

## **YOUNG PEOPLE AT THE LABOUR MARKET AND THEIR SOCIAL PROTECTION**

This paper presents youth's situation at the labour market in Bulgaria and existing opportunities for transition to employment. The attention is focussed on increased vulnerability of youth employment in the current period of the crisis and the specific problems faced by young people. From this point of view, the author examines social protection of young people in the field of education and through active and passive policies at the labour market. Requirements for changes are reviewed in the context of the current problems of young people in Bulgaria in terms of labour and social realization, but also in accordance with the strategic documents of the European Commission and the Bulgarian government. Grounds are given for application of an integrated policies approach in favour of young people.

JEL: J21; J64; J68

Finding appropriate solutions of youth problems on the labour market is one of today's global challenges. Youth employment is of strategic importance in each country. This importance is particularly strongly evident in time of economic crises and intensifies in view of the aging population trends. This is quite valid for Bulgaria, which hardly overcomes the pressing economic and financial problems and shows the worst demographic trends compared to the other EC countries.

This is precisely in such periods, when the gaps in the operation of the systems called to ensure protection of young people against job loss and to facilitate their transition to employment and remaining in employment, are most manifested. Actions include lifelong learning, mediation at the labour market, professional qualification for adults, and subsidized employment. Our attention is devoted to changes in the structures of young people at the labour market; challenges related to the quality of youth' education and qualification; active involvement of mediators at the labour market and the efficiency of provided programmes and measures for young people. They are compared with the general trends in EC and Bulgaria before the beginning of the crisis of 2008 - 2010.<sup>1</sup>

### **Characteristics of the Positions of Youth at the Labour Market in Bulgaria**

#### *Employment Opportunities*

Young people aged between 15 and 24 years preserve relatively low employment coefficients compared to persons in working age (see Table 1). The coefficients change depending on the overall employment rate in the business cycle stages, but preserve a distance from it even in the period of employment increase (2000-2008). The main reason is that young people remain in the education system.

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<sup>1</sup> Further below, the mentioning of the crisis concerns this period, if other period is not explicitly mentioned.

Successful graduation from secondary school is the basis for further education. This is one of the basic prerequisites for development of a labour force, which is more adequate to the requirements of knowledge-based economy. In Bulgaria, as well as in the whole EC, successful graduation from higher education level is encouraged.

It is completely logical to expect that not all young people are willing to combine their study with a job. In addition, it should be taken into account that youth employment rate's lagging behind the average employment rate may be due also to problems related to labour transition of youth and other objective reasons such as family cares; or to some subjective arguments for postponing working start (support from parents, preparation for university exams, etc.).

Table 1

Employment coefficient (ECf) by age groups in Bulgaria\* (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. ECf/ 15 - 64	51.5	50.7	51.1	53.1	55.1	55.8	58.6	61.7	64.0	62.6	59.7
2. ECf/ 15 - 24	20.5	21.1	20.5	21.3	22.3	21.6	23.2	24.5	26.3	24.8	22.2
Incl.											
- ECf/ 15 - 19	5.8	4.8	4.9	4.1	3.6	4.8	5.3	5.1	5.7	5.2	3.5
- ECf/ 20 - 24	33.8	37.3	36.7	39.6	43.1	41.2	44.7	47.1	50.0	46.0	41.0
3. ECf/ 25 - 64	55.3	54.8	55.8	58.0	60.1	61.9	65.1	68.4	70.7	68.8	65.4

\*Here and further below the source of information is EUROSTAT, if other source is not explicitly mentioned.

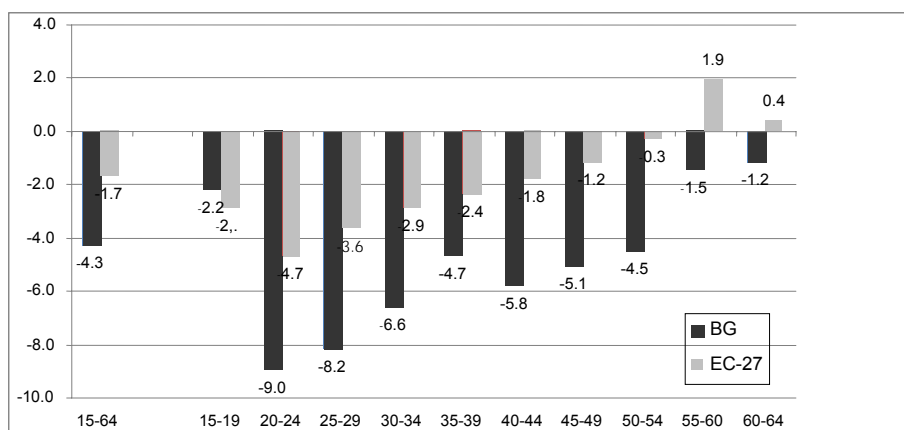
The group aged 15-19 years comprises mainly teenagers after they dropped out of the education system. As a rule, their transition to employment is the most difficult because of their insufficient education and lack of professional experience. This objectively low participation in employment reduces the overall employment coefficient of young people aged 15-24 years. The level of employment of young people aged 20-24 years is close to the total level of the population in working age (Table 1).

