational profile, on the type of skills, which the migrants possess, on their work status. Not all migrants acquire additional innovative skills abroad, because they often work in positions, which do not match their qualification. At the same time, their qualification and skills may be in low demand on the market upon their return.

Of consequence for the impact of returning migrants on the local labour market is also the type of migration – whether it is long-term or temporary. The long-term migrants have greater chances to amass savings and to acquire skills abroad. In a number of cases upon their return they seek integration in an economic sector, which is different from that in which they were employed prior to their departure and they frequently become self-employed.

The effects of the return of the migrants and their re-integration depend on a number of factors – both structural, as well as personality-related.

According to data from the population census in Bulgaria (2011), the specialists with intermediate and high qualifications, mainly of younger age, make up the majority of persons who have stayed abroad. As a result of the permanently negative mechanical population growth, for the period from 2007 to date, the country has lost about 67 thousand persons of working age, as well as nearly 3 thousand children under the age of 14, as a potential labour force.

This article presents the results of the analysis of the data from a representative opinion survey³ among migrants returning to Bulgaria, showing the effects on the labour market in Bulgaria of their departure and of their return to the country.

Effects on the Labour Market of the Departure of Migrants

The results of the quantitative examination show that the majority of persons, who have stayed abroad for more than three months, were economically active, of working age (20-65 years) and more than a third of them were under the age of 35. Only about 9% were above

³ Conducted in 2017 as part of the project Returning Migrants: Segmentation and Stratification of Economic Mobility, financed by the Scientific Research Fund, Competition for financing of fundamental scientific research – 2016.

working age (over 65 years)⁴. (Figure 1) Such an age structure of the migrants has a dual impact on the economic activity and on the labour force in Bulgaria. On the one hand, the numbers of the economically active population and the labour force are declining, which limits the supply on the labour market, particularly in cases of departure from the country for good. In a large part of the cases – those of short-term migration, this decline is temporary, due to the return of the migrants. Such fluctuations in the number of the labour force also have a negative impact on the labour market and its balance.⁵ On the other hand, the departure of unemployed persons for abroad reduces the unemployment in the country and the pressure on the labour market and the welfare system. At the same time, the acquisition of knowledge and professional skills abroad (of human capital) has a positive impact on the quality of the labour force and therefore on productivity, if used in an appropriate way.

This structure of migrating persons is determined largely by the main motives for migration, namely the economic ones – greater pay, better work, higher standards of living abroad, lack of employment in Bulgaria and, in the second place, the need to support the family and better professional fulfilment abroad. Given such a motivation for migration and a predominating share of temporary migrants, it is quite natural for the majority of the migrants to be economically active persons.

The motives for the return of the migrants to the country are mainly of a non-economic character. These are mainly attachment to family and relatives, need to care for children, for elderly or ill relatives, difficult adaptation in the foreign country, etc. Here the economic reasons are of secondary importance and are related mainly to end of seasonal employment, difficulty of finding legal jobs and job loss abroad. These specifics of the reasons to return imply new migration attitudes among the returning economically active population. A significant part of the individuals polled (40.3%) stated that they would like to go abroad again, most of whom – temporarily (28.2%).

A large share of Bulgarian migrants were specialists of intermediate and high qualifications – with secondary vocational, college and higher education, prior to their initial departure for abroad. (Figure 2) The migration of such specialists has a negative impact on the quality of the labour force in the country and on the balance on the labour market in this aspect.⁶ A

⁴ According to data from the population census in the country of 2011, in the 1990-2011 period 65.7% of persons of 15 or more years of age, who had stayed abroad (for more than 1 year), were economically active and 11.5% were unemployed.

⁵ Based on National Statistical Institute (NSI) data, for the last 15 years the population of the country aged 15-64 years has been declining continuously and the labour force contracted as a whole, with sizeable fluctuations in separate years of the period. At the same time, the number of the population aged 65 years and over is characterized by a permanent upward trend, while that of the group of 15-34 years of age – by a downward trend.

⁶ Based on NSI data, for the 2013-2017 period the number of employed persons with higher education in the country increases, which corresponds to the general increase in employment, as well as with the number and share of the population with higher education, although part of them are working in positions, which do not match their qualifications. Table 5 below shows that the employment of a significant share of returning migrants did not match the qualifications acquired by them either. In parallel with the increase in employment of higher education graduates, the number of employed

number of surveys among employers show that they encounter serious difficulties in finding the qualified specialists they need.⁷

Figure 1

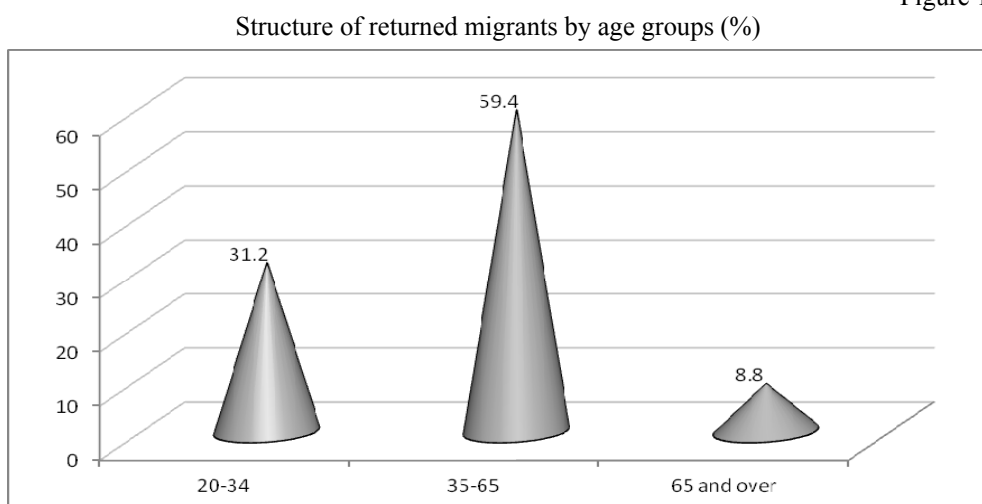
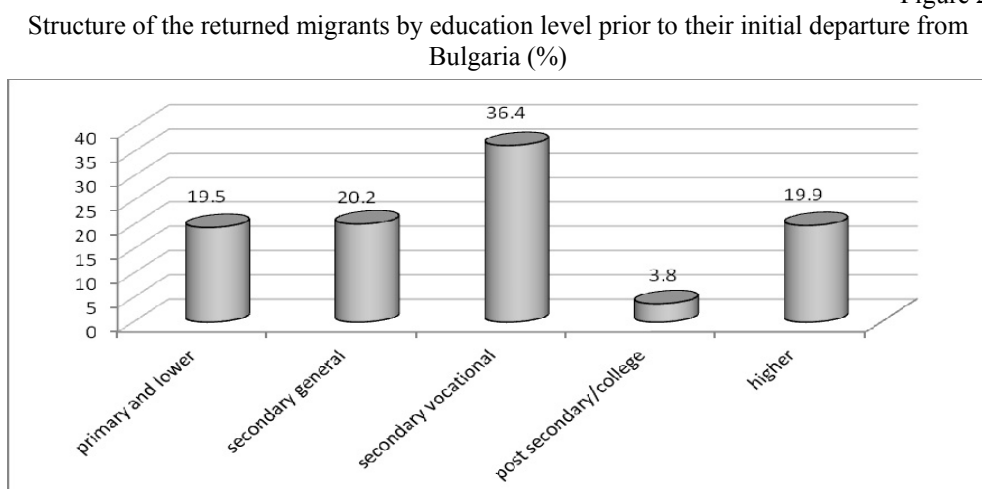


Figure 2



persons with secondary vocational education declines over the entire period indicated, with the exception of 2017.

⁷ According to NSI data, Monitoring of Business Trends, the shares of employers, quoting the shortage of labour force as a factor, impeding their activity, was: in industry – 27.1%, in construction – 30.6%, in trade – 17.7% and in services – 16.1% (2017), and those percentages were higher than the values for 2016 in all spheres of economic activity indicated.

By type of education the majority of migrants are persons of technical professions or from the services sphere. The loss of specialists with a technical background (Table 1), given the shortage of such personnel in the country, as is evident from the NSI data (see footnote 7), has a negative impact on the labour market.

In parallel with this more than a third of migrants returned had no specific profession prior to their initial departure. From the point of view of the fact that the majority of registered unemployed persons in Bulgaria have no qualifications (54.6% in 2017), the migration of individuals without a specific profession reduces the pressure on the labour market.

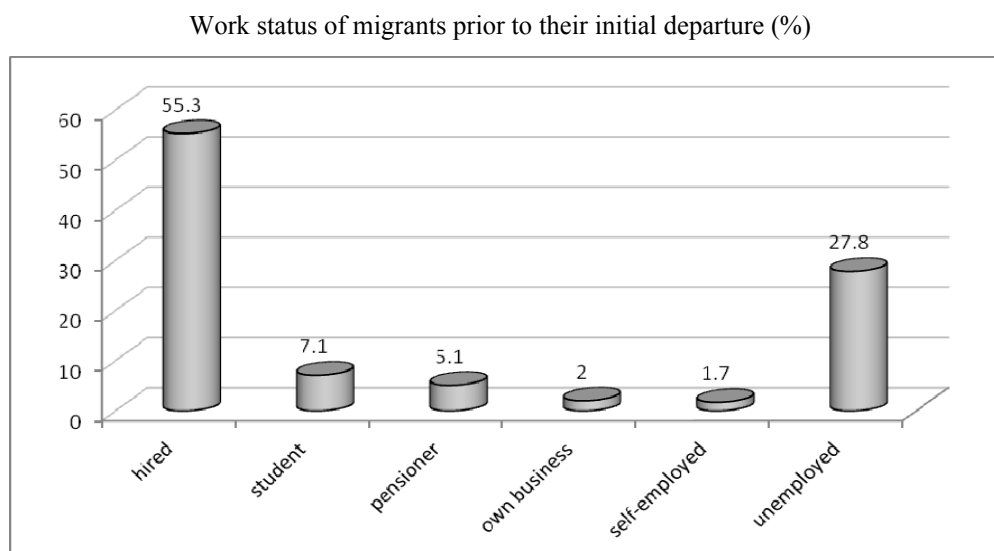
Table 1

What is your profession/occupation acquired, for which you have received formal education or hold an official document (%)

Profession/occupation	Prior to the initial departure from Bulgaria
Pedagogy	3.8
Arts	2.2
Humanitarian sciences	1.5
Social sciences	4.3
Journalism	0.2
Economic sciences and administration	5.5
Law	0.5
Natural sciences	0.3
Physics and chemistry	0.8
Informatics	2.0
Technical sciences and technical professions	15.9
Extraction and production technologies	5.0
Architecture and construction	6.1
Agricultural sciences, forestry and aquacultures	1.7
Veterinary medicine	0.3
Healthcare	1.7
Social activities	0.2
Sports, tourism, hotel keeping	4.6
Vehicle driving	4.6
Environmental protection	0.2
Security and safety (defence and military activities)	0.2
Undefined	0.7
No profession	34.4

As regards the work status prior to the initial departure for abroad, the main part of the migrants was hired under employment contracts, but the share of unemployed was also significant (Figure 3). While the migration of hired persons leads to a decline of employment in the country, that of unemployed individuals has a positive impact on the balance of the Bulgarian labour market.

Figure 3



The migrants, who had been working prior to their departure, were employed mainly in the spheres of construction, manufacturing, trade and accommodation and catering services, as is evident from Table 4. This professional structure of migrating persons has an impact on the staffing levels in the respective economic activities.⁸

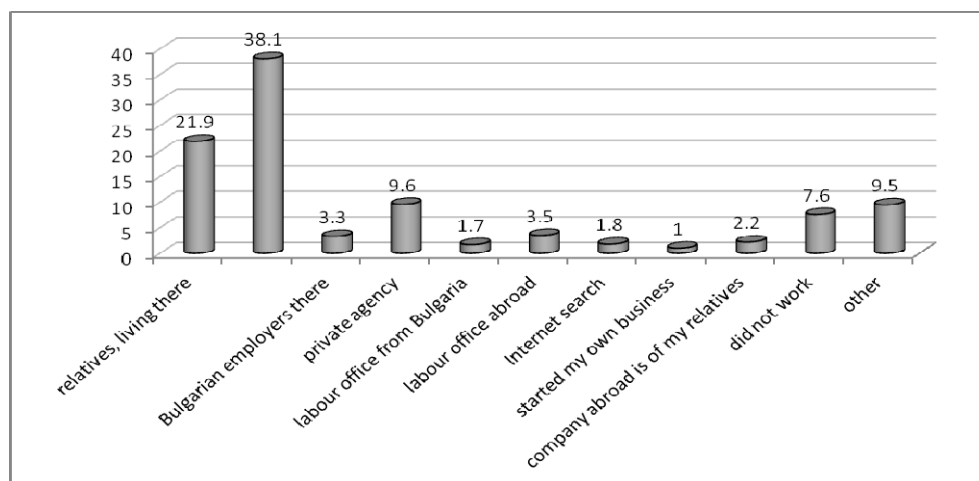
The majority of migrants travel abroad with the purpose of employment. They find such mainly with the assistance of relatives and acquaintances, who live and work abroad – 65% of the individuals polled found employment at their first departure. Recruitment services, offered by employment offices or private agencies, are resorted to rarely. Only about 15% claim that they had used the services of a private agency and in a lesser number of cases – of an employment office (Figure 4).

This fact is indicative of certain mistrust in those structures or lack of knowledge how to proceed and creates difficulties in reporting and regulating external labour mobility, as well as for the support on the part of the Bulgarian administration in regard to more adequate integration of the migrants into the labour market abroad.

⁸ According to NSI data, the number of job vacancies in this sphere is increasing in recent years.

Figure 4

In case you did work during your initial stay abroad, how did you find a job?



Effects on the Labour Market Following the Return of the Migrants

Following their return to Bulgaria the majority of migrants are employed persons, hired mainly full-time or part-time, while about 9% are developing an own business or are self-employed. A quarter of them however is unemployed.

Changes occur in the work status and the employment sphere of the migrants abroad also after their return to Bulgaria, compared to those after their initial departure. The share of persons hired after their return to the country declines in comparison to that for the same group prior to their departure for abroad. This share is highest during their stay abroad. The shares of those self-employed and having an own business, as well as of the retirees, are increasing.

As a whole, the share of working persons is virtually unchanged, while the number of individuals hired declines at the expense of the increase in the numbers of those self-employed and having an own business, which in most cases is a small, family-owned business. The share of the unemployed slightly decreases at the expense of the increase of the number of retirees (who are exiting the labour market), but remains significant, which is indicative of the difficulties, which returning individuals encounter in regard to their integration into the labour market of the country (Table 2).

Table 2

Work status of the migrants prior to their initial departure for abroad and upon their return to Bulgaria (%)

Work status	Prior to the initial departure from Bulgaria	In the first foreign country	Upon the last return to Bulgaria
Hired full time	52.0	72.8	47.0
Hired part-time	3.3	14.6	3.5
Student	7.1	1.2	2.5
Retired	5.1	0.8	11.9
Own business	2.0	0.7	5.8
Self-employed	1.7	2.8	3.5
Unemployed	27.8	6.1	25.2

A small percentage of the migrants use their savings for starting their own business following their return to the country. The majority of them are working alone/have no hired employees and about a quarter of them have hired one or two employees (Table 3). The amount of savings, accumulated from working abroad, of a considerable share of the migrants, is not sufficient for starting a business of a larger scale.

Table 3

How many employees have you currently hired? (%)

Number of hired employees	Share
One	11.9
Two	11.9
Three	2.4
Four	4.8
Five	7.1
Six	4.8
Seven	2.4
Twelve	2.4
Working alone/No hired employees	52.4

As to the employment sphere, after their return the migrants are working mainly in the spheres of construction, accommodation and catering, manufacturing, transport and trade.

The share of migrants employed abroad is significantly higher in construction, agriculture, accommodation and catering, as well as in housekeeping activities, compared to their employment in Bulgaria prior to their initial departure, as well as upon their return. The share of those employed in the manufacturing, agriculture, transport and also in education and healthcare declines upon their return to the country, compared with prior to their initial departure. (Table 4) These significant changes in employment by economic activities create obstacles to balancing the domestic labour market in this aspect.

Table 4

Structure of the employment of migrants by economic activities in Bulgaria prior to their initial departure, abroad and upon their return to the country (% according to NCEA 2008)

Economic activity	Prior to the initial departure from Bulgaria	In the first foreign country	Upon the last return to Bulgaria
Agriculture, forestry and fishing	2.0	14.4	1.0
Mining and quarrying	0.3	-	0.3
Manufacturing	7.9	7.5	5.5
Electricity, gas, steam and air conditioning supply; Water supply, sewerage, waste management and remediation activities	0.2	0.2	0.2
Construction	8.1	15.4	8.8
Trade, repairs	7.6	5.3	9.6
Accommodation and food service activities	5.5	11.4	6.0
Transportation, warehousing and postal services	7.3	6.5	5.1
Information and communication	1.3	1.5	2.2
Financial and insurance activities	1.2	1.0	1.0
Professional, scientific and technical activities	3.8	2.2	2.8
Administrative and support service activities	0.3	0.3	1.8
Public administration	2.3	-	0.5
Education	2.3	0.2	1.8
Human health and social work activities	2.3	0.7	1.3
Arts, entertainment and recreation	2.0	2.5	2.0
Other activities	1.7	1.2	1.2
Housekeeping activities (care for elderly, ill persons and children against charge)	0.3	14.1	0.8
Not defined	5.1	6.8	7.9
Did not work	38.2	4.0	39.4
Cared for relatives (children, grandchildren, ill persons)		4.3	

The share of the migrants, who worked abroad as low-skilled personnel without being such prior to their departure, is not low. More than a quarter of the migrants claim that they worked abroad in positions, which did not match the qualifications acquired by them, i.e. that they were overqualified for the respective job. (Table 5) The mismatch between the qualification acquired and the position held is a prerequisite for decrease/loss of the qualifications of the migrants, which implies difficulty in their integration into the labour market in Bulgaria and a need of additional training, leading to negative consequences for the quality of the labour force in the country.

Table 5

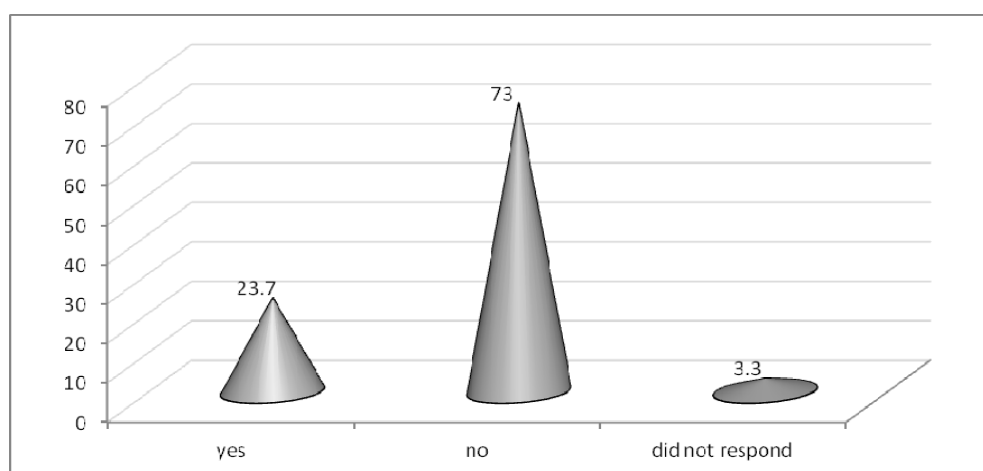
In your opinion, did the qualification and skills which you possess match the work which you perform/performed (%)

	In the first foreign country	Upon the last return to Bulgaria
Yes they did	51.2	51.0
My qualification was lower	12.7	3.0
My qualification was higher	25.8	8.9
Did not work /Not working	8.3	34.3

Problems for the participation of the migrants in the labour market are also generated by the fact that upon their return they have no pre-arranged job. Nearly three-quarters of them did not have offers for appropriate employment prior to their return to the country (Figure 5). The Employment and social issues services at the Embassies of the Republic of Bulgaria could assist in finding jobs and launching an own business in the country, if such functions would be assigned to them, as well as the employment offices and the private employment agencies, provided that migrants themselves would take the initiative to seek assistance from them. As is evident from Figure 4 however, these institutions are not preferred by the migrants in the search for jobs.

Figure 5

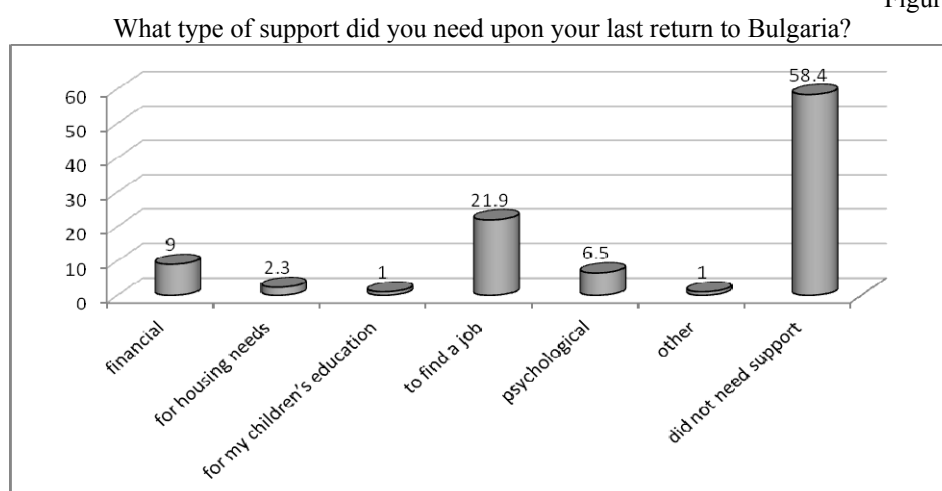
Did you have an offer for suitable employment in Bulgaria prior to your last return?



Due to the lack of a pre-arranged job, non-compliance of qualification acquired and the demand on the labour market of the country, the loss of qualification abroad and for other reasons, more than one-fifth of the migrants state that they need assistance for finding employment upon their return to Bulgaria (Figure 6). The majority of those returning did not need support in meeting their housing needs, because more than 70% owned an apartment or a house in Bulgaria. More than a third of those surveyed stated that they had

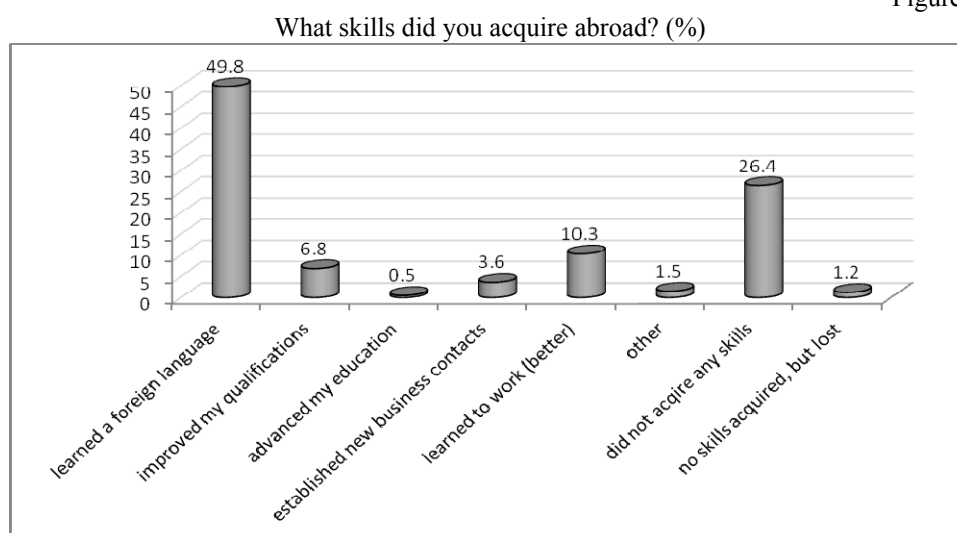
no savings from their stay abroad, which is the likely reason why 9% of them needed financial support upon their return.