However, the strongly limited level of participation in employment of youngest people in Bulgaria markedly deviates from the respective total level for the countries in EC. Thus, in 2000, 2008 and 2010 their employment coefficient in Bulgaria is respectively 5.8, 5.7 and 3.5%, while in the EC, the coefficient is respectively 20.0, 19.0 and 16.1%. In 2010, only Hungary, Slovenia and Latvia registered lower coefficients compared to Bulgaria. With justification (empirical evidence), it may be stated that in Bulgaria there are some problems related to first job recruitment of young people with lower than secondary education level and who have just graduated from secondary education. The access to the labour market is most restricted for them compared to the access of older people.

Another challenge faced by young people consists in preservation of positions in employment. The comparison of fluctuations in the coefficients by age groups for the last two years shows that in Bulgaria most affected are young persons aged 20-29 years, mostly secondary or university level graduates (Figure 1). Once again, this problem is characteristic for the youth in the other EC countries, but not to such a large extent.

Figure 1

Variations of employment coefficients in 2010 compared to 2008, by age groups in Bulgaria and in EC-27



It may be summarized that a low stability in employment level is characteristic for Bulgaria and that the two extreme age groups of the working age population are most affected, particularly young persons aged 20-29 years in the beginning of their professional career. Moreover, the high vulnerability of persons over 45 years is in relation with this of youth. *Firstly*, older persons are more numerous at the labour market and require mobilization of higher amount of resources for subsidizing their employment and considerable re-grouping of political priorities in their favour. *Secondly*, difficulties or failures in their professional careers may be a strongly demotivating factor for young people and a serious motive for emigration. *Thirdly*, most of the problems that older people experience are inherited and multiplied from difficulties experienced by them in their youth. Therefore, in this case the issue is not to confront the interests of young and older people at the labour market, but to implement an integrated solution of the large scope of problems related to realization through work. Balanced distribution of responsibilities, including financial, between beneficiaries, employers and the government is also needed. However, actions in this direction should start with steps to solve the problems faced by young people, as the results of such actions will have a prevention effect in terms of job losses in their next life periods and will contribute to the overall prevention of labour market risks.

One of the modern aspects of employment models is the flexibility of labour relations, in most cases identified with flexibility of working time.<sup>2</sup> Atypical forms of

<sup>2</sup> Only one of the features of the employment flexibility and security concept is discussed here. The application of flexible forms of working time has been included in the concept from its very beginning in the 60s and 70s years of XX century and is still vital. However, the modern concept of flexibility incorporates a broader approach to flexibility as a method of restructuring employment in modern

employment may include part-time work and/or fixed-term labour contracts, working from home, work for the elaboration of a specific product, etc. The current practice in Bulgaria shows that flexible forms of employment are poorly recognized by both employers and jobseekers. Yet, at national level, young people demonstrate a higher level of participation in part-time employment, compared to the other age groups (Table 2). Still, this level is quite behind the respective level in the EC, where, in 2010, youth (aged 15-24 years) employment rate on part-time basis was over 30% in seven countries, and in nine other countries, the share of persons in this age group with temporary employment exceeded 40%. This is due to the broad practice of combining labour activities and education or family work in these countries.

Table 2

Relative share of employed on part-time contracts and similar contracts, by age groups

	2002	2003	2004	2005	2006	2007	2008	2009	2010
Relative share of employed on part-time contracts (%)									
15 – 64 years									
EC-27	15.7	16.1	16.7	17.3	17.5	17.6	17.6	18.1	18.5
Bulgaria	2.7	2.1	2.7	1.9	1.8	1.5	2.0	2.1	2.2
15 - 24 years									
EC-27	21.5	22.6	24.0	24.7	25.3	25.6	26.2	27.8	29.0
Bulgaria	4.0	3.9	4.1	3.0	2.9	2.9	3.3	3.9	5.0
Relative share of employed on fixed-term contracts (%)									
15 – 64 years									
EC-27	12.4	12.6	13.2	14.0	14.5	14.6	14.1	13.6	13.9
Bulgaria	6.0	6.3	8.0	6.3	6.1	5.1	4.9	4.6	4.4
15 - 24 years									
EC-27	35.8	36.4	37.7	40.2	41.0	41.3	40.2	40.5	42.2
Bulgaria	12.9	11.6	15.3	13.9	12.6	10.3	9.5	9.3	10.2

It is interesting to compare the shares of employed at part-time contracts in the EC and in Bulgaria. According to available data, the lowest age group subject to such comparison is the group of persons aged 15-39 years. Bulgaria is one of the countries with highest value of this indicator (Table 3). Besides, part-time work remains at the levels of the years before the crisis (except for Italy). It is important to mention this fact, because part-time contracts are one of the applied anti-crisis measures in all EC member states and its unpopularity is easy to explain.

In addition, it should be mentioned that in 2008 and 2010 in Bulgaria jobseekers in the age group 15-24 who preferred to work at full-time contract

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societies. For more details, see Flexibility and security on the labour market in Bulgaria, [www.mlsp.government.bg/bg/docs/Patekata\\_prieta\\_otMS.doc](http://www.mlsp.government.bg/bg/docs/Patekata_prieta_otMS.doc); Flexible employment and problems related to its regulation. Collection of materials from a scientific and practical conference, Plovdiv, 2003.

represented respectively 83.5% and 74.8% of the total number of jobseekers, while for EC-27 their shares were respectively 30.6% and 25.9%. The comparison clearly suggests that in Bulgaria young people view part-time employment mainly as an alternative imposed by the unfavourable economic conditions, instead of a preferred choice with importance in the transition to stable employment.

*Table 3*

Relative share of employed on part-time basis  
in the age group 15–34 years

	2006	2007	2008	2009	2010
EC-27	25.0	24.5	27.1	27.8	29.6
Bulgaria	59.5	56.9	37.1	50.5	52.9
Greece	51.6	51.5	51.2	56.3	62.3
Italy	43.1	44.1	46.3	52.0	56.2
Portugal	50.0	52.1	51.1	50.0	59.0
Romania	66.3	65.6	66.0	64.1	67.0

The risk position of youth at the labour market may be somewhat explained with their higher participation - compared to the other age groups - in industries characterized by seasonal employment and high level of shadow economy, such as hotels and restaurants, some types of services, construction and agriculture. In these industries also the percentage of employed at low or minimum wage is highest. However, if we assume that youth employment rate in the grey economy in Bulgaria is close to the rate of total employed in grey economy, then if it comes out eventually into the light, the officially reported youth employment rate may increase and become closer to the average rate in EC. More important than this formal result will be the cease of the vicious forms of organization of the work of young people in the grey economy, characterized by lack of social insurance, good working conditions and additional professional qualification.

Self-employment is a popular form of employment in Bulgaria, although it is practiced mostly by persons aged over 40 years.<sup>3</sup> In this field, valuable but unused potential for young people exists by organizing their own business and employment in micro-enterprises.

*Youth Unemployment*

High unemployment may have particularly heavy and unfavourable personal and social implications and may result in long-term deprivation and social isolation, sometimes continuing all life long. In relation to this, if preventive measures on preserving youth employment have an effect on the

<sup>3</sup> Data of Employment Agency.

overall employment (and economic activity) in the lifecycle, then reducing youth unemployment will be important in terms of alleviation of poverty and social exclusion.

Variations in dynamics and structures of youth unemployment are similar to those for the total unemployment, but also preserve some differences (Table 4). Common features concern the low chances of population of small settlements, low educated, low qualified and long-term unemployed to find work. Specific characteristics of youth unemployment that appear in the period of the crisis are higher unemployment among men in the age group 20-24 years and among women in the age group 25-29 years.

Table 4

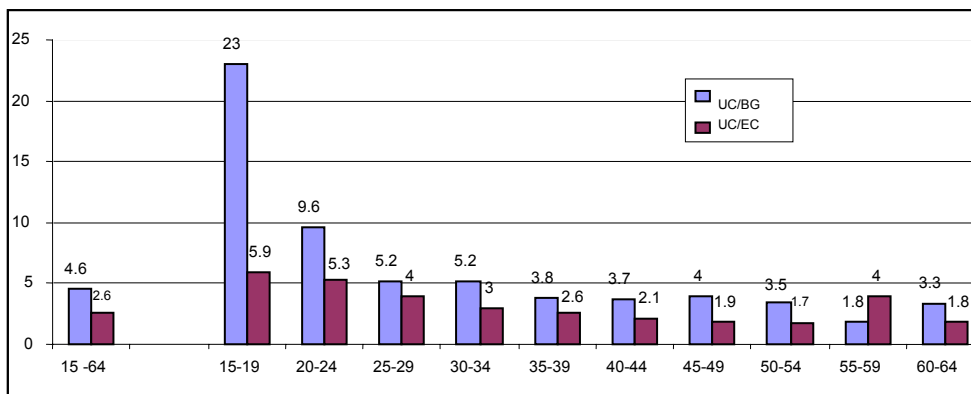
Unemployment coefficient (UCf) by age groups in Bulgaria

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. UCf/ 15 - 64	16.4	20.0	18.3	13.9	12.2	10.2	9.0	6.9	5.7	6.9	10.3
2. UCf/ 15 - 24	30.0	35.1	32.2	26.6	26.4	22.8	20.9	17.5	14.9	19.3	26.9
Incl.											
- UCf/ 15 -19	48.5	59.9	53.5	43.7	46.4	37.7	36.6	31.4	25.3	33.0	48.3
- UCf/ 20 - 24	30.1	34.9	32.0	24.7	21.4	19.6	16.3	12.5	10.8	13.5	19.8
3. UCf/ 20 - 64	14.4	17.7	16.3	12.6	10.9	9.0	8.0	6.2	5.0	6.0	9.2

Bulgarian youth have been the most heavily affected by unemployment in the years of the crisis compared to the other age groups (see Figure 2). In the last two years, persons aged 25-29 and 30-34 have fallen into a high-risk situation as well.

Figure 2

Variations in unemployment coefficient in 2010 compared to 2008, by age groups in Bulgaria and in EC (%)



Relative shares of long-term unemployed young persons have decreased within the scope of the overall positive trend toward unemployment decline in the period 2000–2008. After 2004, active measures with this strongly risk group have been applied, under the Programme on transition from social assistance to employment. Despite achieved results, Bulgaria still maintains a higher share of long-term unemployed in all age groups compared to the EC average indicators (Table 5).