Figure 6



A large share of the migrants, nearly 28%, claim that they did not acquire any skills during their stay abroad or even that they lost such skills, i.e. that they did not improve their qualifications and did not accumulate human capital, which did not lead to positive effects for the quality of the labour force in the country. At the same time, half of them learned a foreign language, 6.8% improved their qualifications and 10% believed that they learned to work better. (Figure 7)

Figure 7



These new knowledge and skills acquired, of the one hand, could have a positive impact on the labour force and the labour market, if they would be applied in Bulgaria. On the other hand, they create better opportunities for future integration of the migrants abroad and are a prerequisite for a subsequent new trip – 40% of them would like to go abroad again – for good or temporarily.

Among those, who would like to leave the country for good, the share of the persons under the age of 30 is highest, followed by that of the age group of those 31-40 years old. Intending to temporarily stay abroad are mainly persons 31-40 years old, as well as 41-50 years old. The highest share among the individuals with attitudes to leave temporarily or for good belonged to persons with secondary vocational and higher education. This age and educational structure of potential migrants creates prerequisites for deterioration of the quantity and quality characteristics of the labour force in the country and for new imbalances on the labour market. In parallel, the share of unemployed persons, expressing a desire to leave the country temporarily or for good is also high, which on the one hand would reduce the pressure on the labour market, but on the other, would lead to a contraction of the labour force.

Conclusion

The external migration processes have both positive, as well as negative effects on the labour force and the labour market in the countries of origin, which are determined by a variety of factors. The empirical data from the representative opinion survey among migrants returning to Bulgaria highlight some of those effects.

The main part of Bulgarian migrants are economically active persons, a large share of whom belongs to people under the age of 35. Given the current demographic situation in the country of continuously declining number of the population, including of the economically active persons, the migration processes create prerequisites for contraction of the labour force and for limited labour supply – permanently in cases of migration for good and for a specified period of time – in cases of temporary migration.

Prevailing is the share of migrants with secondary vocational and higher education, which has an unfavourable impact on the quality of the labour force in the country and leaves unmet the demand for qualified specialists by employers. This is particularly obvious in the case of persons with technical education and in certain economic spheres of activity.

The migration of persons without a profession and of unemployed persons, on the other hand, given the high share of registered unemployed without qualification, leads to a decrease of the pressure on the labour market in the country and has a positive impact on its balance.

However, following their return to Bulgaria, a quarter of the migrants describe themselves as unemployed. Obstacles to their integration into the labour market are posed by changes in their employment by economic activities domestically and abroad, loss of qualifications

abroad due to employment in positions, which do not match their qualifications; lack of pre-arranged jobs at the time of their return; etc.

A part of the migrants is successful in improving their qualifications abroad, in gaining new knowledge and professional experience, which is adequately utilized in Bulgaria, could have a positive impact on the quality of the labour force and the balance on the labour market of the country. A large part of the returning migrants, however, state that they would like to go back abroad. These are primarily persons under the age of 40, with secondary vocational and higher education.

References

- Battistella, G. (2018). Return Migration: A Conceptual and Policy Framework. Scalabrini Migration Center. <http://cmsny.org/publications/2018smc-smc-return-migration/>.
- Lukas, R. E. B. (2008). International Labor Migration in a Globalizing Economy. Carnegie Endowment for International Peace.
- Mintchev, V. (2016). Potential and return migrants in Bulgaria – demographic and socio-economic aspects. – Economic studies, N 5.
- Mintchev, V., Shopov, G., Kaltchev, I., Boshnakov, V. (2016). Migration of Bulgarian population – characteristics and relations to the regional socio-economic disparities. – Economic studies, N 5.
- Nonchev, A., Hristova, M. (2018). Segmentation of Returning Migrants. – Economic studies, N 2.
- Sriskandarajah, G. (2005). Migration and development. Global Commission on International Migration.

Mesagan, P. Ekundayo¹
Alimi, O. Yasiru²
Adebiyi, K. Adekunle³

Volume 27 (2), 2018

POPULATION GROWTH, ENERGY USE, CRUDE OIL PRICE, AND THE NIGERIAN ECONOMY

This study examined the relationship between population growth, energy consumption and economic growth in Nigeria using the autoregressive distributed lag (ARDL) model for the period 1981 to 2015. In the study, the key role of population growth in the energy-growth link is emphasised. The result of the analysis revealed that Nigeria's population has witnessed a significant increase from 1981 up to the present period and that population growth and energy use have a positive effect on the real gross domestic product. The result showed clearly that population growth, energy consumption and oil price have positive and stable impacts on the real gross domestic product in Nigeria over the forecast period. The study, therefore, called for a reduction in electricity tariffs, improvement in government transfer spending and effective management of domestic price level to enhance the economic growth.
JEL: J10; J11; F43; O13; P48

1. Introduction

Population and energy consumption are inseparable twins. According to Barliwala and Reddy (1993), the world population increase every year, and energy resources are needed increasingly too to support numerous human activities. It thus implies that limited energy resources can inhibit human economic activities, thereby hindering economic growth in the process. It is a known fact that people consume energy for various purposes like agriculture, transportation and for industrialisation purposes. Hence, an ever-expanding population help to expand demand in energy consumption while a smaller population can probably reduce the energy demand which can have a negative on energy consumption and subsequently on economic growth too (Cheng, 1996; Soytaş and Sari, 2006; Headey and Hodge, 2009). The global trend of energy consumption has shown that emerging economies

¹ Mesagan, P. Ekundayo is from Department of Economics, University of Lagos, Nigeria, e-mail: profdayoms@yahoo.com.

² Alimi, O. Yasiru is from Department of Economics, University of Lagos, Nigeria, e-mail: haleemphemy480@gmail.com.

³ Adebiyi, K. Adekunle is from Department of Economics, University of Lagos, Nigeria, e-mail: Kb_lan@yahoo.com

like India and China are among the major contributors of the World's energy consumption considering their population sizes (Mazur, 1994). It thus brings to questioning as to whether it is the large population sizes that have fuelled energy consumption and subsequently economic growth in these countries.

As observed by Dyson (2010), mortality decline provided the impetus for economic growth and consequently leads to improvement in the standards of living. The main reason is that life expectancy improvement makes people live more proactive and positive life and also enables them to innovate and take risks. Empirical studies like Bloom and Canning (2001), as well as Kalemli-Ozcan (2002), affirmed that improvement in population growth rate caused by a decline in mortality help to raise the level of educational attainment and savings rates in developing countries thereby boosting investment in physical and human capital. The question then arises as to what effect population growth has on Nigeria's economy? Since the early 1970s, Nigeria's population has risen from about 56 million in 1970 to about 170 million in 2015, while the real GDP has also increased from about 19,793 billion US dollars in 1970 to 91,293 billion US dollars in 2011 with the exceptions of 2012 and 2013 where it dropped a little (World Development Indicators, 2014). Does this really suggest the reverse case for Nigeria as against the result obtained by Bloom and Canning (2001), Kalemli-Ozcan (2002), Dyson (2010) and Shaari et al. (2013), which found a positive relationship between population and economic growth?

Nigeria with an estimated population of 170 Million people and dwindling oil revenue in the last few years is faced with the challenge of diversifying its revenue base to provide for its teeming population if economic growth is to be sustained. This is boiled out of the fact that the Nigerian economy which has been solely dependent on crude oil export to cater for its ever-growing population and economic growth has now gone into recession since global crude oil price has fallen drastically from over \$120 per barrel in November 2014 to around \$50 per barrel in 2017. Few studies that have explored the effect of population on growth include Bloom and Canning (2001), Dao (2012) and Shaari et al. (2013). Some of these studies, especially Bloom and Canning (2001), pointed out that it is quite possible for the interaction between population dynamics and economic growth to result in a poverty trap. Similarly, considering the important role population growth and energy consumption play in an economy coupled with the fact that several economic studies have not deemed it fit to beam searchlight on the effect of demographic processes and energy use on economic growth probably due to the dearth of data on demographic features or the inability of economists to see clearly the population-energy link and economic growth, this present study becomes very crucial.

Again, the issue of crude oil price on the Nigerian economy has been very interesting lately. The country witnessed a severe drop in its growth rate due to the fall in the international crude oil price from 2015. According to data published by the National Bureau of Statistics (NBS, 2018), the country consistently remained in the doldrums of recession from the first quarter of 2015, when crude oil was sold for over 120 US dollars per barrel, to the 3rd quarter of 2016 where crude oil price was sold for less than 40 US dollars per barrel. It means that the country was in recession for five consecutive quarters. However, there appear to be some silver-lining as the country began to recover slowly from this shock starting from the 4th quarter of 2016 owing to the steady rise in the international crude oil

price. However, the country's recovery from recession is still very weak because its GDP annual growth is still less than 2%. As at the 1st quarter of 2018, the annual GDP growth in Nigeria is 1.94% (NBS, 2018). For Nigeria to be able to cope with its ever-expanding population, the country's GDP should be expected to grow at nothing less than 3% per annum.

Moreover, since people consume energy for several activities like agriculture, transportation, industries and for domestic purposes, it becomes expedient to determine if energy consumption significantly affect economic growth in Nigeria. As observed by Shaari *et al* (2013) as well as Eregha and Mesagan (2017), energy use can have a significant impact on the growth of an economy because limited energy resources can restrain economic activities and, in the process, hinder economic growth. In the same vein, since studies like Obas (1996), Asafu-Adjaye (2000), Levent (2007) and Little (2014) have pointed out that causal relationship exists between energy prices and economic growth, it makes sense to inquire into the effect oil price has on economic growth in an energy-dependent economy like Nigeria. Furthermore, in line with the suggestion of Dyson (2010) and Shaari *et al.* (2013), the third objective of the study is to determine if population play a significant impact on economic growth in Nigeria between 1981 and 2015. The rest of this study is divided into the literature review section, research methodology, empirical result and conclusion.

2. Literature Review

The relationship between energy consumption, energy prices, population and economic growth has been widely discussed in past studies (Mallick, 2008; Lau *et al.*, 2011; Nadia, 2012; Shaari *et al.*, 2013; Mantu and Hrushikesh, 2014). Birdsall (1992) researched into population and environment. The contribution of American population growth to rising energy consumption was analysed for the period 1947 to 1991. Energy consumption was disaggregated into electricity and non-electricity consumption, and by end-use sectors: residential and commercial, industrial, and transportation. Population growth was found to be relatively unimportant as a contributor to yearly fluctuations in energy price. Bretschger and Zurich (2007) looked at the channels between energy prices and economic growth. The study developed a theoretical model with different channels through which energy prices affect economic growth and the conditions for a crowding out of capital accumulation by intensive energy use were derived. Estimating a system of simultaneous equations for 37 developed countries, the study showed that rising energy prices are not a general threat to long-term economic development.

Mallick (2008) examined the linkage between energy consumption and economic growth in India. Utilizing the Granger causality test, the study suggested that economic growth fuelled the demand for both crude oil and electricity consumption. In contrast, the variance decomposition analysis suggested a bidirectional influence between electricity consumption and economic growth, other results remaining unchanged. Ighodaro (2010) used various types of energy consumption such as coal, electric, oil and gas consumption as determinants of economic growth. The results affirmed that electric consumption impacts

economic growth. Yu and Choi (1985) employed various methods but found that no causal relationship exists between energy consumption and growth.

Hong (2010) examined the long-term equilibrium and short-term dynamic between GDP and energy consumption in China with a co-integration analysis. The results submitted that energy consumption and GDP have long-term equilibrium relationship. Growth was found to be connected with energy consumption. Ji *et al.* (2011) analysed the sensitivity from the energy consumption to economic growth and found that the energy consuming indexes, total consumption of coal, gasoline, diesel oil and electricity have positive effects on GDP in Beijing. Hongwei (2011) used OECD countries to analyse the relationship and discovered that energy consumption caused economic growth to increase. Mazur (1994) did a study in OECD countries but examined causality between electricity consumption and economic growth. It was confirmed that electricity consumption has a positive effect on economic growth in Australia, Iceland, Italy, the Slovak Republic, the Czech Republic, Korea, Portugal, and the UK while growth does influence electricity consumption in Finland and Hungary.

Lau *et al.* (2011) studied energy-growth causality in seventeen selected Asian countries. The study revealed that causality runs from energy consumption to GDP in the short-run, while it runs from GDP to energy consumption in the long-run, indicating that energy is a force for economic growth in the short-run, but in the long-run, it is economic growth that drives energy consumption. Ray and Ray (2011) conducted a study on the impact of population growth on environmental degradation in India in a bid to analyse population change and its impacts on land, forest, water and energy resources. The study revealed that rapid population growth plays an important role in declining per capita agricultural land, forest and water resources. Population pressure was found to contribute to land degradation and soil erosion, thereby affecting the productive resource base of the economy. Adhikari and Chen (2012) studied energy consumption and economic growth with the aim of examining the long-run relationship between energy consumption and economic growth for 80 developing countries. The empirical results revealed a long-run cointegrating relationship between energy consumption and growth. Dao (2012) studied population and economic growth in developing countries by examining the economic effects of the demographic transition in developing countries. Based on World Bank data and using a sample of forty-three developing economies, the study found that the growth rate of per capita GDP is linearly dependent upon population growth.

For oil price, energy and population growth in the Nigerian context, studies like Dantama and Inuwa (2012) focused on the relationship between energy consumption and economic growth in Nigeria. They found a unidirectional causality running from energy consumption to economic growth without feedback. Again, Isola and Ejumedia (2012) studied the implications of population and oil production on CO₂ emissions in Nigeria within the framework of the error correction model. The study found population growth, oil production and per-capita income to be positively related to CO₂ emissions in the country. Also, Isola *et al* (2017) observed that the high pace of population growth and urbanisation are the root cause of the energy crisis in Nigeria. Aiyetan and Olomola (2017) extended the study and found that emissions, growth and energy use unidirectionally caused population growth in Nigeria. Eregha *et al.* (2015) observed that the domestic prices of petroleum

products have a significant positive impact on inflation in Nigeria. In a comparative study on Nigeria, The United States, and China, Onolemhemhen *et al.* (2017) observed that urbanisation, oil price, and income significantly influenced energy consumption in the long-run in China, Nigeria, and the US. However, the study found that urbanisation has a stronger long-run impact on energy use in China than in Nigeria and US and the income did not significantly affect energy in Nigeria and in the US unlike in China.

Shahbaz *et al.* (2017) focused on the global economy and found that there is a feedback effect between crude oil price and growth, as well as between growth and energy consumption. Moreover, the study opined that less developed countries are still heavily reliant on energy usage for boosting economic growth despite the situation with energy prices. Onuonga (2012) investigated the causal relationship between energy consumption and economic growth in Kenya. Using the Granger-causality and Error Correction Model, the study found that economic growth influences energy consumption in Kenya. Shaari *et al.* (2013) conducted a study on the relationship between population, energy consumption and economic growth in Malaysia. The results indicated that long-term relationship exists between population, energy consumption and economic growth in Malaysia. Other previous studies such as Shahiduzzaman and Alam (2012) have also suggested some policies on energy consumption in their various studies. They suggested that a policy on energy consumption should be created because of bi-directional causality between growth and energy use in Australia. However, Lise and Montfort (2006) stated that policy on energy consumption is not necessary for Turkey. Halicioglu (2009) agreed that there is no causal relationship between energy consumption and gross national product in Turkey. Hongwei (2011) examined the causality relationship between economic growth and coal consumption in China and observed that coal consumption and production do not influence economic growth. However, economic growth influenced coal consumption. From the foregoing, it is apparent that most of the reviewed studies have only focused on the causality existing between population, energy consumption and economic growth without considering directly the impact of population growth and energy on economic growth. This study fills this noticeable gap in the literature.

3. Analytical Framework and Modelling

This study anchored on the endogenous growth model by Solow (1956). The study suggested that economic growth is driven by two important exogenous variables of labour and capital. Several empirical studies have employed the growth model of Solow to broaden our knowledge of economic growth dynamics vis-à-vis the factors that are responsible the growth differences observed between developed and less developed countries (Adebola, 2011). Several Classical, Neoclassical and Endogenous theories have been offered to explain the various variables influencing economic growth. For instance, the classical theorist placed more emphasis on the role of capital in determining economic growth, Neoclassical theorists extended the Harrod-Domar model to bring in labour and technology into the growth model (Solow, 1956). However, the major challenge with the neo-classical model is the difficulty of determining the role of technological progress within its framework and the inability of the model to provide an explanation for the huge

residual differences observed across countries with similar technologies (Mohammed *et al.*, 2012). This makes the Solow version of the Neo-classical model more suitable in this study owing to its dynamism.

The Solow model focuses on four variables: Output (Y), Capital (K), labour (L), and “knowledge” or the effectiveness of labour (A). At any point, the economy has some amount of capital, labour and knowledge (Solow, 1956; Romar, 2009). These are combined to produce output. The production function takes the form of:

$$Y_t = f(K_t, A_t, L_t) \quad (1)$$

Where Y_t = output at time t , K_t = capital at time t , L_t = labour at time t , A_t = knowledge at time t . A_t and L_t enter the model multiplicatively, hence $A_t * L_t$ is effective labour. The model suggested that if the amount of knowledge (A) increases, there is technological progress. Hence, in an explicit form, equation (1) is written as:

$$Y_t = K_t^\alpha, A_t L_t^{1-\alpha} \text{ [where } 0 < \alpha < 1] \quad (2)$$

$$Y_t / A_t L_t = \left(K_t / A_t L_t \right)^\alpha \left(A_t L_t / A_t L_t \right)^{1-\alpha} \quad (3)$$

$$\text{If } Y_t / A_t L_t = y_t \text{ and } K_t / A_t L_t = k_t \quad (4)$$

$$\text{Therefore, } y_t = k_t^\alpha \quad (5)$$

From above, y is output per effective labour and k is capital per effective labour.

The analysis is extended to incorporate the energy resources as they affect economic growth. Thus, the production function becomes:

$$Y_t = K_t^\alpha OP_t^\beta EC_t^\gamma AL_t^\theta \quad (6)$$

Where Y_t is economic growth proxy by real GDP, $A_t L_t$ is effective labour and will be proxy by population growth, K_t is Capital proxied by Gross Capital Formation, OP_t is oil price proxy by consumer price index (Asafu-Adjaye, 2000) and EC_t is Energy consumption (kg of oil equivalent).

Logging both sides of equation (6), we have:

$$\ln Y_t = \alpha \ln K_t + \beta \ln OP_t + \gamma \ln EC_t + \theta (\ln A_t + \ln L_t) \quad (7)$$

Differentiating both sides with respect to time, we obtain the following:

$$gy = \alpha gk + \beta gOP + \gamma gEC + \theta(n + g) \quad (8)$$

At the Balanced Growth Path (BGP), the rate of growth of output and growth of capital are the same (i.e. $gy = gk$). Reworking equation (8), we have

$$gy - \alpha gy = \beta gOP + \gamma gEC + \theta(n + g) \quad (9)$$

$$gy(1 - \alpha) = \beta gOP + \gamma gEC + \theta(n + g) \quad (10)$$

Therefore, the extended version of the Solow growth model indicates that growth rate of energy consumption, oil price and population are determinants of output. Therefore, for the purpose of this empirical study, the model to be estimated is presented as follows:

$$GDP = f(GCF, P, EC, OP) \quad (11)$$

$$GDP_t = \alpha_0 + \alpha_1 GCF_t + \alpha_2 OP_t + \alpha_3 EC_t + \alpha_4 P_t + \mu_t \quad (12)$$

In equation (12), gross capital formation serves as a control variable, while μ is the stochastic residual term. Data employed in the study are mainly secondary and they are collected from the World Development Indicators of the World Bank (WDI, 2016) for the first quarter over the period of 1981 to 2015. The periods of dataset were considered due to data availability. The dependent variable is economic growth captured by gross domestic product (*GDP*). For the explanatory variables, they include investment proxied with gross fixed capital formation (*GFCF*), oil price measured by consumer price index (*OP*), energy consumption measured by total energy use in *kg* of oil equivalent, and population growth (*P*). It is expected that all the indicators (gross fixed capital formation, energy consumption and population) are expected to enhance economic growth except oil price which is expected to negatively impact on output growth.

4. Data Description and Estimation Methods

The study used annual time series data spanning from 1981 to 2015, capturing the structural periods and the global financial crisis in Nigeria. Table 1 presents the descriptive statistics of the variables. The average growth rate of real gross domestic product (*GDP*) was 4.17% within the period considered, depicting a substantial level of output growth. The mean of oil price measures by consumer price index growth depicts a double-digit value with 19.68% indicating that output growth is inflation driven. The growth rate of the gross fixed capital formation with 2.98% is low compared to the average growth level of real GDP. The mean value of energy consumption was 2.92% whereas population grew at an average value of 2.61%.

Table 1

List of variables and descriptive statistics

Variables	Variable description	Measurement Unit	Mean	Std. Dev.	Max.	Min.
<i>GDP</i>	Gross domestic product (%)	Constant 2010 US\$	4.1652	7.1997	33.736	-10.752
<i>GCF</i>	Gross fixed capital formation (%)	Constant 2010 US\$	2.9754	23.264	59.388	-35.997
<i>P</i>	Population (%)	Total numbers	2.6088	0.0681	2.7138	2.5194
<i>EC</i>	Energy consumption (%)	kg of oil equivalent	2.9173	2.1840	7.6211	-2.4523
<i>OP</i>	Oil price (%)	Consumer price index	19.682	18.205	72.836	5.3822

Source: Authors' computation (2017).

Table 2 presents the correlation analysis of the indicators to check the problem of multicollinearity for the results of ARDL. The results of the correlation coefficients of the indicators of real GDP were low and also maintain signs which are in line a priori expectations.

Table 2

Correlation matrix

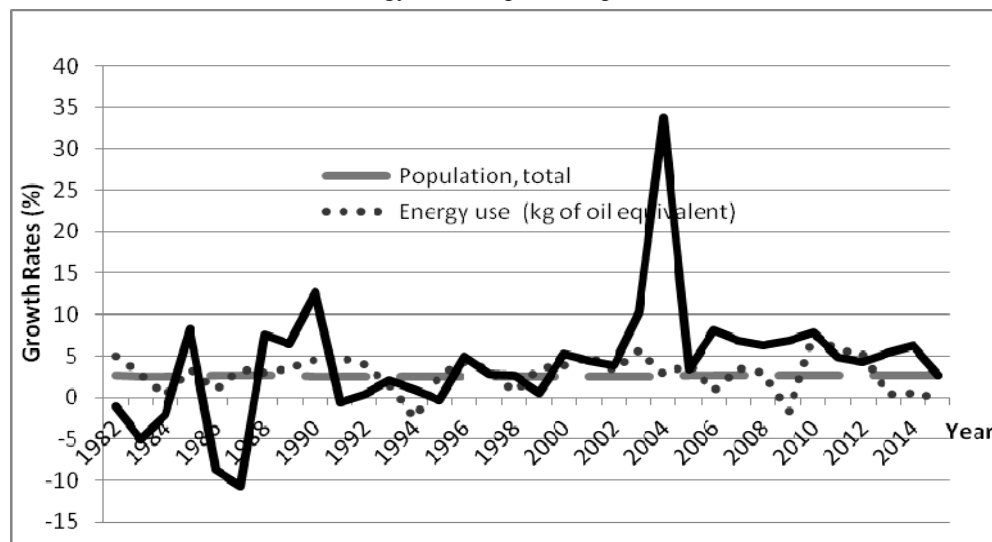
	GDP	GCF	EC	OP	P
GDP	1.0000				
GCF	0.3276	1.0000			
EC	0.1200	0.0340	1.0000		
OP	-0.0911	-0.2137	-0.1464	1.0000	
P	0.1126	0.1822	0.0400	-0.3352	1.0000

Source: Authors' computation (2017).