Table 5

Coefficients of long-term unemployment (CfLTU) by age groups in Bulgaria and in EC-27

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. CfLTU*/ 15 - 64											
- Bulgaria	58.7	63.0	65.4	66.9	57.4	59.8	55.7	58.9	51.6	43.1	46.4
- EC 27	45.4	44.0	40.1	41.3	41.0	45.5	45.3	42.7	37.0	33.1	39.9
2. CfLTU*/ 15 - 24											
- Bulgaria	52.1	51.0	54.7	54.4	46.7	48.8	41.4	41.7	39.0	32.1	41.8
- EC-27	34.0	34.0	33.5	33.1	31.0	30.8	29.8	26.1	22.8	23.1	28.4

\*CfLTU has been calculated as a correlation between long-term unemployed (over 12 months) and total unemployed in the respective age group.

In 2009, the number of newly registered unemployed persons sharply increased due to the economic crisis, resulting in a reduction of the coefficient of long-term unemployment. Similar effect was observed in other EC member states. However, in 2010 the burden of job losses increased and accumulated. Long-term unemployed young persons in Bulgaria almost reached half of the total number of unemployed in this age group. Higher rate was registered only in Slovakia – 54.7%, Italy – 44.4% and Ireland – 41.3%. Once again, the conclusion is that expedient assistance is needed for finding appropriate jobs for persons aged up to 24 years, particularly for those who discontinue their education.

#### *Economic Activity of Youth*

Sharp increase of unemployment among young people and their insecure employment position and limited opportunities for access to employment are the key reasons for the worsening indicators of youth's economic activity in Bulgaria. For the last two years, it has decreased from 30.1% in 2008 to 28.9% in 2010, while in EC the respective numbers are 44.4 and 43.1%. Traditionally, highest youth activity is registered in Netherlands, Denmark, Island, Switzerland and Germany – countries, which apply a dual system of professional training. As well known, this system allows time distribution between general education, professional qualification and work in real conditions. In Bulgaria, youth's economic activity is among the lowest in EC; only Italy, Luxemburg and Hungary register worse rates.

As mentioned above, it is of significant importance to ensure employment and, respectively, economic activity to young people, but not at the price of leaving

education or training systems. Therefore, as stipulated in the Europe 2020 Strategy, a very important feature of youth potential for development is to reduce the share of young people not in employment, education or training (Table 6). The level of this indicator is the highest in Bulgaria compared to all the other EC countries. Most alarming are the low overall activity of young graduates from secondary or higher education and the lowest level of participation in lifelong learning. It may be assumed that unemployment scale, low capacity of vocational training and unpopular forms of informal training contribute to unfavourable values of the analyzed coefficient in Bulgaria.

Table 6

Coefficient of young people aged 15– 24 not in employment, education or professional qualification course

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Overall coefficient of young people aged 15-24 *										
Bulgaria	30.4	28.1	29.0	26.4	25.1	22.2	19.1	17.4	19.5	21.8
EC-27	12.1	12.2	12.3	12.1	12.1	11.3	10.6	10.7	12.2	12.4
Coefficient of youth with secondary and higher education level (ISCED (3 - 6). ISCED 1997*)										
Bulgaria	15.6	13.7	13.4	11.8	10.8	10.3	9.5	8.0	9.4	12.4
EC-27	6.0	6.1	6.2	6.3	6.1	5.6	5.2	5.1	6.1	6.3

\* According to the methodology applied by Eurostat, the coefficient has been calculated as a correlation between the number of young graduates to the total number of young persons in the same age group who are not in employment, education or training.

The answers to the questions why young people afford to postpone working and studying, who cares after them in these periods, to what extent the grey economy distorts the characteristics of their labour realization, how strong are the incentives for migration with employment purpose, etc., deserve special attention and investigation. However, surveyed structures of young people at the labour market suggest that they have a limited access to employment and unstable position in employment. It is unconditionally proven that in the years of the crisis, employers have dismissed most easily and quickly young workers. Obviously, for them the gained practical experience in combination with high education level is of primary importance. In relation to this, an increasing attention is given to quality of preparation of new workers, expansion of opportunities for preliminary gain of experience through apprenticeship or work under atypical forms of employment, combined with education, training or child raising, but also to a definite opposition to all forms of hidden (unaccounted) youth employment in the grey economy.

### **Strategic Directions for Youth Development and Amendments in National Legislation**

One of the postulates in the documents of the European Commission and other EC institutions stipulates that Community future prosperity depend on its



young people. In 2010, the number of persons aged 15-30 years is over 100 millions and represents around a fifth of member states' total population. Another postulate, once again concerning youth, is that despite large opportunities offered to them, young people still face serious challenges in education and professional qualification systems and in finding their first job. Evidence from regular statistics in 2008, 2009 and 2010 and specialized publications on the theme<sup>4</sup> suggests that in order to increase participation of young people in employment and quality of their integration. Other issues that need special attention include youth long-term unemployment, transition into the group of discouraged, impoverishment, provision of inappropriate or insufficient professional qualification, inconsistency of qualification with employers' demand of labour force, increasing challenges in the transition to employment after graduation due to hiring barriers. These are well-known and typical difficulties for young people, observed in EC under specific combinations of their weight, depending on national specifics.

Acknowledging problems related to youth unemployment at high political level and engaging with them through inclusion in the Europe 2020 Strategy is an important step towards overcoming social exclusion in unified Europe. The Strategy does not set specific targets for the level of youth employment. The EU headline target is of bringing an employment rate from 69% to 75% by 2020 for people aged 20-64 years. The target will not be achieved without ensuring employment for young people. This necessity has become even more pressing in the years of the crisis, which has driven youth out of employment and, to some extent, of the labour market. Therefore, in 2009 a specialized research on youth economic activity in EC member states has been carried out.<sup>5</sup> Based on the results of this research and of other studies, priority actions have been formulated for working with youth in the next ten years. They have been incorporated in the framework programme "Youth on the Move" of the EC for the period 2010-2020. The leading initiative aims to respond to the challenges young people face and to help them succeed in the knowledge economy.<sup>6</sup> The initiative will receive financial support from the respective EC programmes in the field of education, youth, training mobility, as well as from the structural funds.

The main lines of actions of the initiative include: *first*, develop key competences and achieve quality learning outcomes, in correspondence with the labour market needs within the framework of the lifelong learning system; *second*,

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<sup>4</sup> Youth in Europe. A Statistical Portrait. Eurostat, 2009; Five million young people unemployed in the EU-27 in the first quarter 2009. Eurostat, 07.2010; *Goll, M.* Ageing in the European Union: where exactly? - Statistics in Focus. Eurostat, Issue N 26, 2010.

<sup>5</sup> Recent developments in the EU-27 labour market for young people aged 15-29 (A statistical overview prepared by DG EMPL as a background document for the Youth on the Move). Communication EUROPEAN COMMISSION DG EMPL Directorate D: Employment, Lisbon Strategy, International Affairs Unit D-1: Employment Analysis; European Employment Observatory Review: Youth employment measures, 2010, <http://www.eu-employment-observatory.net/resources/reviews/EEORReview-YEM2010.pdf>.

<sup>6</sup> [http://ec.europa.eu/education/yom/com\\_bg.pdf](http://ec.europa.eu/education/yom/com_bg.pdf)

raise the percentage of young people participating in higher and equivalent education to improve competitiveness in the knowledge-based economy and foster innovations; *third*, support learning mobility; *fourth*, urgently improve employment situation of young people, reduce youth unemployment by facilitating the transition from school to work and reducing labour market segmentation.

The Initiative requires clear and honest commitment of member states to guarantee that more students will have the opportunity to continue their education in universities and that higher education will improve its quality and attractiveness. In addition, until 2020, all young Europeans should be able to study abroad for a certain period. An important line of actions will be to reduce the number of early school leavers by providing more opportunities to continue their education. Actions reducing youth unemployment, encouraging in-the-job learning, apprenticeship and training on entrepreneurship are incorporated in the initiative.

The two discussed strategic documents frame the leading directions and structural priorities of the National Youth Strategy of Bulgaria (2010-2020).<sup>7</sup> The Strategy is definitely a starting point of essential combined actions and may generate long-awaited positive changes. Its main goal is encouragement of economic activity and career development of young people by establishing a supportive learning and labour market environment. The major groups of actions to achieve the goal include opening new jobs, stimulating career development; improve the quality of secondary and higher education and its consistency with labour force demand. The Strategy also aims at expanding the access to information and quality services, preventing social exclusion, promoting healthy living and sport activities, encouraging volunteer work and youth participation in civil society.

The Strategy is the second strategic document for young people. The first one was the Strategy for national youth policy (2003-2007). Unfortunately, it has not succeeded to achieve significant results. The lessons learned from the application of inappropriate approaches in its implementation, poor coordination among stakeholders and particularly among ministries and other public institutions, and the shortage of financial resources for its implementation should be kept in mind in order to avoid similar mistakes in the implementation of the new strategy.

The New Reforms Programme (NRP, 2011-2015) also considers youth activity. The Programme is a new quality document in conformity with Europe 2020 Strategy. The Programme envisages 7% youth unemployment (for young people aged 20-29 years), 76% employment for the population between 20 and 64 years and 53% employment for persons aged 55-64 by 2020. Despite the high level of comprehension, the Programme poorly covers issues related young Roma population, reduction and solution of the problems of young men at the labour market, stimulation of employers to hire young people and to behave with social responsibility.

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<sup>7</sup> The strategy was adopted through a decision of the Council of Ministers (09.10.2010), [www.minedu.government.bg/.../10-10-08\\_strategy\\_mladezh.html](http://www.minedu.government.bg/.../10-10-08_strategy_mladezh.html)

It is envisaged that the improvement of the quality of higher education will play a key role for achieving 36% higher education level for persons aged 30-34 years. Meantime, young people in Bulgaria need to apply their knowledge in employment that will ensure to them good (close to average) standard of living. Measures should be undertaken now, in order to partly withstand migration inclination of young people and respond to youth's usually high expectations at the start of their self-dependent life.

Achieving the strategic objectives in the field of social and economic realization of youth requires legislative changes. Therefore, a new law on school education is being drafted. It introduces policies on intensification of education, improvement of its quality and ensuring equal access to education on key competences. New provisions are laid down aiming reduction of early school leaving in the elementary grades (I – IV grade) by introducing an obligatory coverage of children aged 5-7 years in pre-school classes. With the same purpose to reduce early school leaving from primary education, the draft law substitutes the graduation of primary education from current VIII grade to VII grade. Higher responsibilities of parents and pupils in case of unexcused and prolonged absence from school classes are also provided for.