Figures 1 and 2 depicted the graphical illustrations of our variables. In Figure 1, it shows the trend review of growth rates of energy consumption, population and real GDP. The trend movement of growth rates of gross fixed capital formation, oil price measured by consumer price index and real GDP are shown in Figure 2. It is important to note that the trend reviews of the figures do not show clear direction (whether positive or negative) of all the explanatory indicators on real output growth. Thus, the inconclusiveness of their direction necessitates the need for an empirical analysis.

Figure 1

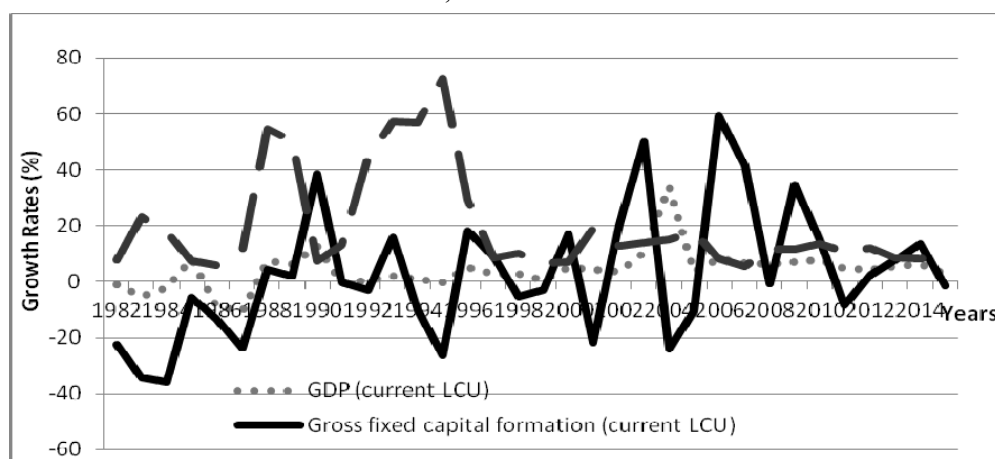
Growth Rates of Energy Consumption, Population and Real GDP



Source: Authors Computation from WDI (2017).

Figure 2

Growth Rates of Investment, Consumer Price Index and Real GDP



Source: Authors' Computation from WDI (2017).

This study employs the autoregressive distributed lag (ARDL) test developed by Pesaran *et al.* (1999, 2001) to evaluate the population growth, energy consumption and economic growth nexus. The technique was chosen owing to its superior small sample performance. According to Pesaran *et al.* (1999, 2001), the procedure of the ARDL bound test was “built on the F-statistic or Wald test in a generalized Dickey-Fuller type of regression normally used to test the significance of lagged levels of those variables that are under consideration in a conditional unrestricted equilibrium error correction model”. The estimation technique also helps to analyse the long-run relationships and short-run dynamic interactions among variables. It tests the significance of the lagged levels of the variables in a first difference regression based on the standard F- and t- statistics. The method is applicable irrespective of whether the underlying regressors are $I(0)$, $I(1)$ or mutually integrated. The result from the integration test presented in Table 3 using Augmented Dickey-Fuller (ADF) test by Dickey and Fuller (1979) to establish the existence of unit roots suggest that real GDP, energy consumption and oil price are integrated at order one while gross fixed capital formation and population are found to be integrated at order zero.

Table 3

ADF unit root tests for the variables at levels and first differences

Variables	Levels		First Difference		Results
	No Trend	Trend	No Trend	Trend	
GDP	-2.428 (0) -2.957	-2.947 (1) -3.553	-8.342 (0) -3.653*	-8.238 (1) -4.273*	I(1)
GCF	-4.479 (1) -3.654*	-5.312 (1) -4.263*	-	-	I(0)
P	-4.574 (8) -3.724*	-3.962 (8) -3.603**	-	-	I(0)
EC	-2.862 (0) -2.954	-2.893 (0) -3.553	-8.435 (0) -3.654*	-8.314 (0) -4.273*	I(1)
OP	-2.723 (0) -2.954	-3.012 (1) -4.273	-5.156 (0) -3.654*	-5.063 (0) -4.273*	I(1)

Note: ** and * denotes significance level at 5% and 1% respectively.

Source: Authors' computation (2017).

The ARDL bound technique entails the estimation of the unrestricted error correction model (UECM) specified in equation (13) following Pesaran *et al.* (1999).

$$VY_t = \alpha_0 + \sum_{i=1}^p \alpha_1 VY_{t-i} + \sum_{i=1}^p \alpha_2 VZ_{t-i} + \beta_1 Y_{t-1} + \beta_2 Z_{t-1} + \varepsilon_{1t} \quad (13)$$

Where Y_t is the vector of dependent variables, Z_t is the vector of explanatory variables, V is the difference operator, P is the lag structure, α_1 and α_2 are the short run coefficients, β_1 and β_2 are the long run coefficients, while ε_{1t} are the residual terms. Hence, following Pesaran *et al.* (1999, 2001), the models estimated is specified in equations (14) as follows:

$$\begin{aligned} \Delta GDP_t = & \phi_0 + \phi_1 GDP_{t-1} + \phi_2 GCF_{t-1} + \phi_3 EC_{t-1} + \sum_{i=1}^p \phi_1 \Delta GDP_{t-i} + \sum_{i=1}^p \phi_2 \Delta GCF_{t-i} \\ & + \sum_{i=1}^p \phi_3 \Delta EC_{t-i} + e_{1t} \end{aligned} \quad (14)$$

$$\begin{aligned} \Delta GDP_t = & \gamma_0 + \gamma_1 GDP_{t-1} + \gamma_2 GCF_{t-1} + \gamma_3 P_{t-1} + \sum_{i=1}^p \eta_1 \Delta GDP_{t-i} + \sum_{i=1}^p \eta_2 \Delta GCF_{t-i} \\ & + \sum_{i=1}^p \eta_3 \Delta P_{t-i} + e_{2t} \end{aligned} \quad (15)$$

$$\begin{aligned} \Delta GDP_t = & \lambda_0 + \lambda_1 GDP_{t-1} + \lambda_2 GCF_{t-1} + \lambda_3 OP_{t-1} + \sum_{i=1}^p \pi_1 \Delta GDP_{t-i} + \sum_{i=1}^p \pi_2 \Delta GCF_{t-i} \\ & + \sum_{i=1}^p \pi_3 \Delta OP_{t-i} + e_{3t} \end{aligned} \quad (16)$$

$$\begin{aligned} \Delta GDP_t = & \vartheta_0 + \vartheta_1 GDP_{t-1} + \vartheta_2 GCF_{t-1} + \vartheta_3 OP_{t-1} + \vartheta_4 EC_{t-1} + \vartheta_5 P_{t-1} + \sum_{i=1}^p \varpi_1 \Delta GDP_{t-i} \\ & + \sum_{i=1}^p \varpi_2 \Delta GCF_{t-i} + \sum_{i=1}^p \varpi_3 \Delta OP_{t-i} + \sum_{i=1}^p \varpi_4 \Delta EC_{t-i} + \sum_{i=1}^p \varpi_5 \Delta P_{t-i} + e_{4t} \end{aligned} \quad (17)$$

Where; Δ is the first difference operator; $\phi_{1-3}, \gamma_{1-3}, \lambda_{1-3}, \vartheta_{1-5}$ are long-run multipliers corresponding to long-run relationships; $\phi_0, \gamma_0, \lambda_0, \vartheta_0$ are drifts; $\phi_{1-3}, \eta_{1-3}, \pi_{1-3}, \varpi_{1-5}$ are the short-run dynamic coefficients of the underlying ARDL model in the equation; t is a time or trend variable; and e_{1t-4t} are white noise errors.

The null hypothesis $[H_0 = \phi_{1-3} = \gamma_{1-3} = \lambda_{1-3} = \vartheta_{1-5} = 0]$ of no long-run equilibrium relationship will be tested against the alternative hypothesis of the existence of long-run relationships $[H_1 \neq \phi_{1-3} \neq \gamma_{1-3} \neq \lambda_{1-3} \neq \vartheta_{1-5} \neq 0]$ using the F -test as suggested in Pesaran *et al.* (1999, 2001). However, this test has non-standard distributions depending on the sample size, the inclusion of intercept and trend variable in the equation, as well as the number of regressors. The estimated ARDL test statistics will be compared with two asymptotic critical values reported in Pesaran *et al.* (2001) as against the conventional critical values. If the test statistic is above an upper critical value, it implies that the null hypothesis of no long-run relationship is rejected, but if it is below a lower critical value, the null hypothesis will be accepted. If it however falls between these two bounds or critical values, the result is declared inconclusive. Table 4 shows the results of ARDL bound tests for cointegration.

Table 4

Result of ARDL bounds test for cointegration relationship

Dependent variable: GDP	Functions				F-statistics	
Model I ARDL (1,1,1)	$F_{GDP}(GDP GCG, EC)$				9.6074*	
Model II ARDL (1,1,3)	$F_{GDP}(GDP GCG, P)$				10.7117*	
Model III ARDL (1,1,0)	$F_{GDP}(GDP GCG, OP)$				9.6746*	
Model IV ARDL (4,1,4,4,1)	$F_{GDP}(GDP GCG, EC, P, OP)$				5.2258*	
	1%		5%		10%	
	I(0)	I(1)	I(0)	I(1)	I(0)	I(1)
Critical bound values for models I, II & III	5.15	6.36	3.79	4.85	3.17	4.14
Critical bound values for models IV	3.74	5.06	2.86	4.01	2.45	3.52

Note: ***, ** and * denote rejection of null hypothesis at 10, 5 and 1% significance levels respectively.

Source: Authors' computation (2017).

The orders of the ARDL models are selected by Akaike Info Criterion (AIC) for the cointegration results reported in Table 4. The results of our computed F-statistics are greater than the upper bound critical values implying that the null hypotheses of no cointegration are rejected at 5% significance level. It therefore means that there is adequate evidence in support of a unique and stable long-run relationship between energy consumption, population growth and real income growth. The long-run relationship of energy consumption, population and growth were in tandem with the findings of Shaari *et al.* (2013) in Malaysia; and also, with Hong (2010) in China and Adhikari and Chen (2012) for 80 developing countries reported for a long-run relationship between energy consumption and growth.

5. Empirical Results and Discussion

The long-run estimates and the diagnostic & stability tests are presented in Tables 5 and 6 respectively. Models I-IV revealed the ARDL models for output growth with respects to the parameter coefficients of energy consumption, population growth and oil price measured by consumer price index and gross fixed capital formation as the control variable. Table 5 shows that energy consumption has positive and significant impact on economic growth in Nigeria at 5% and 10% in Model I and Model IV respectively. Likewise, the coefficient of gross fixed capital formation has positive association with output growth which is also significant at 0.1 and 0.05 critical levels correspondingly all through the four models. In magnitude terms, a 10% change in energy consumption would positively increase output growth by 0.74%. The parameter coefficient of energy consumption increases to 1.67% when all the macroeconomic variables are included as reported in Model IV. The results were in tandem with the findings of Mallick (2008) in India, Ighodaro (2010), Mazur (1994)⁴ and Hongwei (2011) in OECD countries, Ji *et al.* (2011) in Beijing, and Dantama and Inuwa (2012) in Nigeria among others, that energy consumption improves output growth while negating the findings of Yu and Choi (1985), Halicioglu (2009) and Hongwei (2011) of no causal relations in Turkey and China respectively.

Table 5

Results of the estimated ARDL long-run coefficients

Independent variables	Dependent variables (Real GDP)			
	I	II	III	IV
Constant	1.5003 (2.7230)	-3.2115 (1.4434)**	3.2521 (2.1636)	-25.507 (12.859)**
GCF	0.1874 (0.0750)**	0.07996 (0.04106)***	0.2013 (0.0815)**	0.0394 (0.0234)***
EC	0.0741 (0.0423)***			0.1671 (0.0839)**
P		1.4158 (2.0944)		0.8922 (1.2888)
OP			0.0202 (0.0796)	0.0731 (0.0476)

Note: ***, ** and * denote rejection of null hypothesis at 10%, 5% and 1% significance levels respectively.

Source: Authors' computation (2017).

However, the direct relationships reported by population growth and oil price measured by consumer price index with output growth were found to be insignificant at the conventional level. This implies that population growth was relatively unimportant as a factor contributor to inflation driven output growth in Nigeria. Thus, a 10% increase in population growth leads to a higher increase in real output growth by 14.2% in Model II and 8.9% in Model IV. The implication is that the Nigerian economy requires a very large market to expand.

⁴ The positive effect energy consumption on economic growth was found in Australia, Iceland, Italy, the Slovak Republic, the Czech Republic, Korea, Portugal, and United Kingdom (UK).

Population increases propels the Nigerian economy to growth, hence, the need to cater appropriately for the growing population to ensure a high pace of growth for the economy. This is in tune with the findings of Dao (2012) as well as Shahbaz *et al.* (2017). Also, an increase in oil price proxy by CPI by 10% enhance real output growth by 0.2% in Model III and 0.73% in Model IV. The intuition is that Nigeria's economic growth is determined significantly by oil price increases. This is why it is an inflation driven output growth. The situation in the country reflects this as the trend of crude oil price increases often determine the direction of economic growth. Recently, the fall in the international crude oil price plunged the country into recession as economic growth records a negative growth for about five quarters, between 2015 and 2016. Recently, the country starts climbing out of recession gradually owing to the same rise in the international oil prices. Again, the positive and insignificant relationship between oil price and real output growth implies that the price of oil measured by consumer price index is a threat to long-term inflation driven output growth. The result is similar to the finding of Bretschger and Zurich (2007) for 37 developed countries. Thus, the output growth has its economic costs in terms of high cost of business and inflation. The outcomes of the population-output nexus confirm the findings of Dao (2012) that real income growth is linearly dependent upon population growth. Moreover, the empirical result of this study confirmed that energy consumption positively and significantly enhanced economic growth in model I and model IV. The intuition is that the Nigerian economy is heavily dependent on energy. The result is not surprising as Nigeria is a major producer of crude oil and a major net oil-exporting nation. Also, the result is in line with the study of Shahbaz *et al.* (2017), which observed that less developed countries are heavily reliant on energy usage for boosting economic growth despite the situation with energy prices. That is, whether or not oil prices rise or fall in Nigeria, energy usage is still a key driver of its economic growth.

The dynamics short-run estimates reported both positive and negative relationship between the lags of real income, gross fixed capital formation, energy use and population, which are all presented in Appendix. The coefficients of the error correction term (ECT) for the models were found to be negative and significant at 5% significance level ranging within the magnitude of 8.9% and 20.9%. It implies that approximately 8.9% and 20.9% disequilibrium of shock in the previous year's shock on real output growth indicators performance converges to long-run equilibrium in the current year. Thus, this supports the existence of a long-run relationship between energy use, population and real income growths in Nigeria.

The diagnostic and stability tests results were presented in Table 6. The estimated models passed all diagnostic tests indicating that the error terms have the same variance, are normally distributed and uncorrelated. The functional form test revealed that the models are well specified. The results of cumulative sum and cumulative sum of square fall within the critical bounds at 5% significance level indicating that the parameters are stable over the sample periods.

Table 6

Model diagnostic and stability tests

Test statistics	Dependent variables			
	I	II	III	IV
Normality	0.503 (0.935)	1.328 (0.317)	0.473 (0.934)	1.373 (0.289)
Serial correlation	0.6463 (0.533)	0.7455 (0.487)	0.3302 (0.722)	2.3917 (0.147)
Heteroskedasticity	1.7501 (0.157)	1.0750 (0.410)	1.9712 (0.126)	2.7148 (0.047)
Functional form	0.2937 (0.771)	0.0176 (0.986)	0.4637 (0.647)	1.373 (0.289)
CUSUM	Stable	Stable	Stable	Stable
CUSUMQ	Stable	Stable	Stable	Stable
ECT(-1)	-0.0921 (0.0176)*	-0.1032 (0.019)*	-0.0888 (0.0178)*	-0.2086 (0.0491)*

Note: The values in brackets are the probability values for the diagnostic and stability tests.

***, **, * denote rejection of null hypothesis at 10%, 5% and 1% significance levels respectively.

Source: Authors' computation (2017).

6. Conclusion

The analysis of the effect of energy consumption and population on economic growth in Nigeria between 1970 and 2015 revealed that for the Nigerian economy to be plunged on the path of growth i.e. to witness substantial growth in real gross domestic product, population dynamism, energy consumption, gross capital formation, as well as consumer price index should be rising significantly. This means that Nigeria has benefited immensely from population increase since independence. It is a known fact that Nigeria's population rose significantly from about 30.4 million in 1953 to 140 million in 2006, which was the last census figure reported by the National Population Commission (NPC) and recently projected to over 186 million in 2016 (World Development Indicators, 2016). In view of the fact that the ARDL result asserts a positive relationship between population and economic growth in Nigeria, it is clear that the strength of Nigeria's GDP lies in a very strong market where effective demand from a big population provides an impetus. Similarly, the vector error correction test revealed that the first period (lag 1) of population growth and energy use positively impact economic growth, while that of second and third periods (lags 2 & 3) negatively impact economic growth in Nigeria. The reason for this is not far-fetched as recent values of energy consumption, population or even consumer prices are expected to contribute more to the growth of the present period than older values of the explanatory variables would do. According to Koyck (1954), given a distributed lag model, coefficients of the lagged values decline geometrically as we increase lags. Therefore, the second lag of population growth and energy use in the study has a lesser effect on economic

growth compared to the first lags and the study safely conclude that energy consumption and population growth have a significant effect on the Nigeria's real economic growth.

To this end, policies that can enhance the capacity of the populace to be able to afford and increase energy consumption must be put in place. Such policies include reduction of electricity tariffs and cushioning of the current harsh economic condition through increases in government transfer spending. Health improvement facilities that can improve the living standards of the citizenry should also be made available and domestic price level should be well managed to enhance the growth of the economy and bring the country out of recession currently being experienced. To do this, the government should put necessary structures in place to enhance the productive base of all sectors in the economy such as the agriculture and manufacturing industries through input subsidization.

References

- Adebola, S. S. (2011), Electricity Consumption and Economic Growth: Trivariate investigation in Botswana with real capital formation. – *International Journal of Energy Economics and Policy*.
- Adhikari, D., Chen, Y. (2012). Energy Consumption and Economic Growth: A Panel Cointegration Analysis for Developing Countries. – *Review of Economics and Finance*. Article ID: 1923-7529-2013-02-68-13, p. 68-80.
- Aiyetan, I. R., Olomola, P. A. (2017). Environmental degradation, energy consumption, population growth and economic growth: Does Environmental Kuznets curve matter for Nigeria?. – *Economic and Policy Review*, 16(2), p. 1-14.
- Asafu-Adjaye, J. (2000). The relationship between energy consumption, energy prices, and economic growth: time series evidence from Asian developing countries. – *Energy Economics*, 22, p. 615-625.
- Batiwala, S., Reddy, A. K. N. (1993). Energy Consumption and Population. Population Summit of the World's Scientific Academies. October 24-27, New Delhi (India).
- Birdsall, N. (1992). Another Look at Population and Global Warming. – Working Paper WPS 1020. Washington DC: The World Bank.
- Bloom, D., Canning, D. (2001). Cumulative causality, economic growth, and the demographic transition. – In: Birdsall, N., Kelley, A. C., Sinding, S. (eds.). *Population Matters: Demographic Change, Economic Growth, and Poverty in the Developing World*, Oxford: Oxford University Press.
- Bretschger, L., Zurich, E. (2007). Energy Prices, Growth, and the Channels in Between: Theory and Evidence. Centre of Economic Research at ETH Zurich, ZUE F7, CH-8092 Zurich, Switzerland, p. 1-30.
- Central Bank of Nigeria Statistical Bulletin. (2015). Statistical Data on all Sectors of the Nigerian Economy on CD-ROM, Vol. 26, December, 2014.
- Cheng, B. S. (1996). An Investigation of Cointegration and Causality Between Energy Consumption and Economic Growth. – *Journal of Energy and Development*, 21(1), p. 73-84.
- Dantama, Y., Inuwa, N. (2012). The Relationship Between Energy Consumption and Economic Growth in Nigeria. – *JORIND*, 10(3), p. 293-300.
- Dao, M. Q. (2012). Population and Economic Growth in Developing Countries. – *International Journal of Academic Research in Business and Social Sciences*. 2(1), p. 6-17.
- Dyson, T. (2010). *Population and Development: The Demographic Transition*. New York, NY: Zed Books.

- Eregba, B., Mesagan, E., Ayoola, O. (2015). Petroleum products prices and inflationary dynamics in Nigeria. – *The Empirical Econometrics and Quantitative Economics Letters*, 4(4), p. 108-122.
- Eregba, P. B., Mesagan, E. P. (2017). Energy consumption, oil price and macroeconomic performance in energy dependent African countries. – *Applied Econometrics*, 46, p. 74-89.
- Georgantopoulos, A. G. (2012). Forecasting Tourism Expenditure and Growth: A VAR/VECM Analysis for Greece at both Aggregated and Disaggregated Levels. – *International Research Journal of Finance and Economics*, 96, p. 155-167.
- Halicioglu, F. (2009). An Econometric Study of CO2 Emissions, Energy Consumption, Income and Foreign Trade in Turkey. – *Energy Policy*, 37(3), p. 1156-1164.
- Headey, D. D., Hodge, A. (2009). The effect of population growth on economic growth: a meta-regression analysis of the macroeconomic literature. – *Population and Development Review*, 35(2), p. 221-248.
- Hong, C. (2010). The Analysis Model of Cointegration On Economic Growth. *IEEE Proceedings of the 2nd Conference on Environmental Science and Information Application Technology*, Zhongyuan Univ. of Technol., Zhengzhou, China, July 17-18, 2010, p. 712-715.
- Hongwei, M. (2011). Causal relationship among GDP, coal consumption and coal production in China. *Grey Systems and Intelligent Services (GSIS)*, 2011 IEEE International Conference. P. 58-61.
- Ighodaro, C. A. (2010). Co-Integration and Causality Relationship Between Energy Consumption and Economic Growth: Further Empirical Evidence for Nigeria. – *Journal of Business Economics and Management*, 11(1), p. 97-111.
- Ishola, W. A., Ejumedia, P. E. (2012). Implications of population growth and oil production on CO₂ emissions: Empirical evidence from Nigeria. – *Scottish Journal of Arts, Social Sciences and Scientific Studies*, ISSN 2047-1278, p. 42-52.
- Isola, W. A., Mesagan, P. E., Alimi, O. Y. (2017). Energy Crisis in Nigeria: Evidence from Lagos State. – *Ovidius University Annals, Economic Sciences Series*, 17(2), p. 23-28.
- Ji, Y., Shen, X., Liu, Q. (2011). Effect of Energy Consumption to Economic Growth in Beijing and Its Sensitivity Analysis. *IEEE Proceedings*.
- Kalemli-Ozcan, S. (2002). Does mortality decline promote economic growth?. – *Journal of Economic Growth*, 7(4), p. 411-439.
- Lau E, Chye X, Choong C. (2011). Energy-Growth Causality: Asian Countries Revisited. – *International Journal of Energy Economics and Policy*, 1(4), p. 140-149.
- Levent, K. (2007). Testing causal relationships between energy consumption, real income and prices: Evidence from Turkey. Available online at <http://mpa.ub.uni-muenchen.de/21834/> MPRA Paper No. 21834.
- Lise, W., Montfort, K. V. (2006). Energy Consumption and GDP in Turkey: Is There a Cointegration Relationship?. – *Energy Economics*, 29(6), p. 1166-1178.
- Little, B. (2014). Impact of Population, Age Structure and Urbanization on Carbon Emission/Energy Consumption: Evidence from macro- level, cross-country analyses. – *Population & Environment*, 35(3), p. 286-304
- Ludi, K. L., Ground, L. (2006). Investigating the Bank-Lending Channel in South Africa: A VAR Approach. – *Working Paper*, University of Pretoria, South Africa.
- Mallick, H. (2008). Examining the linkage between energy consumption and economic growth in India. – *Journal of Developing Areas*, 42(2), p. 249-280.
- Mantu, K., Hrushikesh, M. (2014). Energy Consumption, Economic Growth and Financial Development: Exploring the Empirical Linkages for India. – *Journal of Developing Areas*, 48(4), p. 139-159.
- Mazur, A. (1994). Population and the Environment. – *Journal of Energy and Development*, 15(5), p. 371-378.

- Mohammed, A., Ismat, A., Jeroen, B., Guido, V. H. (2012). Energy Consumption, Carbon Emission and Economic Growth Nexus in Bangladesh: Cointegration and Dynamic Causal Analysis. – *Energy Policy*, 45, p. 217-225.
- Nadia, S. O. (2012). Energy Consumption and Economic Growth: Evidence from the Economic Community of West Africa ECOWAS). – *Energy Economics*, 36, p. 637-647.
- National Bureau of Statistics. (2018). Nigeria GDP Annual Growth rate. Available at <http://www.nigerianstat.gov.ng/>.
- Obas, J. E (1996). Energy, Economic Growth and Causality in Developing Countries: A case study of Tanzania and Nigeria. – *Energy Policy*, 24(5), p. 447-453.
- Onolemhemen, R. U., Bello, S. L., Iwayemi, A. P. (2017). Evaluating the Nexus between Energy Demand and Economic Growth Using the VECM Approach: Case Study of Nigeria, China, and the United States. – *World Academy of Science, Engineering and Technology, International Journal of Social, Behavioral, Educational, Economic, Business and Industrial Engineering*, 11(6), p. 1601-1606.
- Onuonga, S. M. (2012). The relationship between Commercial energy consumption and Gross domestic income in Kenya. – *Journal of Developing Areas*, 46(1), p. 305-314.
- Ray, S., Ray, I. (2011) Impact of Population Growth on Environmental Degradation: Case of India. – *Journal of Economics and Sustainable Development*, 2(8), p. 72-77.
- Romer, D. (2009). *Advanced Macroeconomics* Printed by A division of MCGraw-Hill Companies.
- Growth in Nigeria: Implication for energy policy and Climate protection. (ICEPCP 2013) April 15-16.
- Shaari, M. S, Rahim, H. A., Abd Rashid, I. M. (2013). Relationship among Population, Energy Consumption and Economic Growth in Malaysia. – *International Journal of Social Sciences*, 13(1), p. 39-44.
- Shahbaz, M., Sarwar, S., Chen, W., Malik, M. N. (2017). Dynamics of electricity consumption, oil price and economic growth: Global Perspective. – *Energy Policy*, 108, p. 256-270.
- Shahiduzzaman, M., Alam, K. (2012). Cointegration and Causal Relationships Between Energy Consumption and Output: Assessing the Evidence from Australia. – *Energy Economics*, 34(6), p. 2182-2188.
- Solow, R. M. (1956). A contribution to the theory of economic growth. – *Quarterly Journal of Economics*, 70, p. 65-94.
- Soytas, U., Sari, R. (2006). The Relationship between Energy and Production: Evidence from Turkish Manufacturing Industry. – *Energy Economics*, 29(6), p. 1151-1165.
- World Development Indicators. (2014). World Bank Data on CD ROM.
- World Development Indicators. (2016) World Bank Data on CD-ROM, First Quarter Report, Washington, DC.
- Yu, S. H., Choi, J. Y. (1985). The Causal Relationship between Energy and GNP: An International Comparison. – *Journal of Energy and Development*, 10(2), p. 249-272.

Appendix

Variables	Coefficient	Std. Error	t-Statistic	Prob.
Model I				
D(GCF)	0.073941	0.052951	1.396413	0.1740
D(EC)	0.163970	0.562502	0.291501	0.7729
ECT(-1)	-0.092086	0.017605	-5.230649	0.0000
Model II				
D(GCF)	0.025941	0.062203	0.417030	0.6805
D(P)	6.978546	3.016209	2.313681	0.0300
D(P(-1))	-14.211968	6.352975	-2.237057	0.0353
D(P(-2))	4.432507	2.095119	2.115634	0.0454
ECT(-1)	-0.103231	0.018466	-5.590270	0.0000
Model III				
D(GCF)	0.077725	0.054066	1.437602	0.1616
D(OP)	0.017909	0.069836	0.256447	0.7995
ECT(-1)	-0.088812	0.017812	-4.986141	0.0000
Model IV				
D(GDP(-1))	0.726330	0.373406	1.945149	0.0778
D(GDP(-2))	0.511226	0.304124	1.680980	0.1209
D(GDP(-3))	0.279755	0.193919	1.442641	0.1770
D(GCF)	-0.044532	0.076930	-0.578864	0.5743
D(EC)	-0.198123	0.594410	-0.333311	0.7452
D(EC(-1))	0.728726	0.631311	1.154307	0.2728
D(EC(-2))	-1.317115	0.633126	-2.080337	0.0617
D(EC(-3))	-0.702981	0.656920	-1.070117	0.3075
D(P)	7.999297	4.132158	1.935864	0.0790
D(P(-1))	4.868545	12.961996	0.375601	0.7144
D(P(-2))	-5.052553	8.686713	-0.581641	0.5725
D(P(-3))	4.054775	2.617129	1.549322	0.1496
D(OP)	-0.088091	0.109923	-0.801391	0.4399
ECT(-1)	-0.208573	0.049064	-4.251080	0.0014

TRANSFERRING RESOURCES BETWEEN THE FIRST AND THE SECOND PILLAR IN THE CONTEXT OF DEVELOPMENT OF THE PENSION MODEL IN BULGARIA

The evolution of pension models is a continuous and long process since social issues acquire new dimensions and the social security systems should respond in a timely and adequate manner to these challenges. Changes in the pension model are an expression of the efforts to improve it but this needs to be a well-thought-out and consistent process since it is likely to give rise to mistrust on the part of insured persons. The results of any reform of the pension model are postponed in time making difficult the current assessment of the effectiveness of the changes that have been made.

The present study examines some of the more significant changes in the Social Security Code with emphasis on those concerning the possibility of transferring funds from a universal and professional pension fund to the State Social Security System. The implications of this transfer for the Bulgarian social security model have been analysed and an attempt has been made to seek for more optimal alternatives for changes in the pension system contributing to the attainment of adequate retirement incomes, which is one of the fundamental principles enshrined in the European Pillar of Social Rights.

JEL: H55; H75; J32

The main objective of the present work is based on the retrospective analysis of the development of the pension system in Bulgaria made to present the contemporary challenges to its development and to seek some opportunities for overcoming them. An assessment will be made of the consequences of the opportunity for the insured persons to transfer funds between the First and Second pillars of the pension model.

In order to achieve the set objectives, the traditional research **methods** have been applied with respect to the theory and practice of the studied area: analytical, comparative, inductive and deductive.

Research thesis: The achievement of a sustainable pension system which guarantees adequate retirement income requires consistent changes in the Bulgarian pension model

¹ Ralitza Pandurska, PhD is Assistant professor in Department "Human resources and social protection", University of National and World Economy, phone: (+359-887) 216424, e-mail: ralitzapandurska@gmail.com.

which should, on the one hand, reflect the current demographic and socio-economic transformations and, on the other hand, to improve its long-term stability.

The objective and timely identification of potential problems in the transfer of funds from the Second pillar into the First pillar of the Bulgarian pension system is essential for achieving and preserving the sustainability of the pension model in the country. Understanding the accompanying risks of switching from a multi-pillar to a one-pillar pension model will allow the prevention of adverse consequences for the country's social security system and will facilitate the insured persons to make responsible and informed choices for their retirement income.

1. Emergence and Development of Pension Insurance in Bulgaria

The construction of a sustainable pension model in Bulgaria is a long-term process which did not end only with the adoption of the Social Security Code in 2003 but has continued to this day. In search of more optimal retirement protection of individuals and achievement of financial stability of the pension system, reforms are taking place in the country, which reflect different views and trends in this direction. Began in 1999 the pension reform is an expression of the efforts to diversify the source of pension income and financially alleviate the solidarity pension system which is strongly affected by demographic transformations. Changes in the field of pension insurance affect a large part of the country's population, therefore, this process should be accompanied by accurate studies, calculations, hypotheses and risk assessments to avoid the negative effects on the adequacy of pensions and the financial stability of the model.

1.1. Key stages in the development of the Bulgarian pension model

The history of Bulgarian pension insurance could be provisionally divided into three stages (Dulevski, Stefanov, 1998, p. 34) which to a great extent indicate the specifics of the age in which they were manifested.

First stage: From the Liberation of the country from Ottoman rule in 1878, until the mid-1940s.

Pension insurance in Bulgaria marked its beginning in 1869 with the establishment of a professional pension fund, part of an Austrian one which insured the persons working on the railway line between Istanbul and Pazardjik and was privately managed. The first pension funds in our country were established during the period 1887-1894 by the government of Stefan Stambolov (Konstantinov, 2001, p. 11). The first act adopted in this area was the Teachers' Pensions Act (1888) which specified the minimum required a length of service of 20 years needed for teachers for being entitled to a pension. Possibilities for receiving a disability pension for sickness and infirmity, occupational disease, etc. were also provided. No provision was made for any length of service contributions to the promised cash payments and the pension at the same time was 50% of the average salary for the last five years, provided that the person had been working for at least 20 years.

This period was marked by the financial instability of pension funds due, above all, to the fact that the only criterion for retirement was the length of service and not reaching a minimum age. This allowed many people who had started working at an early age to retire in their prime resulting in high costs for the system and jeopardizing its financial stability. Such a requirement was introduced gradually as late as 1908 and 1915.

In 1918 the long-awaited Social Security Act (Konstantinov, 2001, p. 42) was passed which imposed compulsory insurance for all payroll employees in private and public establishments and enterprises and for all working on a daily wage basis. An important moment at this stage in the development of social security in Bulgaria was the establishment of the Social Insurance Institute in 1941, which united the management of all existing insurance funds and trusts.

During this first stage, social security in Bulgaria was developing in the conditions of market economy and thus the foundations of a comprehensive, modern for its day and relatively well-functioning insurance model were laid.

Second stage: From the mid-1940s to the late 1980s

This is the period in which the planned economy and centralized governance were typical for the country. In 1949, a Social Security Act was adopted, whereby all social insurance funds and trusts existing in the country were united under the unified governance of the State Social Insurance Institute (National Social Security Institute, 2015a). In 1951 with the adoption of Section III of the Labour Code the funded social insurance system was abolished, all existing insurance funds were nationalized and their financial resources transferred to the State Budget. In the years in which there were more revenues than expenditures the surplus was not allocated to a separate reserve fund but was part of the country's consolidated budget. In the event of pension insurance costs exceeding the revenues the deficit was covered by an increase in the social security contributions.

The problems of the pension system in this stage are due to the following key factors: the state government where all contributions go to the state budget, the easy access of the pension rights, the non-payment of social contributions by workers, etc. (Shopov, 2008, p. 4).

A positive moment in the development of the system during this period was the extension of the circle of insured persons and the scope of the insurance risks while the state guaranteed the payment of the money, albeit in a relatively small amount.

Third stage: From the beginning of the 1990s to present day

In the third stage of the evolution of social security, the country has made a transition from a centrally planned to market economy and the results of this have reflected on the overall state of social security and in particular on pension insurance. At the beginning of this period, substantial reforms were not made, and efforts were directed to protecting insurance income from high inflation in the mid-1990s.

In 1991, for the first time, differentiated amounts of social security contributions were introduced depending on whether the persons retire under the conditions of the third

category of labour. The circle of insured persons was expanded by adding freelance practitioners as well as those people who work without a labour relationship.

With the adoption of the Social Insurance Fund Act in 1995 the fund of the same name was created for the implementation of State Social Security System in the country. Its management was entrusted to the established National Social Security Institute (National Social Security Institute, 2015a). Important reforms took place in 1996 when the Pensions Act changed the method of calculating the pension by introducing an individual coefficient of the pensioners.

In 1997, the first separate budget of the State Social Security System (SSSS) was adopted and a register of insured persons and insurers was established whereby the collection of data on the insured income, length of service and social security contributions of each insured person began. With the adoption of the Voluntary Supplementary Pension Insurance Act in 1999, was finalized the regulation of the activity of the private pension funds and the Third pillar of the pension system was completed. A State Agency for Insurance Supervision was established in the same year.

According to one of the researchers of the problems of Bulgarian pension model prof. Georgi Shopov (2008, p. 4) the collapse of the system before its reforms is indicated and predetermined of the financial deficit that reached 22% of GDP. The deficit in this period is mainly due to the structure of the pension system that is not adequate to the new demographic, social and economic reality and this makes necessary the implementation of pension reforms at the beginning of the new century.

In 2000, the Code of Mandatory Social Security was adopted, regulating the insurance relations in two areas: State Social Security System and Mandatory Supplementary Pension Insurance. The fund governance of State Social Security System was re-established. During this period the NSSI collected the contributions for mandatory supplementary pension insurance and transferred them to the private pension funds (National Social Security Institute, 2015a).

A very important step towards the overall building of the social security system in Bulgaria was the adoption in 2003 of the Social Security Code which brought together the Mandatory Social Security Code and the Voluntary Supplementary Pension Insurance Act. This regulated and institutionalized the three-pillar pension model and the pension reform was considered to be completed in its initial stage, although other important decisions concerning the architecture of the pension model were made later on. In 2006 was set funds for voluntary supplementary pension insurance on the basis of occupational schemes. Thus facilitates the possibility of transfer of social security rights of people who had worked abroad.

In 2007 Bulgaria became a full member of the European Union and started implementing Regulations on the Coordination of Social Security Systems. In the next year – 2008 the Act on the State Fund for Guaranteeing the Sustainability of the State Pension System, more popular as the “Silver Fund”, was adopted which aimed to strengthen our pension model by collecting and managing additional resources for the public pensions system.

In 2015 significant changes in the pension insurance system in Bulgaria took place enabling persons insured in the Second pillar to transfer their financial resources to the pay-as-you-go system. The refusal to participate in a universal pension fund might be changed and the resources were retained in the Silver fund. The refusal to participate in an occupational pension fund was final and the financial resources were transferred to the solidary system. Potential risks and possible consequences of this reform will be discussed further in detail in this study.

The last important change was in 2016 when Pensions of Persons under Article 69 fund was included in the State Social Security System. Persons who work in the so-call security sector were insured in this fund. All of them were entitled to early retirement, which was funded by the newly established fund.

1.2. Architecture of the modern day pension model in Bulgaria

The pension model, legally regulated in Bulgaria in 2003, is three-pillar and reflects the national demographic and socio-economic specifics. It combines the pay-as-you-go, which is the base, and the funded system, which builds on it and provides supplementary retirement income to the beneficiaries.

The First pillar provides solidarity pensions from State Social Security System and is managed by the National Social Security Institute. The Second pillar is mandatory supplementary pension insurance in universal and occupational pension funds governed by private insurance companies on a funded basis. The Third pillar is voluntary supplementary pension insurance in voluntary pension funds and voluntary supplementary pension insurance funds under occupational schemes, also managed on a funded basis by private pension insurance companies.

The main aims of all reforms implemented in the pension system in Bulgaria can be reduced to the following:

- 1) achievement of sustainable and adequate pensions relevant to the social security contributions of the persons;
- 2) diversification of the sources of retirement income and mitigation of the consequences of unfavourable risks typical of the pay-as-you-go and the funded system;
- 3) achievement of long-term and medium-term financial stability of the pension system in Bulgaria.

The pay-as-you-go and the funded system have their important place in social security but at the same time they carry specific risks inherent to each of them. Combining the two systems aims to focus on their advantages and to reduce their negative aspects.

The main advantages of the pay-as-you-go system are: full coverage of the insured person; guaranteeing a minimum pension for persons entitled to a retirement pension; provision of social old-age pension for persons with incomplete insured length of service but who have reached the old age limit; relatively low dependence on inflation and fluctuations in capital

market returns; the budget deficit can be compensated by a change in the amount of the social security contribution.

The risks of the system can be reduced to: strongly manifested demographic dependence; limited opportunities for investing the financial resources and achieving profitability; inexact correspondence between the social security contribution and the payment; partial inheritance of financial resources; the influence of public finances stability; a large share of people working in the grey economy, etc.

The funded system has the following more important advantages: greater sustainability of the demographic processes; opportunity for investment of contributions and achieving profitability; possibility of full inheritance of accumulated resources together with the achieved profitability; greater transparency in funds management; strongly expressed personal interest;

At the same time, this system hides some important risks: inflation risk related to the possibility of devaluation of the accumulated financial resources; investment risk; risk of investing in related parties as well as manipulating profitability.

In order to minimize the risks of both systems different options are applied to achieve financial stability and fair retirement incomes for the beneficiaries. Among the most commonly used approaches are:

- Maintaining the solidarity system as fundamental and complementing it with the funded one with defined contributions, thus focusing on the positive aspects of both systems and reducing the systemic risks involved. This is considered to be the most effective and workable approach on a global scale, thus combining the positive aspects of both systems and reinforcing the effect of their action. It facilitates a pay-as-you-go system and provides diversification of retirement income. The capital system makes it possible to reach higher pensions but has a high investment risk.
- Forming a “reserve fund” in a pay-as-you-go system that could cover the shortage of resources in the years when expenditures exceed revenues. Where appropriate, financial resources can be invested in low-risk financial instruments and yield a positive return. The allocation of surpluses from the pay-as-you-go system and their use to cover future retirement costs resulting from the changed demographic, economic, social or political situation in the country would have a beneficial effect on the financial stability of the pension system although the trend in recent years is that the deficit in State Social Security System funds has been constantly rising.
- Achieving a more direct correlation between the social security contribution and the insurance payment by closely linking the paid social security contributions to the social security system and the amount of the pension income received from them. This could be achieved by applying a fairer pension formula in which the personal social security contribution to the system and the accumulated insured length of service are the key factors on which the amount of the pension payment depends. Such closer relationship would partially deprive the pension system of its social character but, on the other hand, it is a prerequisite for achieving greater fairness in the distribution relations.

- Using the so-called “notional defined contributions”, whereby the revenue collected will cover the current costs of the system (Hristoskov, 2009, p. 34). At the same time, the individual contributions are recorded in “virtual” or “notional” accounts kept separately for each insured person. These accounts could achieve virtual profitability, mostly linked to inflation rates, wage growth rates, GDP growth or other measurable economic indicators.

The rate of the pensions is related to the individual’s earnings and every contribution paid into the personal account is relevant to an equal pension right with a rate of return. Workers and employers are motivated to pay social security contributions on real income as their interest is clear and the transparency of the system is greater. The structure of notional defined contribution schemes creates a desire in workers to stay within the labour force for as long as possible because this will increase their social security contributions and the level of the pension would be higher. This could reduce the demographic risks inherent to the pay-as-you-go system while avoiding the investment and inflation risk of the capital system as the financial resources are not actually capitalized (OECD, 2018).

But at the same time if the pensioners receive money related to the accumulated pension rights the costs of the pay-as-you-go system will increase rapidly and it is possible to generate a very high deficit. People that have very small accumulated insurance rights would receive funds below the minimum required and they should be compensated from the state budget. On the other hand, if the persons have large accumulated social security rights, the state must ensure that the relevant pensions would be paid. This would increase also the cost of the solidarity system.

Notional defined contributions are applied in a number of countries such as Sweden, Poland, Lithuania, Latvia, Italy, etc. but are too expensive because of the reasons mentioned above and therefore they are not widely applied worldwide.

2. Changes in the Pension Model Related to the Choice to Participate in the Capital Pension System

Since 2003, when the construction of the legal framework of the pension model in the country was completed, it has been subject to frequent parametric reforms concerning to a various degree the change of the social security contributions for the First and Second pillars, the regulatory framework for the management of the pension companies, etc. The amendments to the Social Security Code and the Ordinance on the procedure for selection of insurance, payment and distribution of mandatory social security contributions adopted in August 2015, the contributions to the Guaranteed Workers' and Employees' Receivables Fund and exchange of information allow the persons to transfer their financial resources between First and Second pillars of the pension system. This could shift financial resources from the private pension funds to the state pension system, which would have serious and multifaceted consequences for both the funded and the solidarity pension system.

The actual changes in the Social Security Code are as follows:

- The persons insured in a universal pension fund have the right to change their participation in a universal pension fund to one in the Pensions Fund, respectively to the Pensions For Persons Under Article 69 Fund with an increased contribution to the amount of the social security contribution for a universal pension fund.
- The persons insured in a professional pension fund are entitled to change their participation once and transfer their resources to the Pensions or the Pensions of Persons under Art 69 funds. They will be able to pay a higher contribution to the state pension system without having the right to participate in the capital one. Persons can do so if they have not been granted a pension for insured length of service and age or an early retirement professional pension.
- The individual coefficient of the insured people shall be reduced on the basis of the ratio between the amounts of the social security contributions for a universal pension fund and the Pensions fund for the third category of labour for persons born before January 1, 1960. This should be done for the periods during which the persons are insured in a universal pension fund.
- In the periods when the accumulated resources in the individual account of the persons in a universal pension fund are transferred to the Silver fund the individual coefficient of the persons is not reduced.
- According art. 124a para 1 of the SSC stipulates that the persons who change their pension insurance in a universal pension fund to the funds of the First pillar may choose to resume their insurance in a universal pension fund not later than 5 years before the retirement age and if they have not been granted a pension for insured length of service and age. Those persons can change their choice after one year and to waive their participation in a universal pension fund. The right to transfer resources from occupational pension funds to the solidarity system is exercised only once.

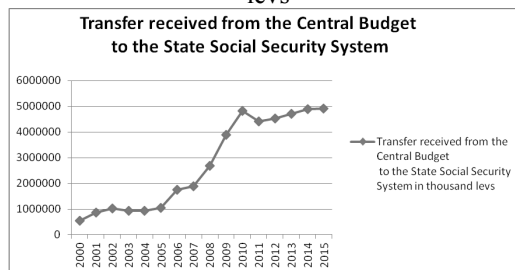
Persons who have exercised their right of choice and have moved only to the solidarity pension system will be deprived of the opportunity to diversify their retirement income and only the option to participate in the Third pillar remains for them. In practice, at this moment voluntary pension funds and voluntary supplementary pension insurance funds under occupational schemes are not particularly comprehensive – the total number of persons insured in them as of December 2017 is 622 549 people (respectively 614 761 in the first and 7 788 in the second type of funds) (Financial supervision commission, 2017b). Therefore, it can be assumed that a large proportion of the individuals who left the Second pillar will be deprived of the opportunity to participate in the capital pension scheme on the basis of their voluntary choice.