The Bulgarian legislation still does not regulate an employment voucher system. This practice may be particularly useful as for youth workforce, which is usually more mobile. In addition, through provision of vouchers jobseekers will be able to exercise a free choice to whom to pay for provided employment mediation – either state or private labour offices that would improve the quality of provided services in a competition environment. Thus, other conditions being equal, it is expected that the monopoly of the public sector will be limited and the dynamics of transition to labour would be placed on a larger basis. All this gives grounds to assume that such practice will be preferred by young people and this would be an argument for its introduction.

### **Stimulating Quality in Education**

Measures to improve the quality of the education system include external evaluation of pupils' knowledge and training of teachers and school directors. In addition, a programme has been implemented for renovation of schools and supply of ITC equipment, co-financed by municipalities. For the first time, the national programme "With care for every student" provides a module for additional services and preparation of talented students for participation in school olympics.<sup>8</sup> In the period 2008–2010, training programmes for various professions have been updated. In 2008, a strategy on lifelong learning has been adopted.

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<sup>8</sup> The second module is for additional education of students from V, VI and VII grades, who have shown poor results at the external evaluation – a measure that also will contribute to better quality of the education.

As household poverty is the main reason for school leaving, in-kind incentives continue to be provided - distribution of textbooks, breakfasts for children in elementary grades, specific help to children from poor families at the beginning of the school year, provision of school transportation, optimization of the network of schools.

After 2008, projects have been financed from Operational Programme "Human Resources Development" (OP HRD) dealing with issues such as integrating children and students from ethnic minorities in the education system; helping children and students with specific education needs; promoting school attractiveness among young people. A scheme has been opened for projects on improving the organization of school practices and their implementation in real working environment. At the first stage of implementation of the scheme (2008 – 2009), 90% of allocated funds have been absorbed. The high interest provoked its prolongation until the end of 2011. A portion of the funds allocated for the second phase was spent in 2010 for organization of professional orientation in the secondary education system. The intention is 87% of students in the grades 2A, 2C, 3A and 3C of ISCED to be covered by professional orientation activities by the end of 2012.

The accreditation of universities and professions is underway in Bulgaria. However, a new methodology has not been developed for changing universities' financing in order to stimulate their restructuring and quality results.

The weak connection between teaching and scientific research represent an alarming problem. Only few of the large universities have established career guidance centres for professional orientation and this fact is considered a weakness in terms of future realization of university students.

A serious challenge before the higher education system in Bulgaria is to ensure mobility of students through transfer of examination credits. The regulation of this issue started. It is necessary to ensure compliance with European transfer of credits system, European qualification framework and Europass. Then the system will stimulate high (but also uniform) parameters of qualification levels according to the requirements of the European education space and in the work recruitment process. This is a forthcoming task.

After finalization of a pilot project of the Ministry of Education, Youth and Science (MEYS), a methodology has been developed for validation of informally gained knowledge and legislative amendments have been drafted. The project concerned three popular professions. For the moment, the interest is weak and the work related to the real introduction of the initiative has been postponed in practice, due to the economic crisis. In other European countries where validation is more popular, it is seen as an opportunity to increase theoretical knowledge and legalization of professional qualification. Validation is also a tool for part of youth employment to come out into light and may provide a second chance to persons who would like to increase their education and qualification.

With a great delay, in 2010 credits for students were introduced for the period of their education.<sup>9</sup> This is a useful step, particularly in the conditions of the current crisis, and it may facilitate the access of young people to higher education, as already proven in the practice of other countries. In relation to the issue of returning received credits, a quick transition to work is needed, which, once again, demonstrates the importance of youth employment and its quality.

Enumeration of implemented positive changes supporting the reform in the education system is useful only if combined with an evaluation of their effects. Unfortunately, only some of the applied measures have been subject to such analysis. Despite external evaluation of students' knowledge, it turns out that the results from regular international evaluations differ. They are quite embarrassing, having in mind the registered degradation of Bulgaria's positions in world rankings in terms of indicators such as literacy of secondary education students and of the total population.

Monitoring of the quality of teachers' professional qualification is poorly developed. The lack of regular monitoring is a reason for sporadic work in the organization of training courses and other measures for improvement. Feedback from the evaluation should be returned to universities that prepare the cadre and should lead to updates in the training programmes. At present, the periodic attestation of teachers has other purposes, although it compensates partially the lack of monitoring. However, monitoring is strongly needed to ensure correspondence between teachers' professional qualification and current requirements to them.

## **Labour Market Policies and Other Measures Regarding Youth Employment**

### *Active Policies*

In 2009, young people represented 18.2% of registered unemployed covered by programmes and measures at the labour market. Their share declined with 4.4% compared to 2008, although this group has been most severely affected by the crisis. Simultaneously, participation of persons aged over 50 years in active policies has increased from 29.9% in 2008 to 33.4%. In 2010, youth share equalled older persons share and represented respectively 22.9 and 23.6%. It is important to mention that in 2010 a successful distribution of the two groups in the active policies' instruments that correspond to their needs has been achieved. Older persons who have to transit from work to retirement represent the core share of participants in subsidized employment. However, some two third of young people are covered by schemes of OP HRD which provide opportunities for education and professional development.<sup>10</sup>

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<sup>9</sup> Since 1998 the need of such crediting has been repeatedly debated and substantiated.