Part of the pension insurance companies consider these changes to be unlawful and have filed a complaint with the Supreme Administrative Court (SAC) against that act. The Court considered the arguments in favour of mandatory supplementary pension insurance to be well founded and brought the matter to the Constitutional Court, stating the following reasons:

- The transition from the capital to the solidarity system changes the adopted three-pillar structure of the pension insurance which changes the social security status and the relationship between the First (primary) and the Second (supplementary) pillar of mandatory pension insurance system;
- The changes transform the two pillars from complementary to competing ones, where there is a real danger of elimination of the Second pillar, although according to Art. 1 of the SSC, the right to mandatory supplementary pension insurance is personified, guaranteed by the State;
- Persons will lose the possibility to capitalize on the resources, to be inherited, etc., and also important is the fact that this decision runs counter to the initially accepted option for beneficiaries to dispose of the Second pillar resources once they are entitled to a First pillar pension or up to 5 years earlier;
- According to the Supreme Administrative Court, “this is a very serious change in the model of the pension system set by the legislator which creates uncertainty and unpredictability because until the time of retirement comes a model in which insurance began is transformed into another and the rules have changed abruptly”.
- The insured person exercises unilaterally his/her right of choice which terminates the existing insurance relationship between him/her and the pension insurance company. At the same time, a new legal relationship between the insured and the public insurer is created, thus making the resources no longer personal and survivors cannot inherit them.
- According to the court's arguments in practice “there is no legal mechanism to make a definite conclusion that the consent of the insured persons is informed and the choice is free”. There is no conclusive evidence or guarantee that the transition from the Second to the First Pillar is more favourable to the person and he/she will receive a higher retirement income.

The idea of giving individuals the choice to transfer their resources from the private to the public system is thus intended to increase revenue in the State Social Security System. According to data from the NSSI Actuary Report of 2016, transfers received from the Central Budget to the State Social Security System are progressively increasing:

Figure 1
Transfer received from the Central Budget to the State Social Security System in thousand
levs



Source: Own calculations.

In 2000, the transfer received from the Central Budget to the State Social Security System was the lowest for the whole period considered from 2000 to 2015 - only 534 986.90 million leva. It gradually increased over the next five years to 1 039 782,70 million leva. In 2006 the transfer to State Social Security System increased sharply to 1,760,866.70 million leva and this trend remained until 2010 reaching 4,827,496.60 million leva. The significant increase in the expenditures of the Central budget was due to the aging of the population, the increasing average life expectancy and the growing share of the population in over-working age which was a prerequisite for increasing the expenditures of the State Social Security System.

The Figure 1 shows that only in 2011 the transfer was decreased by about 410 million leva to 4,417,497.60 million leva. The decline, however, was one-off and as early as next year, transfers started to increase their amount reaching their highest value in 2015 - 4 924 425,20 million leva. The clearly outlined trend towards increased transfers from the State budget to the State Social Security System will continue in the future as the population is expected to continue aging and the average life expectancy will increase thus increasing the expenditures of the social security system permanently.

In addition of this the other main reason of the increasing deficit of PAYG system and the rising transfer from the Central budget is the dramatic reduction of the contribution in the State Pension fund. Starting with 29% in 2002 the level of the contribution decreases to 23% in 2006, 22% in 2007 and 2008, 18% in 2009 reaching the lowest level of 16% in 2010 for individuals born before 1.1.1960. After this period the level of contribution gradually begins to rise to 17,8% between 2011 and 2016, 18,8% in 2017 and 19,8% in 2018. These values are reduced if the person makes a contribution to a universal pension fund. The real amount of the pension contributions is much lower than required and this gap remains even the contribution of 12% paid by the Central budget in the period 2009-2015. The data in Figure 1 shows that the deficit of social security funds and the required transfer from Central budget were the lowest in the periods with the highest contribution to the pension fund (between 2000 and 2005).

The decision to reduce pension contributions was taken with the intention that this would increase their collection rate and would decline the shadow economy. The analysis of revenues in the social security system shows that this goal has not been achieved and, as a result, the deficit has increased sharply.

Even if the ratified amendments to the SSC regarding the transfer of resources from the Second to the First pillar achieve their goal and contribute to the reduction of the deficit in the pay-as-you-go system, this effect is likely to be short-lived in view of the deteriorating demographic indicators, the rising costs of the solidarity pension system, the large number of uninsured persons or persons working in the grey sector who are not insured on their real income, the availability of early retirement pensions for people working in harmful working conditions and in the Security sector, the large number of persons entitled to disability pensions the lower level of contributions, the reduced contributions in the First pillar and other factors that have a negative impact on the pay-as-you-go system.

3. Possible Consequences of Transferring Resources between the Funded and the Pay-As-You-Go Pension System

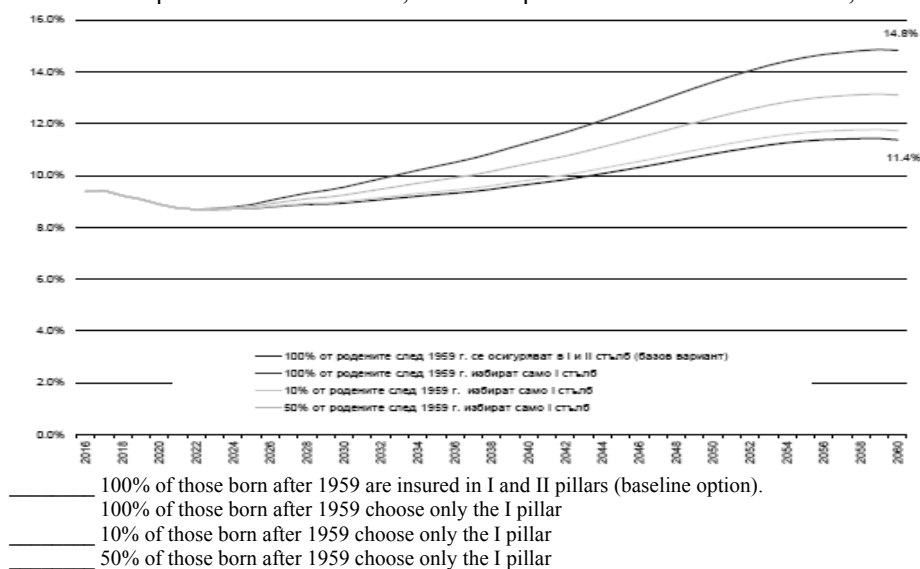
Realistic scenarios for the consequences of the transfer of resources from universal and occupational pension funds to the public pension system are difficult to predict and are accompanied by a number of assumptions and conventions. Therefore, in the present study we will refer to the some of the scenarios presented in the Actuarial Report for 2016, developed by the National Social Security Institute. It made a baseline scenario in which 100% of people born after 1959 are insured both in the First and the Second pillars. In addition, three alternative scenarios were made on the following hypotheses:

- 10% of the insured persons born after 1959 choose insurance only in State Social Security System;
- 50% of the insured persons born after 1959 choose insurance only in State Social Security System;
- 100% of the insured persons born after 1959 choose insurance only in State Social Security System.

These hypotheses are applied in the forecasting of three indicators:

1. Pensions expenditure in % of GDP;
2. Income replacement rate;
3. Balance of State Social Security System in % of GDP.

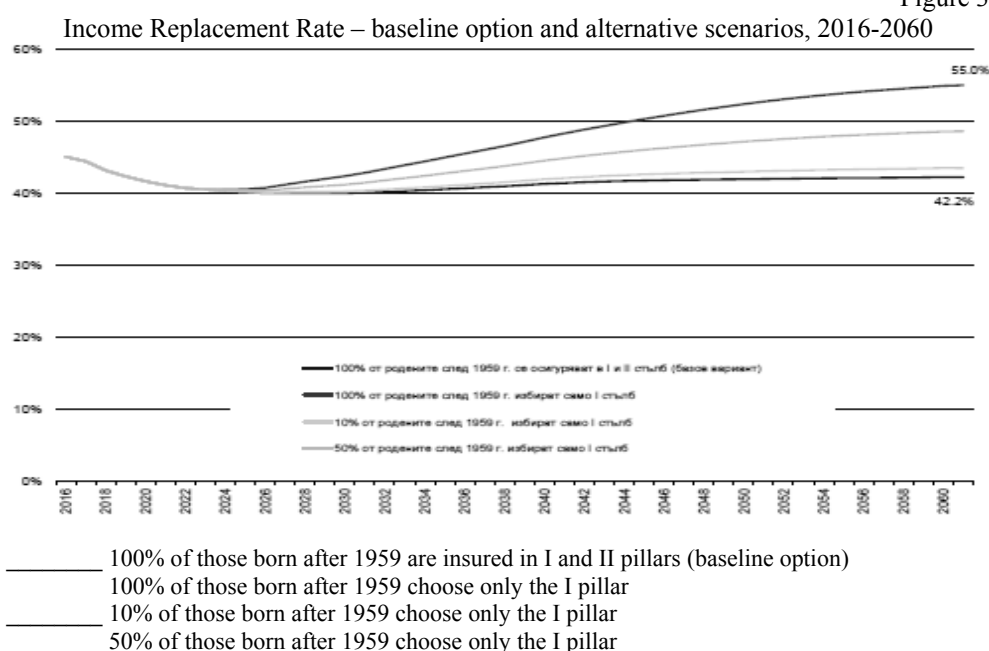
Figure 2
Pensions Expenditure in % of GDP, baseline option and alternative scenarios, 2016-2060



Source: NSSI Actuarial Report for 2016.

Figure 2 shows that in the baseline option, pensions expenditures are the lowest, since the payments to persons born after 1959 will be reduced proportionately to the social security contribution which is transferred to the Second Pillar. The reduction coefficient is defined as the ratio between the social security contribution to the Second pillar and the contribution to the First pillar and will be discussed further in this study. The highest expenditures will be needed if all persons born after 1959 choose to be insured only in the First pillar because the pensions they receive from there will be in full and therefore more money will be needed for their provision. Higher revenues will not be able to cover the expenses and the required transfer from the State budget will be the biggest.

Figure 3

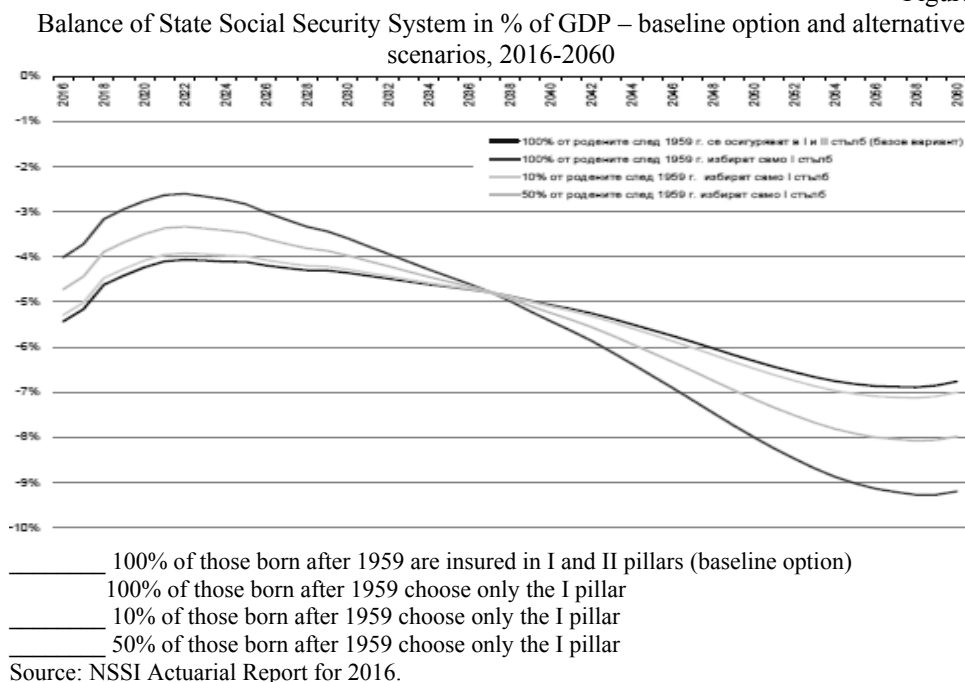


Source: NSSI Actuarial Report for 2016.

In the option where all persons born after 1959 choose to transfer to the state pension system, the highest income replacement rate is expected to achieve from the First pillar - 55% in 2060, unlike the baseline option in which all individuals keep the status quo and continue to be insured in both pillars – 42%. This is explained by the fact that in the baseline option all contributions will go only to the Pensions Fund and there will be no proceeds in the capital system. If the universal and occupational pension funds are added to the income replacement rate in the baseline option it can be assumed that this indicator would be even higher, since the second pillar is expected to achieve an addition to the income replacement rate from the solidarity system. This is possible only if the profitability of pension funds is higher and outpaces inflation otherwise the income replacement rate will decrease and will not be able to achieve the expected values.

The analysis suggests that the cumulative income replacement rate would be higher when participating in the two pillars than in the First pillar only and this difference will be the greater the longer the person pays contributions in the Second pillar and the higher the profitability of the fund management.

Figure 4



The transfer of resources from the Second to the First pillar will also affect the State Social Security System's balance, as it will lead to an increase in its revenues due to the 5% increase in the social security contribution. According to the analysis to every 10% of the people who transferred to insurance only in the First pillar corresponded an increase in the State Social Security System revenues of about 0.13% of GDP (National Social Security Institute, 2016). At the same time, the higher social security contributions also implied higher social security payments from the state pension system due to the commitment to finance the full amount of the pension.

In all scenarios, the system would remain in deficit throughout the whole period until 2060, but there are differences in the scope and dynamics. The entire forecasting period may be provisionally divided into two sub-periods, the watershed year being 2037 when the trend is supposed to reverse. The period until 2037 has a positive effect on the balance of the State Social Security System as a result of the right granted to individuals to participate only in the First pillar of the Pension System. In all scenarios, the State Social Security System deficit is present, but in options with transfer to the First pillar it is higher than in the baseline option. After 2037 higher spending on retirement payments are beginning to

accumulate for those who chose only the solidarity system and the resources from the individual social security account transferred to the First pillar are not able to cover the higher costs of paying full pensions to individuals who refuse to participate in the capital system. By 2060 the State Social Security System deficit would reach 9.2% of the GDP on the assumption that all individuals transfer entirely to the solidarity system.

This means that the positive effect of the transfer of resources from the capital to the public pension system is temporary and in the long term this could lead to a more serious exacerbation of the deficit in the State Social Security System due to the commitment to pay higher pensions from the solidarity system. The higher revenues in the solidarity pensions system from the accumulated resources from the private pension funds and the social security contributions for the Second pillar will not be able to cover the expenses. This hides a risk for its solvency and would lead to its greater dependence on state transfers.

The structure of the investment portfolios of universal and occupational pension funds should also be taken into account in order to be optimal and informed the choice which individuals who preferred to move from the capital into the solid pension system would make. According to the Financial Supervision Commission, the investment portfolios are well balanced since over 50% of the assets are invested in low-risk financial instruments such as government and municipal securities, deposits in a bank, etc. Investments in other financial instruments are with higher risk which is managed within the portfolio.

Table 1

Structure of the investment portfolio and balance sheet assets of UPF and OPF as of
31.12.2016

№	Investment instruments	UPF	OPF
I.	Total investments, incl.	100.00	100.00
1.	Debt securities issued or guaranteed by EU Member States, other countries or their central banks	51.61	47.69
2.	Corporate bonds	12.78	12.67
2.1	of them: issued or guaranteed by banks to finance infrastructure and investment projects	-	-
3.	Mortgage bonds	0.07	0.07
4.	Municipal Bonds	0.04	0.03
5.	Shares, rights and interests	30.34	35.13
5.1	Shares and rights of Special Purpose Investment Companies	0.92	2.20
5.2	Shares and rights of Collective Investment Schemes	13.78	13.58
5.3	Shares and rights other than those of SPIC and CIS	15.64	19.35
6.	Bank Deposits	3.00	2.12
7.	Investment properties	2.16	2.29
II.	Total balance sheet assets, incl.	100.00	100.00
1.	Total investments	86.72	89.19
2.	Financial resources	12.05	9.21
3.	Short - term receivables	1.23	1.60

Source: FSC, own calculations.

For the optimal choice between the two pension insurance options and the objective assessment of the potential profitability, it is necessary to compare the capitalization that individuals would receive from the universal and occupational pension funds and that of the State Fund for Guaranteeing the Sustainability of the State Pension System (the Silver Fund), which holds the resources of those who have opted out of contribution in the Second pillar. Both the Silver Fund and the Mandatory Supplementary Pension Insurance are invested under strict restrictions and are subject to supervision by the Ministry of Finance and the Financial Supervision Commission respectively. Despite the more liberal constraints, the resources from the Silver Fund are rarely invested but are kept in short-term deposits with the Bulgarian National Bank which is why no significant profitability is achieved and they are often depreciated by inflation. In the case of universal and occupational pension funds the variety of investment instruments is big and the possibility of achieving higher profitability is significant. In order to protect better the interests of insured persons, minimum profitability requirements for mandatory supplementary pension insurance have been introduced representing 60% of the weighted average profitability achieved by all funds of the same type for the previous 24 months or 3 percentage points lower than this value - whichever number is less. In cases where the achieved profitability of these funds is lower than the minimum determined the pension insurance company is obliged within 10 days from its announcement to cover the difference to the minimum with reserves specially created for the purpose. In order to guarantee the minimum profitability, reserves are created separately in the pension fund and in the pension insurance company.

With a view to the proper and informed choice of insured persons to participate in a multi-pillar or one pillar pension model it is imperative to pay attention to another very important fact – pension funds profitability, although regulated and monitored by the Financial Supervision Commission, may be both positive and negative. Despite the requirements to achieve a minimum profitability, financial resources are exposed to market risk and may, at certain times, reach low or negative profitability. According to prof. Hristoskov (2016), this is permissible, because it is normal for the worker's entire working life there to be at least two or three similar financial crises. Such profitability, for example, was achieved in 2008 due to the global financial crisis affecting the capital markets. In such periods when the average profitability of all funds of the same type is negative, it is possible that even the minimum profitability required from the companies to be also negative. In the long run, this would result in decapitalization of the resources in supplementary pension insurance and to a serious loss of savings for the beneficiaries. Moreover, those who retire at such a time of financial crisis and low profitability will probably receive a small Second-pillar pension. Under the current legislation, the choice to transfer from a funded system to a pay-as-you-go one should be made up to five years before the person's retirement – a period of time during which a number of unfavourable changes can occur and a very low profitability achieved.

To prevent such unwanted results, companies need to strive to avoid long-term negative profitability. Even if this is the case, it could be compensated by a National Guarantee Fund, common to all pension companies, to cover the losses in profitability and to ensure the adequacy of accumulated resources in individual accounts. This fund could be financed by the pension insurance companies and its management should be centralized and

performed by the State by bodies such as the Financial Supervision Commission, the Ministry of Finance or any other body.

On the basis of the analysed hypotheses, the following most important potential risks can be identified, which arise from the granted possibility for opting-out from insurance in the Second pillar of the pension system and the transition to First pillar only:

- *The possibility of transfers between the Second and the First pillar could cause a competition between the solidary and the funded system that is not recommended.* Both systems should complement, not compete with each other because they perform different functions – the pay-as-you-go system is basic and guarantees the basic income of pensioners while the funded system complements it. The choice individuals can make is not among equivalent alternatives. By their very nature, the systems are not interchangeable and equal. They carry various risks that cannot be eliminated but only their consequences can be reduced in their parallel existence. Solidary system have strongly manifested demographic but funded system – investment and inflation risk and only the mutual cooperation between both systems can reduce their negative impact.
- *When moving from the funded to the solidarity system, individuals would be deprived of the right to property on their personal savings, at the expense of preserving the accumulated insurance rights.* Financial resources lose their personality and although people have the opportunity to change their minds and, under certain conditions, return to the capital system, for a certain period of time, that money becomes part of the public funds. This could violate the citizen's right of private ownership and could be interpreted as a kind of "nationalization" or "refusal" of personal pension savings. The most important thing is that individual's choice is informed and made with a clear awareness of all the consequences.
- *The Silver fund is a specialized fund outside the solidarity system and the money transferred there is not personal* (Pavlov, 2015). The transfer of resources from the Silver fund can be done 10 years after the Act on the State Fund for Guaranteeing the Sustainability of the State Pension System enters in force and is up to the amount determined by the act on the budget of the Republic of Bulgaria for the respective year. The resources can be transferred to the budget of the Pensions fund of State Social Security System which could cover the expenses incurred by the demographics aging of the population. In return, individuals are promised to be paid the full pension by the solidarity system but for a long time it has been experiencing a number of problems and there is no guarantee that these commitments can be entirely fulfilled in the long run.
- *Individuals who choose to leave the privately managed pension system will be deprived of the possibility of capitalizing their resources.* Insured persons will not receive the income they would have if they participated in the Second pillar and even if they ever go back to it, there will be lost profits for them. Meanwhile, resources in the Silver fund practically do not achieve profitability and could be depreciated by inflation. The profit of the investments of Silver fund depends on the government's decisions about the structure of the portfolio and as it was described before usually they are kept in short-term deposits with the Bulgarian National Bank. Transferring funds to a pay-as-you-go

pension system would be a good option if the person retires during a financial crisis when the return on investment is very low or negative, when inflation is too high and outperforms the achieved profitability or when there are too small accumulations of resources in the Second pillar.

- *Resources transferred to a pay-as-you-go system cannot be inherited completely but only partially in the form of hereditary pensions.* It is assumed that the revenues in the State Social Security System cover the expenses of the current beneficiaries and that is why for the relatives of deceased insured persons or pensioners is impossible to inherit the full amount of the accumulated rights. It is thus possible the survivors of those who die earlier to be not able to take advantage of the social security contributions of their relatives. On the other hand, those who have a higher survival rate and deplete their contribution will have guaranteed aggregate retirement income for the rest of their lives. In solidary system there is not always an equivalent between the personal contributions and the pensions but within the social security system income and expenditure should be relevant.
- *Capital pension funds are one of the most active and large investors in the capital markets, and their deprivation of resources through a transfer to the solidarity system could reduce their available resources* (Pavlov, 2015). There is a real risk of restricting the trading of securities, especially with government securities in which the main investments of private pension funds are made. As a result, this could lead to a slowdown of the country's economic growth, and the economy would be deprived of long-term investment assets. Also, the State would not be able to trade a larger number of debt securities on the domestic market which is an additional loss of resources.
- *Those persons who opt out of the Second pillar will receive full pension from the State Social Security System while those who decided to be insured in a universal pension fund will receive a pension from the First pillar reduced proportionally to the contributions paid to the private pension system.* The Actuarial Report of the NSSI specifies the formulas for calculating the individual coefficient of persons depending on whether they participated in a universal pension fund or only in the state pension system. According to the adopted methodology, its value is reduced in proportion to the ratio between the social security contribution to the Universal Pension Fund and the one to the Pensions Fund and depends on the time during which the persons have been insured in the private pension system.

According to prof. Hristoskov (2016), by reducing the solidarity pensions, the persons participating in the capital system suffer from an excessive reduction of the pension from the State Social Security System. This kind of “punishment” for them makes the task of private pension funds to compensate for the lower payments from the First pillar even more difficult. Depending on how long they paid contributions to a universal pension fund and if the funds’ current levels (5% for UPF and 19.8% for the Pensions Fund for 2018) are retained, individuals would receive an individual pension coefficient for the pension from the First pillar by 25% lower than if they were insured only under the solidarity scheme. In this situation, the income replacement rate from the universal pension fund must compensate for this difference and reach an income equal to or higher than the reduction of

the pension from the State Social Security System. In order to reduce this “disadvantage” to the participants in the capital pension scheme, the experts recommend that the reduction of the solidarity pension be not with the actual but with the required amount of the social security contributions to the Pensions Fund, which is set at 32% for 2018 in the Actuarial report 2016 of NSSI. Then the reduction would be much more bearable – 15.6%, and it is realistic that the income from private pension funds would be able to compensate for this reduction, and that the total pension of those participating in the two pillars would be greater than if contributions were paid only in the First pillar.

Supporting this thesis we have made calculations for the amount of the pension of a man with 40 years of service, who retired on 1.01.2041. The following assumptions are made in the calculations: the person has no interruptions in the insurance period, during the whole period he has insured the average insurance income for the country, he had fulfilled the retirement criteria for the respective year and gender. The weight of one year of insured period in the year of retirement will be 1.5%. The calculations use the forecasts of the NSSI Actuarial Report for 2016 and the Concept of regulation of the stage of payment of the pensions from the mandatory supplementary pension insurance, according to which the average monthly insurance income for the country in this period is 2180 BGN and the pension from the universal pension fund is expected to be 333.18 BGN. The pension is calculated in two hypotheses: 1) the person makes contributions only in the First Pillar; 2) the person makes contributions in the First and the Second Pillar throughout his entire insurance period.

In the first option, where the person makes a full contribution in First pillar, the pension is expected to be BGN 1308. In the second option, the person makes contributions in both pillars, so his individual coefficient should be reduced by the ratio between the contributions for the universal pension fund and the Pensions Fund – i.e. 5% and 19.8% or 0.25 (if these levels remain unchanged till the retirement year). Therefore the pension from the solidarity system will be BGN 981 and it should be added to the pension from the universal pension fund – BGN 333.18. Thus, the total amount of the pension in this case will be BGN 1314.18, which is BGN 6.18 more than the first option. This means that the person will be more profitable to participate in both systems, as his cumulative income is 0.47% higher than the first option.

This difference would be even greater if the amount of the social security contribution to the Pensions Fund is increased and it is closer to what is necessary, as this will decrease the reduction factor and thus the Pension from the First pillar will be even higher. The other option for increasing the difference in the amounts of these pensions is the rise of the insurance contribution for UPF and hence the accumulations in the individual insurance account of the persons.

When determining the reduction of the individual coefficient, it is advisable to take into account another factor as well - the transfer from the state budget to the benefit of State Social Security System. It should also be added to the contribution to the Pensions Fund when calculating the amount of the reduction and it will become even smaller.

- *Frequent changes of the pension model creates prerequisites for uncertainty and difficult predictability because a substantial change of retirement rules is made within a*

short period of time. Probably well founded the fears of some experts that these decisions could portend new changes in this direction such as the transfer of resources from the capital into the solidarity pension system from voluntary to become compulsory or the possibility in the future to limit the option of individuals to return to the Second pillar and thus to permanently lose the right to ownership on their savings. By using budget transfers the shortage of resources in the State Social Security System could be covered in the short term but in the worsening demographic indicators the system would remain heavily dependent on the transfers from the State budget.

This scenario was applied in Hungary where in 2010 was accepted a law that temporarily stops employee's contributions to Second-pillar individual accounts and transfers them to the First-pillar (International social security association, (2016)). Employees and employers pay the entire contribution (resp. 9.5% and 24%) only in the pay-as-you-go system. From the end of the same year workers must transfer obligatory their privately managed accounts into the First pillar. In 2011 the new two-pillar pension system was established. It includes only social security pension fund (First pillar) and voluntary schemes (Second pillar). The number of the private pension companies decreased dramatically - from 18 to 4 and the transfers from the Second to First public managed pillar was 14.6 billion USD. Thus reduced the deficit in the solidary fund from 3,8% to 3% and the revenues increased by 2 billion USD only for one year.

We consider that this kind of transformations could have only a short-term effect. The problems of the pay-as-you-go system are caused mainly by demographic reasons and by the lack of social security contributions income thus the forced transfer of activities from the private pension funds could cause problems in the future. As we proved before the higher contributions in the solidary system leads to higher obligations to pay a bigger pension after beneficiaries' retirement.

- *The transfer of resources from a funded to a pay-as-you-go system could be counter to the European Pillar of Social Rights adopted by the EU Council, the European Parliament and the European Commission (European Pillar of Social Rights, (2017)).* The aim is to achieve better results in the field of social legislation through this pillar and to protect the social rights of EU citizens to a greater extent. The European pillar of social rights must contribute to the social progress of citizens by supporting fair and well-functioning labour markets and social systems. It should make it possible to adapt the European social model to the challenges of the 21st century.

The achievement of these goals should be done by following 20 social principles, divided into three categories: 1) Equal opportunities and access to the labour market, 2) Dynamic labour markets and fair working conditions, 3) Public support/social protection and inclusion.

The European Pillar of Social Rights pays special attention to the sustainability of retirement incomes, stating that "regardless of the type and duration of their employment, workers and, under comparable conditions, self-employed workers are entitled to adequate social protection." (Principle 12: Social protection) and that "Workers and the self-employed in retirement have the right to a pension commensurate to their contributions and ensuring an adequate income. Women and men shall have equal opportunities to acquire

pension rights. Everyone in old age has the right to resources that ensure living in dignity.“ (Principle 15: Old-age income and pensions).

If fears that the transfer of resources from the Second pillar to the first Pillar of the pension system in Bulgaria could undermine its financial stability and jeopardize its solvency come true, this would violate the principles enshrined in the European Pillar of Social Rights and would prevent the achievement of social justice for citizens. Increasing the deficit of the State Social Security System funds and the sub-optimal management of the resources of the capital pension funds could lead to social destabilization of the country, to undermining the adequacy of the pensions, and subsequently it is possible to transfer these risks to the other countries of the European Union which would take our country away from joining the Eurozone.

Although the possibility of transferring funds from a funded to a pay-as-you-go system has started to exist recently, the NSSI Actuarial Report for 2016 data show that as of April 30, 2016, only about 4,200 individuals have transferred their insurance from universal pension funds to the State Social Security System which represents only 0.1% of the insured persons in the universal pension funds. The majority of them are from the so-called Security sector – military personnel and employees of the Ministry of the Interior. According to Prof. Pavlov (2015), “the benefit from the transfer of resources from the capital funds to the NSSI will be mainly for insured persons with low savings in their accounts, such as “working poor”, for the persons residing in the grey economy hiding incomes and pension contributions” and all those who expect low pensions from the solidarity system. The difference to the guaranteed minimum amount of the pension will be supplemented by the supplementary contribution from the universal or occupational pension fund, resources from the State Social Security System funds or from the State budget in case of shortage.

4. Some Guidelines for the Development of the Pension Model in Bulgaria

In order to overcome the problems of the Bulgarian pension system and it to achieve stability, all changes need to be well understood and widely discussed and their consequences assessed, thus reducing or avoiding the risks both in the phase of accumulation of resources and their payment as well. *Recommendations for such changes could be:*

- *Gradual increase of the contributions for the First pillar to the restoration of the initial levels before to the pension reform (29% in 2002), which will reduce its deficit and the need of transfer of resources from the State budget.* From 1.01.2018 the contribution to the Pensions Fund has been increased by 1% and reaches 19.8% for persons born before 01.01.1960 and up to 14.8% for those born after 31.12.1959. At the same time, the criteria for access to retirement have been set higher and for 2018 they are: for women – age 61 years and 2 months and insured length of service of 35 years and 6 months; for men – age 64 years and 1 month and an insured length of service of 38 years and 6 months. Even with this stipulated increase, the balance of State Social Security System

will be negative but the worsening of the deficit will be less intense than in the case of the transfer of resources from a private to a state-run pension system. It is therefore appropriate to consider a more substantial and rhythmic increase of the social security contribution whereby the deficit in the state pension system could be reduced to more balanced levels. This is unavoidable, especially in view of the deteriorating demographic processes of an aging population, the change in age structure to the advantage of older age groups, the declining fertility rate and the intense levels of emigration. In order to achieve greater sustainability of the pension system in the long run, it is also necessary to gradually increase both the retirement age and the required length of service. This would increase their social security contribution which is a prerequisite for increasing the amount of the pension they are entitled to (in July 2018 all pensions granted until 31.12.2017 are updated by 3.8%).

Restoration of the contributions of the fund “Pensions” and reaching the levels of 2002 (29%) would enhance the income of the solidary system and would decrease its deficit. This would be a prerequisite for increasing the pensions without having to fund it from the state budget. The rise of the pension contribution will change the individual coefficient of the pensioners who have participated in the Second pillar. On that way they will be less “punished” by participating in the multi-pillar system;

- *Improving risk management when investing resources and limiting the possibilities for achieving negative profitability.* Reaching higher real profitability is in the interest of both the insured persons and the insurance companies that seek to attract more customers in the long run. Since the long-term negative profitability can lead to a loss of resources in the capital pension scheme it is necessary for those who are about to retire at such a time to consider reasonably the possibility of transferring their personal savings from the Second to the First pillar of the pension system and to choose the option that will be most optimal for them. According to the current legislation, the option of switching from a funded system to a pay-as-you-go should be made up to five years before the person's retirement – a period of time during which a number of unfavourable changes can occur and very low profitability would be achieved. This period should be shortened so that the choice made takes into account the events and potential risks immediately before person's retirement.
- In order to optimize the management of the pension funds' investment portfolios, it is advisable to consider the idea of *creating a fund to guarantee the resources accumulated in the capital pension schemes from which they may be covered in the case of decapitalisation*. This fund could be centralized and state-run or formed within the individual companies and it can guarantee the resources accumulated from the social security contributions to the amount of their principal. This would prevent a possible loss of resources and would be an additional guarantor for the personal pension savings of insured persons. At the same time, companies would have a strong incentive to manage better the assets they have been entrusted in such a way that they do not have to cover losses from the guarantee fund. The resources in this fund may be formed from deductions from the investment fee which is collected from the insurance companies or from other own resources.

- *Stricter regulation of the activity of the pension insurance companies and control of the compliance with the prohibition of investments in related parties*, which makes it possible to manipulate the profitability of funds. Investing in related parties is a long-standing problem and despite the legislative attempts to deal with it and the repeated audits of companies, it still remains unresolved. Related parties are difficult to define and identify, and the inspections carried out on the activities of the pension funds do not find such obvious irregularities. Nevertheless, it is necessary the prevention of such investments to be effective and to eliminate the possibility of reporting unrealistic profitability as this could lead to distortion of the data on the supplementary pension insurance market and misleading of the insured persons, to unfair competition between insurance companies and a crisis in liquidity of resources.
- *Development of more diversified pension products by the insurance companies, among which the persons with different preferences and characteristics to choose*. In this way opportunity for greater satisfaction of diverse beneficiaries needs will be created and they will be able to choose the most appropriate type of retirement payment according to their individual needs and wishes, according to their age, family and health status and other characteristics. This would create in them a sense of greater control over their savings and would motivate them to participate more fully in the insurance process. Among the most popular types of pension products applied in countries with traditions in supplementary pension insurance are (Hristoskov, 2009, p. 94), Ministry of labor and social policy (2018):
 - **One-time withdrawal** – the accumulated resources are withdrawn at once, according to the insured person's wish and the conditions of the insurance or pension contract. This withdrawal may be linked to certain conditions – reaching a certain age, acquiring the right to a pension for insured length of service and age, insurance of the persons in the pension fund for a required number of years, etc.
 - **Temporary pension (programmed withdrawal)** – it fixes the period of receiving the pension and the specific amount of the payment depends on the chosen period for receiving the financial resources, the accumulated amount, the achieved profitability over the years, the fees and deductions collected by the insurance company, the health condition of the person and other factors.
 - **Lifetime (net) annuity** – it is a commitment to pay a fixed amount of the pension for the lifetime of the insured person. Generally, for this purpose at retirement the person buys an annuity with the resources of his/her own individual insurance account which is then closed. The accumulated money goes to a joint pool from which the pensions of annuitants (persons receiving a lifetime pension from the pension insurance company) are paid until the end of their life. This pool could be managed by various financial institutions – insurance companies, trust funds, asset management companies, etc.

Bulgaria applies a combined option including the retention of the individual insurance account in the post-retirement period and the provision of a lifetime pension. However, this puts at risk both the insurance company and those who prefer this type of payment because thus the risk of survival cannot be shared. There is a possibility for companies to be unable

to meet their commitments and become insolvent and thence pensioners would be left with no income.

Many varieties of annuity are known in the world practice the more popular of which are:

- **Certain annuity** – the company undertakes to pay a certain amount of the pension for a fixed period of time. The company makes a limited number of payments, whether the insured person is alive or not. In the event that he/she dies prematurely, the pension is still paid to his/her survivors.
- **Deferred annuity** – in this case the start of pension payments does not coincide with the time of retirement but is postponed in time. Thus, the annuitant chooses when he/she will begin to receive an additional retirement income which will be greater than the amount he/she would receive if he/she started receiving it immediately after retirement.
- **Single life annuity** – it guarantees payments of the annuity until the end of his/her life, and the payment ends when the pensioner dies. In the case of the death of the person who has chosen this type of payment, his/her close family members supported by him/her in the household will be left without money.
- **Joint and survivor annuity** – the company pledges to pay a statutory amount of the pension while at least one of the two persons with a relationship, usually spouses, their children, or other lineal relatives is alive. To limit the likelihood of financial instability when paying a survivor annuity the company may decide to pay a smaller amount of the pension than in a single life annuity as the number of payments made will be higher.
- **Inherited annuity** – in this case in the event of the death of the pensioner or the beneficiary, his/her survivors are given the opportunity to receive the remainder of the eligible resources or part thereof. In order to increase the attractiveness of supplementary pension plans and to secure better the interests of the insured, some of the annuity companies offer a combination of an annuity certain and inherited annuity.
- **Fixed annuity** – in this case the beneficiaries are entitled to the same amount of payment regardless of how long they will receive it.
- **Variable annuity** – the annual payment varies and can be adjusted by the ratio between the actual return on the investment portfolio and the accepted interest rate or other measurable indicators *и*.
- **Increasing annuity** – the amount of payment increases over time as it is assumed that immediately after retirement individuals have still retained much of their working abilities and could work or still have savings to support them.
- **Decreasing annuity** – the amount of payment decreases over time in view of the lower mobility of pensioners as they age.

- **With-profit annuity** – the amount of the cash payment is fixed and part of the company's profit is distributed to the beneficiaries in the form of bonuses or dividends.
- *The introduction of multi-funds is another good opportunity to exercise the right of choice for insured persons.* By choosing among many funds of the same type that have a different risk and profitability tendency the insured persons would have a better judgment of the investment risk they are taking. By taking part in funds with different investment portfolios, the insured can choose the one that best meets the reached stage of their life cycle, preferences and risk-taking propensity (Pavlov, 2011, p. 344). When people are younger and have a long time horizon it is appropriate to choose a higher-risk pension fund that focuses on floating-rate investments. Thus even if low or negative profitability occurs for a short period of time it should be compensated by the end of the working career. As people age, it is usually advisable to transfer to a more balanced and even conservative fund, with a higher share of investments in fixed income financial instruments which, albeit lower, are more secure. It is possible the switching from one fund to another to be the choice of the insured person or automatically and the direction is from a more risky to a more conservative fund.
- *Promoting competition between pension insurance companies* will improve the structure of investment portfolios of the funds and more optimal fund management could lead to increased profitability, reduced costs and fewer fees. In practice, companies are currently in a weak competition as they are legally limited with respect to the type of pension products and the structure of their investment portfolios and the collected fees are almost identical with a few exceptions. In addition, they rely on a secure stream of newcomers who have been insured for the first time and who have not exercised personally their right to choose a pension fund within three months of the start of insurance and are allocated on a lottery basis among pension funds. It would be more effective to exercise the right of personal choice not only with respect to pension funds but also to their investment portfolios, achieved profitability, collected fees and deductions, proposed pension products and other criteria which will motivate pension companies to manage more efficiently the assets entrusted to them.
- *The introduction of flexible forms of retirement* – this is a pension scheme in which individuals have the option to choose the time of their retirement on their own complying with certain legal requirements. In many cases, flexible retirement allows for a combination of labour and retirement incomes, whereby people make a smooth transition from work to retirement. It allows individuals to determine alone the exact time of their retirement and, to a great extent, to influence the size of the retirement pension, since with other conditions remaining the same the longer the time they work and pay contributions, the greater the social security entitlement they have. Usually, the possibility of flexible retirement is accompanied by some objective statutory requirements, such as the age at which insured persons can benefit from this pension scheme and the required minimum length of service entitling them to early retirement.

When applying flexible forms of retirement, account should be taken of the fact that the postponement of retirement inevitably leads to a reduction in the period of receiving the

pension income. It is therefore very important to select carefully the moment of withdrawal from active labour in order to avoid the inherent risks to beneficiaries, insurance institutions and the pension system as a whole.

On the basis of the analysis of Bulgarian pension model's evolution and the advantages and challenges of the system we can provide the following *international prospective and lessons learned* that could be useful for the future researches and pension reforms in other countries in the world.

- The evolution of pension systems and their adaptation to the dynamic demographic and socio-economic situation in the countries should be a continuous process aimed at improving the model and adapting it to the changing environment. This is necessary to ensure the system's solvency, to maintain its credibility and to provide decent pensions to the beneficiaries. This will achieve the objectives set out in the European Social Rights Pillar and the White Paper – an agenda for adequate, safe and sustainable pensions of the European Commission and will guarantee the social equity in the countries.
- It is necessary to avoid a sharp reduction in the amount of social security contributions as this negatively affects the income of the social security system and can not be a guarantee for increasing the collection of resources. The generated deficit requires an increase in the transfer from the State Budget and redirects funds that could be used for other priority purposes. It is therefore more appropriate for the levels of social security contributions to be closer to the amount required to cover the costs.
- The comparatively easy access to early retirement before fulfilling the retirement criterias for a retirement, the granting of a pension for incomplete insurance period and the payment of life-long pensions for disabled people under relatively easy accessed conditions have a predominantly social character in Bulgaria. This inevitably leads to an increase in the cost of the system and strongly threatens its stability and solvency. By allowing people with incomplete social security contributions to access to pension benefits for a long time apart from negative financial consequences, it could also have a demotivating effect for the other members of the social security system. Instead, it is necessary for states to try to limit this type of payments, to increase and refine the retirement criteria and to redirect these persons to the social assistance system where the main criterion for access to wealth is the need for financial resources and social services.
- The possibility of transferring resources between the First and Second pillars extends the choice of persons, but the decision must also be taken after assessment of all the consequences for both the beneficiaries and the pension system as a whole. Countries that would consider such opportunities for transferring funds between the solidarity and the capital system need to assess the effects of this in the short, medium and long-term. They should take into account that the larger contribution to the social security system also entails greater social rights of individuals and lead to bigger system costs in the future.

In conclusion, it may be noted that the changes in the pension system in Bulgaria are imperative in view of the dynamically changing demographic and socio-economic environment. In order to maintain the stability of the model and achieve trust among insured persons, it is important to create the appropriate conditions for achieving a fair and decent retirement income diversified from different sources. It should be more closely tied to the social security contributions of individuals so that they can be motivated to participate more actively in the insurance process. Frequent reforms of the three-pillar pension model put at risk its sustainability and create a sense of instability and uncertainty among beneficiaries and insured persons. It would be more effective to look for changes within the existing pension model than outside it as it has its merits in balancing the underlying risks of the two systems of financing pension insurance. Provision of a wider choice of different pension funds that are in real competition with each other, the formation of diversified investment portfolios, the supply of various pension products by companies, the application of flexible forms of retirement corresponding to the individual needs of people or the functioning of different institutions making pension payments are measures that, in the long run, would have a more beneficial effect on both the stakeholders and the pension model in Bulgaria.

References

- Beleva, I., Tzanov, V., Dimitrova, D. (2014). Segmentation of the labor market in Bulgaria. Sofia: Academic Publishing "Prof. Marin Drinov" [Белева, И., Цанов, В., Димитрова, Д. (2014). Сегментация на пазара на труда в България. АИ „Проф. Марин Дринов“].
- Bulgarian Association of Supplementary Pension Security Companies. (2016). Opinion of the Bulgarian Association of Supplementary Pension Insurance Companies on the Draft Law Amending and Supplementing the Social Insurance Code, published for public discussion by the Ministry of Finance, Sofia.
- Cómo fortalecer los sistemas de pensiones latinoamericanos. Experiencias, lecciones y propuestas. (2015). Estudio internacional de SURA Asset Management. Tomo I, Coordinador: Rodrigo Acuña, Chile.
- Delloite, Comparative Social Security Benefits Study, Deloitte. (2017). online, available from: https://www2.deloitte.com/content/dam/Deloitte/be/Documents/tax/TaxStudiesAndSurveys/Comparative%20Benefits%20Study_2017.pdf, [Accessed: 23.07.2018].
- Dulevski, L., Stefanov, L. (1999). Insurance systems and funds in Bulgaria. Sofia: "Ciela" [Дулевски, Л., Стефанов, Л. (1999). Осигурителни системи и фондове в България. София: „Сиела“].
- Dulevski, L., Vekova, L. Pandurska, R. (2008). Pension funds. Sofia: Academic publishing "Stopanstvo" [Дулевски, Л., Векова, Л., Пандурска, Р. (2008). Пенсионни фондове. Център за дистанционно обучение при УНСС, Университетско издателство „Стопанство“].
- El Ahorro Individual: Mejores Pensiones y Más Desarrollo Económico, Seminario Internacional, organizado por FIAP, los días 11 y 12 de abril de 2013, en Colombia, ISBN: 978-956-8853-11-2.
- European Commission. (2008). Longer working lives through pension reforms. Directorate-General for Employment, Social Affairs and Equal Opportunities, Unit E.4.
- European Commission. (2018). The 2018 Pension Adequacy Report: current and future income adequacy in old age in the EU. Country profiles Volume II; Directorate-General for Employment, Social Affairs and Inclusion, Social Protection Committee, online, available from: <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8084&furtherPubs=yes> [Accessed: 23.07.2018].
- European Pillar of Social Rights. (2017). Gothenburg, Sweden, online, available from: <https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary->

- union/european-pillar-social-rights/european-pillar-social-rights-20-principles_bg [Accessed: 23.07.2018].
- Federación Internacional de Administradoras de Fondos de Pensiones. (2016). Los Sistemas de Pensiones Multipilares: Invirtiendo en el Futuro, online, available from: https://www.fiapinternacional.org/wp-content/uploads/2016/04/FIAP_Espanol_.pdf, [Accessed: 23.07.2018].
- Financial supervision commission. (2017a). Insured persons and accumulated funds in the supplementary pension insurance funds at 30.09.2017. by gender and age, online, available from: http://www.fsc.bg/bg/pazari/osiguritelen-pazar/statistika/statistika-i-analizi/2017/___, [Accessed: 23.07.2018].
- Financial supervision commission. (2017b). Final results of the supplementary pension insurance for 2017, online, available from: <http://www.fsc.bg/bg/pazari/osiguritelen-pazar/statistika/statistika-i-analizi/2017/>, [Accessed: 23.07.2017].
- Financial supervision commission. (2017c). Review of pension fund assets in Bulgaria. Summary Report, online, available from: <http://www.fsc.bg/d.php?id=19638> [Accessed: 23.07.2018].
- Hristoskov, Y. (2009). Social Security (theory, organization, practices). University of Finance, Business and Entrepreneurship Publishing House, Sofia [Христосков, Й. (2009). Социално осигуряване (теория, организация, практики). Издателство на ВУЗФ, София].
- Hristoskov, Y. (2010). The reforms in Social Security (challenges and solutions). University of Finance, Business and Entrepreneurship Publishing House, Sofia [Христосков, Й. (2010). Реформите в социалното осигуряване (предизвикателства и решения). Издателство на ВУЗФ, София].
- Hristoskov, Y. (2016). It is not fair that the NSSI pension of persons born after 1959 is 28% lower. Mediapool.bg.; online, Available form: <http://www.mediapool.bg/yordan-hristoskov-ne-e-chestno-pensiyata-ot-noi-na-rodenite-sled-1959-g-da-e-s-28-po-niska-news257967.html> [accessed: 23.07.2018]; [Христосков, Й., (2016) „Не е честно пенсията от НОИ на родените след 1959 г. да е с 28% по-ниска“, Mediapool.bg.
- Holzmann, R., Ufuk, Guven. (2009). Adequacy of Retirement Income after Pension Reforms in Central, Eastern and Southern Europe. World Bank Publications.
- Institute of market economy. (2015). The planned changes in the pension system: an assessment of the potential effects. Knowledge Management and Solutions, Sofia, online, available from: http://ime.bg/var/images/RIA_Pension_Code_Report.pdf, [Accessed: 23.07.2018].
- International social security association. (2016). Social security country profiles, Hungary, online, available from: <https://www.issa.int/en/country-details?countryId=HU®ionId=EUR&filtered=false#>, [Accessed: 23.07.2018].
- Konstantinov, N. (2001). Social security in Bulgaria (1888-1951). National Social Security Institute, Sofia [Константинов, Н. (2001). Социалното осигуряване в България (1888-1951). НОИ, София].
- Law of the State Social Security Budget in 2016, 2017, 2018.
- Law for the state fund for guaranteeing sustainability of the state pension system, 14.11.2008.
- Milev, Zh., (2014a). Management of pension insurance. Academic publishing UNWE, Sofia [Милев, Ж. Мениджмънт на пенсионното осигуряване. УИ УНСС, София].
- Milev, Zh. (2014b). The risks to insured persons in universal pension funds – challenges and solutions. Academic publishing UNWE, Sofia [Милев, Ж., (2014b). Рисковете пред осигурените лица в универсални пенсионни фондове – предизвикателства и решения. Издателски комплекс на УНСС, София].
- Ministry of labor and social policy. (2018). Concept of regulation of the stage of payment from the mandatory supplementary pension insurance; online, available from: [Концепция за регламентиране на фазата на изплащане от допълнителното задължително пенсионно осигуряване].
- National Social Security Institute. (2015a). 20 years NSSI, Sofia, online, available from: <http://www.nssi.bg/images/bg/about/history/20%20years%20NSSI.pdf>; [Accessed: 23.07.2018].
- National Social Security Institute. (2015b). 135 years social security in Bulgaria. Historical review on social security legislation, online, available from: http://www.noi.bg/images/bg/about/history/135%20years%20history%20review_last.pdf [Accessed: 23.07.2018].