<sup>10</sup> Year-Book 2010. Publication of Employment Agency, pp. 47 - 48.

Young people favour a preferential access to programmes and measures at the labour market, as stipulated in the Employment Promotion Act and the documents on implementation of employment programmes (with a few exceptions). In addition, special activities have been designed for young people. After 2008, such activities include subsidized youth employment, programmes for recruitment in the public administration<sup>11</sup> of young people with specialized secondary and university education; professional qualification and/or key competence training of school leavers or young persons without profession and work experience; granting subsidies for practice or apprenticeship for a 12 months period.

Regulation of apprenticeship programmes sets requirements for a high level of professionalism of the coach, an upper threshold of the number of trainees per coach, and remuneration of the coach. The purpose is to avoid the formal approach and to stimulate coaching commitment in order to achieve highest quality of the preparation of young people.

Recently, the long-expected professional orientation of jobseekers has been implemented in Bulgaria. It is expected to play a positive role mainly for young people, particularly for the low educated and low qualified among them.

The Employment Agency stimulates entrepreneurship by combining access to preferential credits with provision of advising services in the first year after the start of a business. Having in mind youth' insufficient experience and knowledge, it would be useful to provide for a longer advising period.

The Initiative "New Start" is of essential importance for the transition to work. Within its framework, individual employment plans are developed with the help of officials from the labour offices. For young people up to 29 years, such plans shall be developed within four months after the registration in a labour office, while for the other age groups of unemployed the required period is 12 months. In 2010, a new start at the labour market was proposed to 39.4% of all registered unemployed young persons aged up to 29 years, while in 2009 and 2008 the respective percentages were 46.6% and 65.8%. Despite the slight increase in number of persons covered by the initiative from 23.9 thousand in 2009 to 25.0 thousand in 2010, the share is decreasing. In this field, it is necessary to expand the work of labour offices, especially if taking into account the high youth unemployment in the last two years.

Nevertheless, implemented specialized programmes and measures should be seen as a positive direction of applied labour market policies in Bulgaria. According to one of the broadly spread definitions on their scope, they should include a range of specialized action.<sup>12</sup> However, this is not an

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<sup>11</sup> In 2008, the programme was amended allowing for participation of specialists with secondary education.

<sup>12</sup> This definition is given by the Organization for Economic Cooperation and Development. According to it, actions at the labour market should include provision of employment services, professional qualification, specific programmes and measures for young people and for people with reduced workability (see Education at a glance, Paris: OECD, 2007).

obligatory requirement – for example, in Czech Republic, Estonia, Lithuania, Latvia, Slovenia, former Yugoslavian Republic Macedonia and Norway, such actions for youth are not applied.<sup>13</sup> The key question for Bulgaria is whether applied initiatives correspond to the demand, and what their efficiency is.

In 2010, the results of the net evaluation of public employment services were published.<sup>14</sup> They show that provided services have a general positive impact on the chances of risk groups at the labour market to find work, but more prominent is the effect on young people (and women). The use of whatever mediation service at the labour market has increased the chance to find work of 13.7% of registered young unemployed. Provision of information and announcement of job vacancies were evaluated as the most valuable, while advises to change profession or professional development and inclusion in qualification or re-qualification courses were ranked as least useful. Obviously, information on job vacancies provided through e-labour exchange, access to EURES network and other information sources published on the website of the Employment Agency are essential for young people and such initiatives should expand in favour of labour mobility.

The net evaluation is combined with recommendations, some of which concern measures on youth. They include need of youth activation by developing individual employment plans; provision of updated information on number and quality of vacant jobs through various sources; and combining employment services with social and health policies to achieve positive social effects.

In the field of active policies, the funds from European structural funds, and particularly the European Social Fund (ESF) under OP HRD compensate partly the shortage of financing in the current crisis conditions and diversify the alternatives for finding work. Specific schemes are also financed from these funds to improve workability of unemployed youth through training on information and communication technologies and intensive foreign languages courses. In 2010, a new scheme has been open on youth apprenticeship under the guidance of coaches.<sup>15</sup> In addition, an application procedure has been initiated to recruit secondary and university graduates in the labour offices. The programme assisting the combination of raising a child and work continues to be successfully implemented, by ensuring subsidized employment for up to three years of the child. All the other anti-crisis programmes financed from the ESF, which provide vouchers and stipends for training of employed and

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<sup>13</sup> See European Employment Observatory Review: Youth Measures, 2010 Executive Summary, p. 26.

<sup>14</sup> See *Kotseva, M., A. Tsvetkov*. Key results of the evaluation of the net effect of mediation employment services. MLSP, 2010.

<sup>15</sup> Scheme “New start – from education to employment” under a direct contracting procedure, granting financial assistance for youth employment through labour practice (2010–2013). The scheme supplements existing measures on apprenticeship of young people, pursuant to Employment Promotion Act.

unemployed include special provisions for giving priority to young people. As mentioned above, this requirement has been observed in 2010.

Absorption of funds from the ESF for youth initiatives suffers the same deficiencies as absorption of structural funds in Bulgaria in general. The absorption level is low and the results are quite insignificant.<sup>16</sup> Evidence from studies suggests that reasons consist in heavy bureaucratic application procedures, low administrative capacity and insufficient awareness on the advantages of the schemes. Another important reason for the delay of Bulgaria in the absorption process is the high centralization of allocation of the ESF resources, mainly through the MLSP and the MEYS. Delegation of funds to associations of NGOs, to the National Association of the Municipalities in Bulgaria and/or to other similar organizations may play a pushing role for expanding the work with young people.

Resources from the ESF should be allocated more actively for measures for young Roma population in the fields of education and labour market. According to the Employment Plan 2011, only one procedure has been approved for helping integration of Roma population. The open procedure on delivery of literacy courses for adults has not started yet due to delay in the MEYS. It is expected that young Roma will be interested in these courses. They are also a suitable group for acquainting key competences.

#### *Youth Access to Social Insurance and Social Assistance*

Finding a balance between active and passive policies represents an important feature of improving the efficiency of actions at the labour market. This is a general task and each member state decides on it based on its own criteria and models of social insurance and assistance. In Bulgaria, the overall objective is to activate jobseekers. Unemployment benefit is kept as a relatively low share of received labour remuneration. As stipulated in the Social Insurance Code<sup>17</sup>, unemployment benefit is entitled to persons who have paid contributions into Unemployment Fund for at least nine of the 15 months preceding the cease of insurance. Young people can hardly meet this requirement. Therefore, an option should be regulated to help their transition to labour that should be different from the standard scheme on social assistance for poor persons.

A similar situation is observed in other European countries – Spain, Latvia, Hungary, Slovenia, Croatia, Norway and Turkey, where young persons

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<sup>16</sup> Until 1 February 2010, Bulgaria has absorbed 12.62% of the allocated for the country 1.19 billion EUR from the ESF. The results are quite modest as for the projects in the social sphere, for projects on employment and integration of disadvantaged persons – 3.62% (according to data from the Ministry of Finance and the European Commission).

<sup>17</sup> State Gazette, issue 110/17.12.1999, entry into force 01.01.2000. Last amendment State Gazette, issue 100/21.12.2010, entry into force 01.01.2011.



also do not receive unemployment benefits. The general recommendation of the EC is to pay attention to the difficult situation of newcomers at the labour market and to guarantee security to their incomes on the condition that they are active jobseekers or that they continue their education.<sup>18</sup>

For Bulgaria it may be recommended to restore to some extent the former practice that existed until 1998, namely to pay social benefits to young people for the first four months after their registration in a labour office. This seems an acceptable period, because in this period individual employment plans are to be elaborated.

Possible solutions may be found in the practice and experience of other countries. For example, in Austria, persons aged below 25 years are entitled to unemployment benefit if they have 26 weeks of work experience – in the general case the requirement is one-year length of service. In Ireland, young people also receive unemployment benefits, although significantly reduced in 2009. An interesting example of application of a differentiated approach is Finland. Persons aged up to 17 years may be assisted if they are registered in activation programmes or measures at the labour market, and persons aged 18-24 years – only if they prove that they have applied for inclusion in a professional qualification course and have not refused to participate in such courses. Jobseekers aged above 25 years shall continue to receive unemployment benefit for a maximum of two years and under the condition that after reaching this age, they continue to study.<sup>19</sup>

Obviously, social assistance of active young people at the labour market is important in the period of transition to work and can be stimulated in an appropriate way. If the current practice persists in Bulgaria, then other methods of protection of youth's incomes should be sought, particularly of persons who have a family. This is a highly urgent need in the current years of economic crisis and high inclination toward emigration among youth and it is expected to improve their social security. However, its implementation will burden public finances and impose changes in some proportions of redistribution in favour of youth.

#### *Contribution of Social Partners*

The overall improvement of labour market policies is a result also of the contribution of participants in the social dialogue. The active social dialogue is a key anti-crisis measure and this proves its importance. However, within its framework, a higher attention should be paid to youth unemployment and specifically to prevention from employment in the grey sector. Other issues that deserve greater attention and need clear and coordinated positions of social partners include mechanisms for determination of minimum labour remuneration in

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<sup>18</sup> See: European Employment Observatory Review: Youth Measures..., p. 33.

<sup>19</sup> European Employment Observatory Review: Youth Measures..., p. 35.

case of first employment and its protection and bargaining differentiated wages of newly employed young persons. One option is to include the organization of professional qualification of employees in the collective labour agreements and incorporate explicit arrangements for stimulating youth participation. Another broad future topical area of the social dialogue concerns the corporate social responsibility, particularly in terms of youth employment preservation and faster professional career.

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Youth face both general and significant specific employment challenges at the labour market. These are exactly the specifics that are playing a more important role in finding appropriate and efficient solutions.

A particularly serious problem is youth's low social and economic activity. Positive changes involve a large integrated care that should be based on well-coordinated policies in the social sphere and high degree of integration between education and labour market. Although positive changes occur, they still produce modest results. The interest is oriented mainly toward short-term effects and reduction of unemployment. Prevention of long-term unemployment and work in the grey sector is still insufficiently developed and this decreases the chances for realization and increases personal dissatisfaction.

Useful strategic documents have been developed for youth development and its labour realization, which illustrate well-gained potential in preparation of plans and programmes. The experience until now shows that difficulties occur in the process of implementation of projected measures, monitoring of results, control over the enforcement of responsibilities and imposition of sanctions in case of law breaking. The necessity is obvious of improving the overall organization of work with young people in Bulgaria.

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