- National Social Security Institute. (2016). Actuarial Report 2016. Sofia.
- National Social Security Institute. (2017). Statistical Yearbook "Demography, Economics and Social Security" 2016; online, available from: http://www.nssi.bg/images/bg/about/statisticsandanalysis/statistics/pokazateli/pokazateli_Demography_2016.pdf; [Accessed: 23.07.2018].
- OECD. (2018). Reviews of Pension Systems: Latvia. OECD Publishing, Paris, online, available from: <https://doi.org/10.1787/9789264289390-en>. [Accessed: 23.07.2018].
- Pavlov, N. (2007). Liberalization of social security. Abagar [Павлов, Н. (2007). Либерализация на социалното осигуряване. Абагар].
- Pavlov, N. (2011). Insurance schemes. Faber [Павлов, Н. (2011). Осигурителни схеми. изд. Фабер].
- Pavlov, N. (2015). Sketches from the Policies for Optimizing the Insurance System. – Panorama of Labour, N 1-2 [Павлов, Н. (2015). Щрихи от политиките за оптимизиране на осигурителната система. – Панорама на труда, N 1-2].
- PricewaterhouseCoopers. (2014). Social security systems around the globe. online, available from: <https://www.pwc.com/gx/en/hr-management-services/pdf/social-security-country-profiles-august-2014.pdf> January 2014, [Accessed: 23.07.2018].
- Regulation for choice of insurance, payment and distribution of mandatory contributions, contributions to the fund "Guaranteed Receivables of Workers and Employees" and information exchange; effective from 04.09.2015.
- Ruling of the Supreme Administrative Court of 27.05.2016 on administrative case 12089/2015 against the Ordinance on the procedure for selection of insurance, payment and distribution of mandatory insurance contributions, contributions to the Guaranteed Workers and Employees Receivables Fund and exchange of information. (2016), Sofia, online, available from: http://www.assoc.pension.bg/news/313@fbg_Opredelenie-VAS-27%2005%2016.pdf; [Accessed: 23.07.2018].
- Shopov, G. (2008). The Bulgarian Pension System (design, pre-reform and post-reform financial status). – Economic studies, N 2, p. 3-21; [Шопов, Г. (2008). Българската пенсионна система (дизайн, предреформено и следреформено финансово състояние). – Икономически изследвания, N 2, с. 3-21].
- Social Security Administration and International Social Security Association. (2016). Social Security Programs Throughout the World: Europe. online, available from: <https://www.ssa.gov/policy/docs/progdesc/ssptw/2016-2017/europe/ssptw16europe.pdf> September 2016; [Accessed: 23.07.2018].
- Social security code. online available form: <http://www.noi.bg/images/bg/legislation/Codes/KCO.pdf>; [Accessed: 23.07.2018].
- Sredkova, Kr. (2016). Insurance Law. Fifth edition. Cibi, Sofia [Средкова, Кр. (2016). Осигурително право. Пето издание. Сиби, София].
- Tzanov, V., Shopov, G., Beleva, I., Hristoskov, Y. (2017). The labor market and social protection at the 2020 horizon. Sofia: Academic Publishing at BAS "Prof. Marin Drinov" [Цанов, В., Шопов, Г., Белева, И., Христосков, Й. (2017). Пазарът на труда и социалната защита на хоризонт 2020. Издателство на БАН "Проф. Марин Дринов"].
- White Paper, An Agenda for Adequate, Safe and Sustainable Pensions, COM(2012) 55, Brussels, (16.2.2012); online, available form: <https://publications.europa.eu/en/publication-detail/-/publication/32eda60f-d102-4292-bd01-ea7ac726b731/language-bg>, [Accessed: 23.07.2018].
- White Paper on the Future of Europe. Reflections and scenarios for the EU27 by 2025, Brussels, (25.03.2017), online, available form: https://ec.europa.eu/commission/sites/beta-political/files/bjala_kniga_zh_bdeshteto_na_evropa_bg.pdf; [Accessed: 23.07.2018].

FORMATION OF STATE POLICY OF THE DEVELOPMENT AND USAGE OF INTELLECTUAL POTENTIAL OF UKRAINE

Conceptual basis of state policy of the development and usage of intellectual potential, corresponding to the principles of legality, systematization, rational expediency hierarchy, subsidiarity, coordination, efficiency, effectiveness, synergy, emergency is offered in the context of the National Security Strategy of Ukraine and activation of innovative processes based on rational use of available intellectual potential. Methodical approach to phased decision-making process to determine strategic and tactical objectives, selecting methods, means and forms of counteracting threats, developing a set of measures, recruitment of staff able to understand and fulfil tasks is presented in accordance with the certain content and sequence of stages of state policy of the development and use of intellectual potential. Dynamic structural and functional complex of legal, informational, analytical, organization of management, social measures which are aim-oriented to eliminate potential and real threats to the intellectual development of Ukraine is suggested in order to implement this policy.

JEL: J28; O15; O38

Formulation of the Problem

In modern conditions activation of processes of accumulation of intellectual potential of Ukraine requires developing of science-based state policy and taking effective actions to counter threats for its development. The active participation of the state in regulating processes associated with the process of preventing the degradation and destruction of the intellectual potential involves the development of adequate mechanisms to counteract numerous threats. In our opinion, state policy of development and usage of intellectual

¹ Iryna Revak is doctor of Economic Sciences, Assoc. Prof., Dean of the Faculty of Management and Economic Security, Lviv State University of Internal Affairs, phone: +380(67) 4440963, e-mail: irarevak@gmail.com.

² Tetyana Yavorska is doctor of Economic Sciences, Prof., Prof. of Bank and Insurance Business Department, Ivan Franko National University of Lviv, phone: +380(67) 2601999, e-mail: tanya_yav@ukr.net.

potential of Ukraine should be implemented in the context of state policy to protect national interests and national security strategy.

In our opinion, the intellectual potential of the state is a productive force, and the intellectuals are a qualitative labour resource of the national economy. According to the axiological approach, state's intellectual potential is a highly effective and strategic resource of state's economy, capable of providing the necessary and decent conditions for the functioning and development of the socio-economic macro system. In accordance with the system approach, the intellectual potential is a systemic four-level entity: education-science-culture-spirituality, each of these components does not only supplement each other but also contributes to their development and growth.

The existing legal framework partly determines national priorities and strategic directions of the state policy in the system of protection of national interests,

The existing legislation partly determines national priorities and strategic directions of the state policy in the system of protection of national interests, but important issues such as the preservation and development of the intellectual potential of Ukraine, minimizing threats in the intellectual sphere, the adoption of measures to enhance innovation processes and so on stay overlooked. The recently adopted National Security Strategy of Ukraine defines the main directions of the national security policy of Ukraine. In our opinion minimization of threats to national sovereignty and creation of conditions for the restoration of the territorial integrity of Ukraine within internationally recognized state border of Ukraine, guarantee of peaceful future of Ukraine as a sovereign, independent, democratic, social state ruled by law; establishing the rights and freedoms of man and citizen, ensuring a new quality of economic, social and human development, ensuring of the integration of Ukraine into the European Union and the creation of conditions for joining NATO are among the most important (Ukaz, 2015). According to Article 6 of the Law of Ukraine "On National Security of Ukraine" national interests priorities include: preservation and strengthening of the scientific and technological potential, strengthening of the innovation model of development; development of spirituality, moral values, intellectual potential of Ukrainian people, strengthening of the physical health of the nation, creating conditions for expanded reproduction of the population. But a number of threats to national interests in the intellectual sphere (Zakon, 2003) are mentioned in the Article 7 thus demanding the necessity of formation of state policy of development and usage of intellectual potential of Ukraine.

Analysis of Recent Research and Publications

The theoretical and methodological foundations of the development of intellectual potential as the main productive power of society are grounded in the works of L. Antoshkina, V. Bazylevych, G. Becker, M. Blauga, V. Vrublevskyi, V. Heitsia, O. Doktorovych, M. Zhurovskyi, Y. Kanygina, O. Moroz, Y. Sayenko, V. Semynozhenko, V. Tkachenko and others. The processes of intellectualization and technological industrialization of the national

economy are described in the publications of O. Butnick-Siverskyi, I. Halitsa, O. Hrudzynskyi, O. Druhov, V. Petrenko, S. Simanovskyi, L. Fedulova.

Taking into consideration the important scientific achievements of domestic and foreign scientists, the research of the role and place of intellectual potential in the system of economic security of the state, the substantiation of the conceptual foundations of development of the state policy of development and use of the intellectual potential of Ukraine are becoming of great actuality.

The purpose of the study is to ground the conceptual rules of the methodology of forming a state policy of development and use of intellectual potential in order to ensure the country's economic security observing the dominant principles, apply a functionally integrated set of means to counter threats to the security of the development of the cultural and spiritual and scientific and educational basis of the national economy in order to implement the Strategy for the Development and Rational Use of Intellectual Potential in order to strengthen the economic security of the state.

The object of research is the process of formation and implementation of the state policy of development and use of intellectual potential. The subject of the research is theoretical and methodological principles and practical recommendations for the development of the state policy of development and use of the intellectual potential of Ukraine.

Methods of research. In the course of the research, the theory of systems was applied, the hierarchical concept of the study was developed thus including the methods: structural and axiological analysis to outline the architectonics of intellectual potential and the relationship between components of the system; systematization, theoretical generalization and aggregation when grounding theoretical and methodological principles of the state policy of development and use of intellectual potential of Ukraine and practical recommendations for its realization.

The Presentation of Research Results

The decisive role in innovation processes enhancing through effective use of existing intellectual potential belongs to the state, which should form a reasonable macroeconomic policy taking into account the national economy. We believe that *state policy of the development and usage of intellectual potential of Ukraine* has to be updated as a part of national policy, implemented in accordance with the stated goals and objectives based on the general organizational and management principles and implemented through the mechanism of counteraction to threats to intellectual potential of Ukraine. Conceptual principles of policy of the development and usage of intellectual potential of Ukraine are presented in Fig. 1.

State policy of the development and usage of intellectual potential of Ukraine should be based on: constitutional norms; strategic documents about development of education, science, culture and spirituality (doctrine, programs, concepts, etc.); international, interstate agreements ratified by the supreme legislative body; laws, legislation; decrees and orders of

the President of Ukraine; the Verkhovna Rada of Ukraine and the Cabinet of Ministers of Ukraine; orders, prescripts of the Ministry of Education and Science of Ukraine, ministries and departments governing institutions intellectual sphere; orders and instructions of the regional (local) executive authorities issued within their competence.

It is important to stress that the subject of this policy is the state represented by the authorized bodies of state power. State policy in this area must be determined by the Verkhovna Rada of Ukraine and conducted by the Cabinet of Ministers of Ukraine and executive authorities in the field of education and science, culture and spirituality.

The objects of state policy of the development and usage of intellectual potential of Ukraine, on the one hand, can be intellectual potential as a strategic resource of the national economy, and on the other hand, threats aimed at its destruction and decay.

Let us consider them in more details. According to the author's approach the intellectual potential is a complex structural entity consisting of educational, scientific, cultural and spiritual components that are interrelated and complementary. Thus, education, being involved in the formation of intelligence, giving people-carriers of intellect ability to think, acquire knowledge, abilities, skills, be engaged in education and self-education is the basic component of intellectual potential.

In our opinion, the educational component of the intellectual potential reflects not only the quantitative status of accumulation of education fund, but also identifies those factors that determine its relationship with intellectual potential. These are the most important among them:

- possessing of the main bearers of today - knowledge and information – determines the appearance and growth of the modern role of class of intellectuals;
- belonging to the productive areas of the national economy, as the main result of work in education is the provision of related services, which by their inner nature cause a useful effect. Education produces highly qualified staff and it is a unique resource for creation of intellectual products;
- education creates intellect of a human being enabling the person to creatively and originally think, adopt innovative solutions and be prepared to be responsible for their implementation;
- education is not a source of only educational, but also scientific, spiritual and cultural values that enrich the intellectual treasury of each state.

Figure 1
Conceptual basis of policy of the development and usage of intellectual potential of Ukraine

State policy of the development and usage of intellectual potential	
Regulatory basis	
Constitutional regulations	Decrees and orders of President of Ukraine
National doctrines	Resolutions of Verkhovna Rada and Cabinet of Ministers
Laws and legislation	Orders of ministries and agencies
Strategic aims	Tactical tasks
Reduction of potential threats Phased transition to preventive measures Lifelong learning Cultural and spiritual growth of society	Overcoming of educational qualification imbalance Pause of brain drain Stimulation of R&D Decrement share of foreign orders for R&D
Principles	
legality, consistency, rational expediency, hierarchy, subsidiarity, coordination, efficiency, effectiveness, synergy, emergency	
Objects	Subjects
Intellectual potential Threats and dangers	Executive and local authorities
Threat counteraction mechanism	
Set of tools:	Set of functions:
Legal Informational-analytical Financial-economical Organizational management Social	Developmental Preventive protection Active protection Reconstruction
Expected Results	
Minimization of destructive factors and creation of favourable conditions for the development of intellectual potential of Ukraine Development of state-private partnership in educational, scientific, cultural and spiritual spheres Activation of innovation processes in the real economy sector Transition of national economy to higher technological norms (VI-VII) Accelerated development of NBIS-technologies Strengthening of the noosphere ideas and building of nano economy	

Source: developed by authors

Science is the sphere, which further develops and strengthens the intellectual potential, and its main task is to produce new knowledge, develop all kinds of scientific research and offer new approaches to solving difficult and unusual problems to the national economy. The unconditional relationship between science and intellectual potential is caused by the following aspects:

- firstly, by the special status of science as a highly productive area of the national economy, which is directly involved in the creation of high-tech intellect products;
- secondly, science as an open system for the creation of new knowledge should be the basis of national intellectual progress and further implementation of modern effective methods of management;
- thirdly, the science improves human intelligence as it is based on the scientific outlook responsible for the continued updating of existing and continuous production of new knowledge;
- fourthly, the development of science as a source of economic growth should become a policy priority and a prerequisite for the realization of the intellectual potential and the formation of an innovative economy.

Culture, in our opinion, is an integral part of the intellectual potential as the appropriate level of the development of the state, human beings and society and it is characterized by personal and social values, relevant knowledge and skills. Culture as an intrinsic value and the highest expression of human morality is naturally intertwined with such features of intellect as a practical orientation of mind, the ability to a creative search and inventiveness, initiative, and thus it complements and enriches the intellectual potential. Culture enriches the intellectual potential and gives it a sign of creativity, ingenuity, creativity and so on.

Spirituality, which in an invisible way positively affects a person's ability to think, create, enrich their inner world, and thus increase intellectual potential is a sophisticated and yet extremely important part of the intellectual potential. Spirituality as an integral part of the intellectual potential is responsible for constructive processes which must take place both inside the individual, and at the state level, because the intellect without spirituality can be a threat on a global scale. The role of spirituality in enriching intellectual potential, in our view, is indisputable, as such features of human nature as integrity, high morals, faith in higher spiritual ideals are the foundation for effective social work and, therefore, they contribute to the directing of national intellectual potential into all, without any exceptions, spheres of the national economy.

Threats to the intellectual potential that we have structured according to their internal structure are the absolute objects of the proposed state policy. Thus, in the field of education we identified the following threats: ongoing educational qualification imbalance; leveling the value of the diploma and the consumer attitude to education; turning Ukraine into a "country of a diploma" or a country of "certified unemployed"; loss of highly qualified high school staff; corruption as an institutional deformation; defundamentalization of higher education. The threats of destruction of the scientific sector include: reduction of the number of fundamental scientific research, research and development; loss of

competitive advantages in certain high-tech industries; increase of the share of foreign orders; science (intellectual) emigration; reduction of the demand of the manufacturing sector in research and development and domestic technology; permanent dependence of domestic science and industry on imports of outdated technologies and objects of industrial property. Cultural sphere of Ukraine is experiencing crushing destruction because of the following detected threats: the appearance of a "cultural trap"; cultural colonization growth under the influence of globalization and mega-realization; loss of cultural identity. Levelling of the moral and spiritual values; spiritual decline and loss of Christian moral values; formation of a spiritual vacuum, or "spiritual desert"; propaganda of spiritual and intellectual violence are among the most significant threats in the cultural sphere.

However, it should be noted that the main purpose of this policy is to develop a set of measures to prevent or minimize the threat to the intellectual potential of Ukraine.

Taking into account the long-term nature of this policy we will define strategic and tactical goals of its implementation. In particular, the strategic objectives of state policy of the development and usage of intellectual potential of Ukraine should be: minimizing of real threats to intellectual potential of Ukraine, overcoming of the most dangerous; prevention of new more dangerous threats caused by the aggravation of internal and external contradictions of national and global character; transition to a phase of preventive measures which will be effective in combating threats aimed at the destruction of intellectual potential.

Tactical objectives of this policy should be: overcoming of education and qualification imbalance in the preparation of specialists of high school; immediate suspension of talented young people outflow abroad; eradication of corruption in higher education; reduction of the share of foreign orders for R & D; stimulation of the demand for domestic research and development; displacement of lack of spirituality and immoral behavior out of the system of established norms of social behavior.

Science and innovation are integral attributes of highly developed economies and national advantages in global competition. It is worth noting that domestic science is experiencing a critical period and the state needs to rethink its own role in the national economy.

Author's studies in this context made it possible to establish the following trends:

- permanent underfunding of science, lack of motivation among domestic investors to invest in the development and implementation of the latest scientific research, the implementation of applied research;
- annual drop in the indicator of GDP's knowledge intensity showing the danger of the decline of national science and the beginning of irreversible processes for its restoration. Thus, the share of research and development expenditure in GDP in 2016 amounted to 0.48%, in 2015 – 0.64%, and in 2014 – 0.69%, while in the EU (EU–28) it is an average of 2.03%. (Statystychnyi zbirnyk, 2016, c. 77);
- in 2016 19.3% of the total expenditures were spent on fundamental scientific research being financed at the expense of budget funds by 91.7%. The share of applied research expenditures amounted to 22.2%, 49.5% of which were financed from the budget and

31.2% at the expense of the enterprises of the entrepreneurial sector. 58.5% of the total expenditures were spent on implementation of scientific and technological (experimental) development, 37.4% of which were financed by enterprises of the enterprise sector, 34.0% by foreign firms and 13.5% by their own funds. Greater part (86.2%) of the cost of experimental development falls on the branch of technical sciences (Statystychnyi zbirnyk, 2016, c. 56);

- low demand for high technology products by domestic producers, which can be explained by the general decline in business activity, the predominance of the national economy of the III and IV technological processes, the slow pace of development of the national innovation system;
- reorientation of domestic scientists for the foreign orders fulfilment, reaching in some areas 90% of the total volume of work performed (Malitskiy, 2011, p. 12).

We must emphasize that the key idea of the state policy of the development and usage of intellectual potential of Ukraine is grounded by the internal nature of potential and real threats, the nature of their origin and form of expression. It must be carried out by using appropriate tools and grounded by certain functional tasks.

1. Monitoring and identification of potential threats through a set of observations of the object security state, defining passports threats.
2. Application of effective preventive methods for combating threats using modern information technology, communications and so on.
3. Localization of realized threats to intellectual potential of the state in order to prevent their deepening and causing serious damage and loss.
4. Preventing the further decline of intellectual potential and further deepening of the intellectual crisis in society through appropriate legal documents, the recovery of investment and innovation climate, improvement of the social protection of the intellectual sphere etc.

These objectives of state policy of the development and usage of intellectual potential of Ukraine are carried out to facilitate rapid decision making to prevent and / or neutralize threats and create a positive environment for the rapid recovery of the national intellectual potential and transition to the stage of enrichment.

In our opinion main principles or a combination of general and organizational and management principles and a set of specialized functions that start the mechanism to counter threats to intellectual potential make the conceptual basis for the policy of the development and usage of intellectual potential of Ukraine.

The priority principles include: legality, consistency, rational expediency, hierarchy, subsidiarity, coordination, efficiency, effectiveness, synergy, and emergency.

Let us consider each of the abovementioned principles.

The principle of legality. It means the carrying out by the governmental bodies and officials responsible for specific measures to counter threats to intellectual potential all inherent

functions under the current Constitution, the laws and regulations in accordance with established legislative competence.

The principle of consistency. It is based on a study of economic phenomena and processes as complex systems that can be transformed into the threats to intellectual potential. Measures to counteract any threats have to be interconnected and interdependent and based on the use of the system categories as a unity of interrelated elements that act together to achieve a common goal. However, the principle of consistency should act concerning the system and the quality of the measures to counter threats to intellectual potential of Ukraine on the basis of their high organization and analytical work planning.

The principle of rational expediency. It is focused on the necessity of state regulation of processes related to the organization of measures to counteract threats to intellectual potential.

The principle of hierarchy. It provides a comprehensive study of integrated development programs and usage of intellectual potential at different levels of the system hierarchy and helps to identify causal interdependencies regarding the oncoming of real and potential threats to intellectual development.

The principle of subsidiarity. It deals with the distribution of competences between the bodies under which each level of authorities should have powers sufficient to solve problems at the appropriate level with maximum efficiency for the whole system. Development and effective use of intellectual potential are largely dependent on the mutually agreed activity of the structures identifying the nature of educational and scientific space, support culture and spirituality.

The principle of coordination. It means a sequence of coordinated actions of state and local governments to counteract the threats to intellectual potential, compliance with public policy objectives and strategic priorities of the state.

The principle of efficiency. The principle shows that public institutions responsible for the development and usage of intellectual potential of the country, should respond quickly to signs of potential threats and the need to use the most effective arsenal of prepared measures to counteract threats.

The principle of effectiveness. It means that the complex of developed measures to counteract threats to intellectual potential has to be activated rapidly when a decision on its application is taken. Timely and appropriate analytical information allows you to quickly evaluate past, present or future events to take appropriate action for correction or improvement. However, the principle of effectiveness also implies the limit of unnecessary information in management decisions.

The principle of synergy. It means ensuring of joint actions to achieve a common goal as a whole is much more than the sum of its elements. During the measures to counteract threats to intellectual potential of the state synergy means synchronized usage of a set of various measures that together will result in a better effect than when they are used separately.

Principle of emergency. It is characterized by the appearance of new qualities or emergent strategies that arise spontaneously in the course of the proceedings of state policy of the

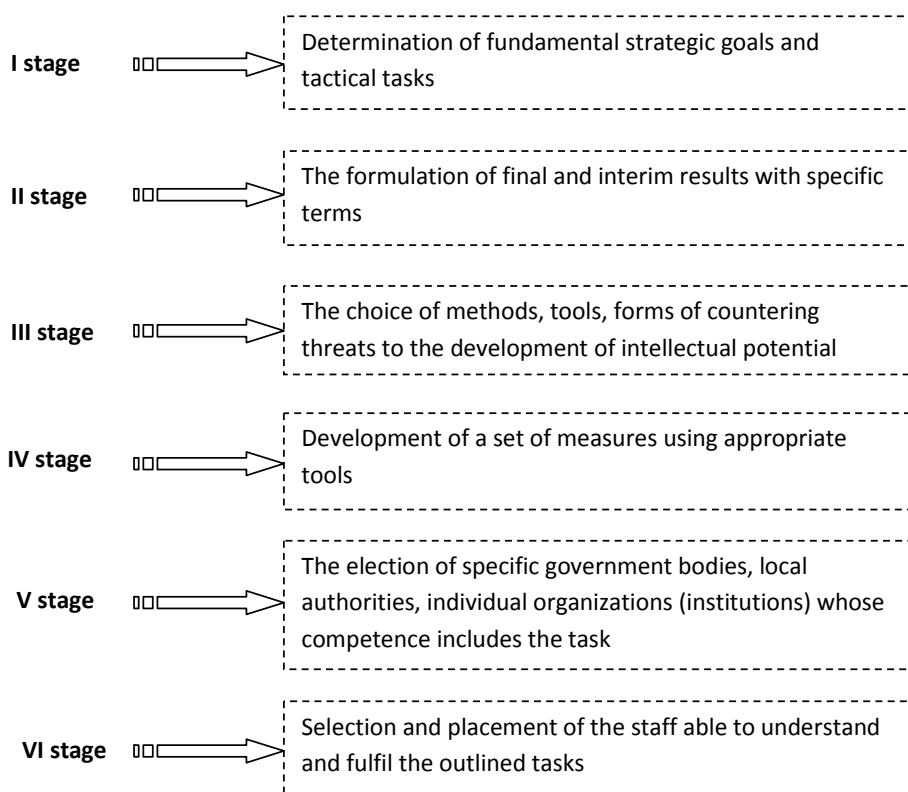
development and usage of intellectual potential and create a specific action plan to counteract the threats and destructive factors.

At the same time we would like to stress that adherence to these principles is a necessary condition for an effective policy of the development and usage of intellectual potential of Ukraine.

It is important to note that state policy of the development and usage of intellectual potential is conducted by stages. On the basis of certain sequences and content of the stages of formation of state policy of the development and usage of intellectual potential, the author developed a methodical approach to staged decision-making process in order to determine strategic and tactical objectives, selecting methods, means and forms of countering threats, develop a set of steps, recruit staff able to understand and fulfil the tasks (Fig. 2).

Figure 2

Stages of state policy of the development and usage of intellectual potential of the state



Source: compiled by the authors.

The presented methodical approach to a staged decision-making in the formation of the above mentioned state policy based on the synthesis of important local features of effectiveness of such a policy allows to determine intermediate and final results, to assess the extent of the impact of actual and potential threats to the development of intellectual potential of Ukraine, to form effective tools for counteractions and reveal demands for staff.

In addition to these stages, we find it important to distinguish two phases of the implementation of this policy - active and passive. Under the urgent socio-economic contradictions and constant threats to intensify the development of intellectual potential active phase of counteraction policy against threats starts and respectively under the conditions of the weakening of action of destructive factors it is advisable to switch to a passive stage and use preventive measures and countermeasures.

Applied nature of state policy of the development and usage of intellectual potential is expressed through the mechanism of counteraction to threats that consists from dynamic structural and functional measures aimed at preventing potential threats or neutralizing (minimization, elimination) real threats to the development of intellectual potential. It is important to mention that action of the mechanism is aimed at achieving specific goals, such as preventing destructive factors or keeping them at an appropriate level of influence; developing of effective means to counteract potential threats; prediction of possible threats etc. To achieve this goal it is necessary to fulfil a number of tasks, including: to identify the causes of destructive factors; to find out the primary and secondary factors that encourage the implementation of threats; to structure real and potential threats; to adapt legal and / or norm acts to the specific conditions of their implementation; to constantly monitor destructive factors; to conduct periodic (quarterly, monthly) diagnostics of threats and so on.

The mechanism of counteraction to threats to intellectual potential consists of a set of measures of legal, information-analytical, financial, economic, organizational, managerial and social issues. The complex of legal actions is aimed at the development and adoption of important and extremely necessary legal documents which would determine the legal basis for the recognition of intellectual potential as a strategic resource of the national economy and intellectual safety as an important part of the economic security. The necessity of intellectual security, its appearance among other types of economic security, in our opinion, is the result of implicit state awareness of the importance of intellect for the harmonious development of the state as well as gradual progress.

The absence of legal basis on the issue updates the prospects for the development and adoption of a number of legal documents. First of all, we should start working on a draft law "On the intellectual security of Ukraine," which would outline the legal basis and measures to strengthen intellectual security. Other regulations should also include relevant decrees and orders of the President of Ukraine, resolutions and orders of the Government of Ukraine, orders, instructions, regulations etc. of ministries and departments of Ukraine.

The complex of measures of managerial, informational and analytical character provides continuous monitoring of the level of threats to intellectual potential and analysis of

conditions, impact of factors and actual values of rates of intellectual security. In order to avoid threats and prevent crisis situations it is necessary to constantly monitor the internal and external environment. Monitoring of threats is a specially organized system of observations for a considerable number of threats that have different sources of origin and forms of display. It is obvious that the effect of threats is directed to objects of security in order to cause some damage, unbalance, destruction, provoke danger etc. That is why constant monitoring and identifying of key threats will enable to timely develop and take practical measures to minimize or eliminate their negative impact. The results of Monitoring can be used to assess the level of threat to integral development of the intellectual potential of the state and the subsequent diagnosis of possible crisis situations. In general information-analytical range of measures covers important activities for the gathering, evaluation and analysis of the information on the effect of destabilizing factors, forms their display and so on.

The financial and economic block of measures includes steps aimed primarily at: attracting the necessary financial resources for active or passive phase of the policy of the development and usage of intellectual potential; financing multilevel set of preventive measures; accumulation of necessary funds to protect the safety of objects during the activation of specific threats; directing sufficient financial resources for effective measures to prevent the transformation of the real threats into danger; allocation of funds for compensation of losses; search for alternative sources of funding. In general, the issue of financial security is one of the most urgent as without its solution it is difficult to talk about conservation and the accumulation of intellectual potential, ensuring of intellectual security. Without sufficient financial resources it is impossible to conduct effective actions to monitor potential sources of threats, their activation and protection of objects of security in general. A key role in this process should be done by the state on behalf of the competent authorities responsible for conducting research and education policy in close cooperation with economic and financial institutions. It is obvious that recognition of the crucial role of science in the intellectual development of society and the recognition of intellectual potential as a strategic resource of the state must change the attitude of the competent authorities and top officials to the problem in general and in the financial sector in particular. Business entrepreneurs interested in the commercialization of scientific ideas, financing of discoveries and inventions must take part in enhancing of intellectual and innovative processes. Only mutual participation of the state and business in terms of the state-private partnership is the first step to solving real problems of counteraction to threats to intellectual potential, and further promotion of its growth.

The effectiveness of the mechanism of counteraction to threats to intellectual potential of Ukraine depends largely on the performance of a complex of organizational and managerial nature. Such measures include the organizational work related to monitoring and diagnostics of threats, actions for their neutralization, minimization or elimination. Fulfilling such content should be put on the appropriate level entities that carry out a series of measures of whole-state nature, including: to timely fulfil the decisions taken by higher jurisdiction bodies; logistical support within their own jurisdiction; to generalize the practice of national legislation on security; to develop proposals for improving the existing legislation in this area. Besides, organizational and managerial actions include measures of

control over the intellectual potential, decisions on the usage of appropriate tools, the organization of education and training of security.

In particular, V.I. Franchuk (2010, p. 381) emphasizes the need for training specialists in economic security. In his opinion under modern conditions of activation of numerous threats to the needs of the national economy highly skilled security staff must be trained. Considering this the author developed a conceptual model of safety training specialists in Ukraine.

Social activities are an integral part of the overall set of measures involved to the functioning of countering threats to intellectual potential of Ukraine. The importance and necessity for such a complex of events are caused by the sphere of its usage. It is about the social sector that covers a fundamental guarantee of intellectual security of Ukraine and elements including the subjects and objects of security from the position on the development of intellectual potential. The complex of social activities is carried out by the relevant bodies and provides measures to enhance the level of the learning process in Ukraine's higher educational establishments, educational services, organization of scientific work, conduction of cultural religious activities with research and teaching staff, students, management of universities and research institutions. Facilities of security being under constant pressure of destabilizing factors also need social protection, meaning that representatives of media intelligence should receive adequate remuneration for their creative work. Thus, measures may include social security allowances, bonuses for special working conditions, additional bonuses, etc.

The implementation of state policy of the development and usage of intellectual potential of Ukraine is a continuous dynamic process of achieving set goals with the help of a multifunctional mechanism of counteraction depending on the tasks and situation.

Thus, the function of support of the development and reproduction is active if there is the positive dynamics of the indexes of intellectual security (growth for figures-stimulants and reduction for figures-non-stimulants). In our opinion, this function is aimed at taking concrete actions to gradually enrich the intellectual potential, saving products of mental labor, active protection of intellectual property rights, strengthening of intellectual security, forecasting and rapid response to the appearance of potential threats. Besides, the function is associated with the process of development of strategic plans, different developmental programs and carrying out the strategies and is revealed through their phased implementation.

The function of preventive (prophylactic) protection is seen through a complex of prophylactic measures in order to prevent and debar threats as a result of excessive activation of destructive factors in the intellectual sphere of national economy. Carrying out of functions of preventive measures requires fulfilling of urgent preventive measures by government bodies, local self-management and individual subjects. In our opinion effective preventive measures include the following: security measures which mean protection of all objects of intellectual security from the effects of destabilizing factors; regulatory measures are designed to ensure the behaviour of subjects of security, which would meet the requirements set in special regulations (codes); registering measures which are focused on identifying potential sources of threats, their classification, structuring, description, analysis

and so on; information measures mean systematic informing of the subjects of management on the real situation in the intellectual sphere; prognostic measures are aimed at developing priority directions of counteracting potential and real threats.

The function of active protection is particularly important in cases when a specific threat or the set of threats begin to act i.e. to mean a devastating blow to a particular object of security. Irreversible destructive actions in certain sectors of intellectual activity under these conditions begin to activate and the most dangerous social and economic processes become to develop. This means that such a situation requires decisive actions taken by the entities responsible for security in the intellectual sphere of the national economy. Activities related to the adoption of additional measures to prevent further degradation of domestic science, destruction of the intellectual potential, carrying out of fast and adequate reforms in the education sector, increased innovation processes, establishing closer cooperation between educational institutions, research institutions and high-tech industries serve as an example of implementation of active protection functions. The current situation can be kept for some time within the accepted limits and catastrophic damage can be avoided under the condition of the rapid response of the state to such destructive actions in this area. In cases when the management solutions taken by security subjects were late or ineffective, the overall situation goes out of control and develops according to a negative scenario.

Replacement function deals with compensatory measures related to the reimbursement of the caused damages. The implementation of this function is only possible through the establishment of reserve funds or the necessary funds by the state or local budgets. These renewable-stabilization funds should also be established at the level of individual business entities participating in scientific, research or innovation activities. It should be emphasized that it is difficult to estimate the amount of the damage as the consequences of the implementation of specific threats can be short-termed and long-termed. For example, if the government spends a lot of money on training specialists in software, information technology, and after graduation most of these highly qualified professionals work for foreign orders or moves abroad, the consequences of implementing such threats as intellectual migration are measured by significant amounts. According to the Commission on Education of the Council of Europe, the loss of every scientist is estimated at \$ 300.000 and Russia annually loses about \$ 50 billion as a result of the "brain drain" (Petrachenko, 2007, p. 52-55). So we can say that such losses mean for the state not only economic issues, but they contain hidden demographic and social catastrophe, the consequences of which will have to be dealt with for decades.

Besides concrete actions aimed at covering expenses as a result of the implementation of specific threats, remedial measures of long-term nature should mean adding a separate article of expenses into the budget that would guarantee annual funding (or compensation) of losses from realization of threats to intellectual potential of Ukraine. We are confident that in such a case the devastating effects of inefficient usage of intellectual potential or protracted crisis of national science will not have a crushing blow to the educational and scientific sectors of the national economy.

Conclusion

System steps aimed at overcoming the degradation and destruction of the state's intellectual potential include the development of effective mechanisms for countering threats based on the grounding the conceptual foundations of the state policy of development and use of intellectual potential and ensuring the economic security of the state. In order to implement such a policy, a dynamically changing structural and functional complex of legal, informational, analytical and forecasting, organizational and managerial, social means, aimed at preventing potential and eliminating real threats to the intellectual development of Ukraine is proposed.

According to the internal structure, this mechanism consists of methods, levers, tools and a complete set of provision (legal, regulatory, information, personnel, financial). Depending on the type of origin or threat of occurrence, the mechanism of countering the threats to intellectual security of Ukraine fulfils certain functions, in particular, the function of support for development and self-reproduction, the function of preventive protection, active protection function, restorative function.

Thus, state policy of counteracting threats to intellectual potential of Ukraine is some purposeful activity of state bodies, formed and implemented by state institutions and aimed at minimizing and / or counteracting the threats to intellectual potential.

Reference

- Malitskiy, B. A. (2011). Strategiya innovatsionnogo razvitiya Ukrainyi: ot razrabotki k realnoy praktike. – *Nauka ta naukoznavstvo*, N 2, p. 6-21.
- Naukova ta innovatsiina diialnist v Ukraini u 2016 rotsi. Statystychnyi zbirnyk / Vidpovid. za vypusk O.O. Karmazina. – K.: Derzhavna sluzhba statystyky Ukrainy, 2017. – 140 s.
- Petrachenko, S. (2007). Problema «utechki umov» iz Rossiii v kontekste intellektualnoi bezopasnosti strany. – *Vlast*, N 9, p. 52-55.
- Pro osnovy natsionalnoi bezpeky Ukrainy : Zakon Ukrainy vid 19.06.2003 # 964-IV [Elektronnyy resurs]. – Rezhym dostupu : <http://zakon4.rada.gov.ua/laws/show/964-15>.
- Stratehiia natsionalnoi bezpeky Ukrainy: Ukaz Prezydenta Ukrainy vid 26.05.2015 # 287/2015 [Elektronnyy resurs]. – Rezhym dostupu: <http://zakon2.rada.gov.ua/laws/show/287/2015>.
- Franchuk, V. I. (2010). Osoblyvosti orhanizatsiii systemy ekonomichnoi bezpeky vitchyznianskykh aktsionernykh tovarystv v umovakh transformatsiinoi ekonomiky. Monohrafiia. Lviv: Lvivskyy derzhavnyy universytet vnutrishnikh sprav, 440 p.

SUMMARIES

*Andrey Nonchev
Marieta Hristova*

SEGMENTATION OF RETURNING MIGRANTS

The article deals with the segmentation of returning migrants in Bulgaria. It conceptualizes the complexity of remigration and its trajectories, causes, forms and consequences. Emphasis is placed on the variability, heterogeneity and fluidity of migration processes. Return is analyzed in the overall context of mobility as its moment or final stage. Priority is given to the subjective meaning and individual interpretations of migrants about the causes and results of their mobility. Structural factors are analyzed through the prism of their individual perception transforming them into prerequisites and motives of migratory behavior. Comparisons were made between the motives for departure and return as components of the overall migration movement. Diverse economic and non-economic motives for return are identified. Migration spatial and temporal trajectories of returning migrants, as well as their professional and educational segmentation, have been traced.

JEL: A14; F22; J61

Rafael Viruela

TO RETURN OR NOT TO RETURN: MIGRATION STRATEGIES OF BULGARIANS IN SPAIN IN THE LAST DECADE

This article analyses the geographic mobility of Bulgarian immigrants during the serious economic and labour crisis, by which has been gripped Spain for over a decade now. The information used was collected from different sources: the statistics, compiled by the National Statistical Institute and the Ministry of Employment of Spain and the testimony of the immigrants. The results indicate an increase of external emigration. The majority of those leaving Spain are heading for Bulgaria, others emigrate to other European countries and still others circulate between the country of origin and the destination relatively frequently. Nevertheless, despite the severity of the crisis, the majority remain in Spain for various reasons. Some opted for internal geographic mobility and were moving to other Spanish provinces in search of temporary employment.

JEL: F22; J61; O15

*Vesselin Mintchev
Venelin Boshnakov*

THE CHOICE OF BULGARIAN MIGRANTS – STAY OR LEAVE AGAIN?

This article reviews issues related to re-migration/return of Bulgarian migrants and its sustainability. Information is provided about the scale of re-migration to Bulgaria. An assessment is made of the possibilities of the local labour market to provide incentives for returning from abroad. Based on an empirical sociological survey conducted in 2017 (as part of the project “Return Migrants: Segmentation and Stratification of Economic Mobility” financed by the National Research Fund) categories of return migrants are differentiated based on their plans for the future – whether to stay or to leave Bulgaria again. The profile of the individual categories of return migrants is presented

summarizing their socio-demographic characteristics and prior migration experience. Applying a binary logistic regression the social and demographic factors as well as the factors based on migration experience, that induce the attitudes toward staying or moving again, are identified.
JEL: F22; O15

Irena Zareva

POLICIES FOR ENCOURAGING THE RETURN OF BULGARIAN MIGRANTS TO BULGARIA

This article deals with migration policies, intended to encourage and support the return of Bulgarian migrants. A review is made of international regulations in regard to external migration, which have an impact on the migration policy of Bulgaria. The findings of an analytical overview of Bulgaria's migration policy are presented, with the emphasis being placed on the return of Bulgarian migrants to the country. Good practices in this area are highlighted and the results of a representative opinion poll are presented of the attitudes of returning migrants towards the policy of the Bulgarian state for encouraging and supporting their return.
JEL: F22; F66; K37

*Maria Bakalova
Mihaela Misheva*

EXPLANATIONS OF ECONOMIC RATIONALITY CHALLENGED: CONTEMPORARY RETURN MIGRATION TO BULGARIA

The article addresses one of the most intriguing questions in current migration researches: what drives return migration? It seeks at a micro level to find out what motivates the return in terms of the individual perceptions and reflexions of migrants returning to Bulgaria. The initial hypothesis is that non-economic factors have been the leading ones that have prompted the Bulgarian citizens to return to their homeland over the last decade. The underlying assumption is that the return to Bulgaria is not a failure of individual migration, but should be regarded in terms of the concept of emotional reflexivity and can be examined within the theoretical paradigm of transnationalism. The hypothesis is tested against qualitative and quantitative data from a 2017 national survey and 100 in-depth interviews with Bulgarian returnees. The text is organized in several parts. Following the introduction, in the second part methodological aspects of the two surveys are presented. Next part presents different theoretical paradigms of return migration and distinguishes between economic and non-economic factors of return, and between rationality and emotionality of the motivation. The concept of emotional reflexivity is introduced as an explanatory frame for non-economic emotional motivation for return. In the third part is the analysis of the qualitative sociological data on the returnees' motivation, illustrated by quotations from the in-depth interviews. A comparison is made between qualitative and quantitative data on the motivation and reasons for return. The analysis confirms the initial hypothesis. We conclude that the „return“ of Bulgarian migrants to Bulgaria cannot be comprehended without taking into account the factors related to life cycle and the relationship with home and family, as well as motives related to migrants' emotional reflexivity. The prevailing non-economic emotional and reflective motives for return to Bulgaria carry important implications and opportunities with regard to the development of effective policies and initiatives to encourage and support return.
JEL: A14; F22; J61

Irena Zareva

RETURNING MIGRANTS – EFFECTS ON THE LABOUR MARKET IN BULGARIA

The article presents the results of the analysis of data from a representative opinion survey, related to the effects of external migration on the labour market in Bulgaria in two main aspects – the effects of departure and of returning of Bulgarian migrants. When examining the impact of the outbound flow of migrants the focus is on the age and education structure of the migrants, their employment status, professions and ways of finding employment abroad (placement). The study of the effects of the return of the migrants was conducted based on their work status, employment by economic activities and qualifications, and a comparison was made with the status prior to their departure and after their return to the country. The main barriers to the integration of the migrants into the Bulgarian labour market were identified.

JEL: F22; F66; J21; J24; J61

Mesagan, P. Ekundayo

Alimi, O. Yasiru

Adebiyi, K. Adekunle

POPULATION GROWTH, ENERGY USE, CRUDE OIL PRICE, AND THE NIGERIAN ECONOMY

This study examined the relationship between population growth, energy consumption and economic growth in Nigeria using the autoregressive distributed lag (ARDL) model for the period 1981 to 2015. In the study, the key role of population growth in the energy-growth link is emphasised. The result of the analysis revealed that Nigeria's population has witnessed a significant increase from 1981 up to the present period and that population growth and energy use have a positive effect on the real gross domestic product. The result showed clearly that population growth, energy consumption and oil price have positive and stable impacts on the real gross domestic product in Nigeria over the forecast period. The study, therefore, called for a reduction in electricity tariffs, improvement in government transfer spending and effective management of domestic price level to enhance the economic growth.

JEL: J10; J11; F43; O13; P48

Ralitza Pandurska

TRANSFERRING RESOURCES BETWEEN THE FIRST AND THE SECOND PILLAR IN THE CONTEXT OF DEVELOPMENT OF THE PENSION MODEL IN BULGARIA

The evolution of pension models is a continuous and long process since social issues acquire new dimensions and the social security systems should respond in a timely and adequate manner to these challenges. Changes in the pension model are an expression of the efforts to improve it but this needs to be a well-thought-out and consistent process since it is likely to give rise to mistrust on the part of insured persons. The results of any reform of the pension model are postponed in time making difficult the current assessment of the effectiveness of the changes that have been made.

The present study examines some of the more significant changes in the Social Security Code with emphasis on those concerning the possibility of transferring funds from a universal and professional

pension fund to the State Social Security System. The implications of this transfer for the Bulgarian social security model have been analysed and an attempt has been made to seek for more optimal alternatives for changes in the pension system contributing to the attainment of adequate retirement incomes, which is one of the fundamental principles enshrined in the European Pillar of Social Rights.

JEL: H55; H75; J32

Iryna Revak

Tetyana Yavorska

FORMATION OF STATE POLICY OF THE DEVELOPMENT AND USAGE OF INTELLECTUAL POTENTIAL OF UKRAINE

Conceptual basis of state policy of the development and usage of intellectual potential, corresponding to the principles of legality, systematization, rational expediency hierarchy, subsidiarity, coordination, efficiency, effectiveness, synergy, emergency is offered in the context of the National Security Strategy of Ukraine and activation of innovative processes based on rational use of available intellectual potential. Methodical approach to phased decision-making process to determine strategic and tactical objectives, selecting methods, means and forms of counteracting threats, developing a set of measures, recruitment of staff able to understand and fulfil tasks is presented in accordance with the certain content and sequence of stages of state policy of the development and use of intellectual potential. Dynamic structural and functional complex of legal, informational, analytical, organization of management, social measures which are aim-oriented to eliminate potential and real threats to the intellectual development of Ukraine is suggested in order to implement this policy.

JEL: J28; O15; O38