



Munich Personal RePEc Archive

# **Flexicurity in Labour Contract and Work-Time Arrangements in Bulgaria and Risk Segments**

Beleva, Iskra

Ministry of Labour and Social Policy of Bulgaria

15 June 2010

Online at <https://mpra.ub.uni-muenchen.de/28709/>

MPRA Paper No. 28709, posted 14 Feb 2011 01:09 UTC

**Flexicurity in labour contract and work-time arrangements in Bulgaria and  
risk segments**

Iskra Beleva, Senior Research Associate, PhD  
Economic Research Institute, Bulgarian Academy of Sciences

## Context

Introduction .....	3
2. Trends in the development of the flexible labour relations and working time arrangements	6
2.1. Access to flexible forms of employment and working time arrangements....	6
2.2. Status of flexibility of the employment contracts and flexibility of working hours arrangements and tendencies in the development thereof.....	8
2.2.1. <i>Systems for employment contracts and flexibility on the labour market.....</i>	8
2.2.2 <i>Working time arrangements and flexibility on the labour market .....</i>	11
2.3. Results from flexibility of contractual relationships and of working hours arrangements .....	13
2.3.1. <i>Labour force mobility according to the status in contractual arrangements and working time arrangements.....</i>	13
2.3.2 <i>Overtime as a flexibility indicator.....</i>	17
2.3.3. <i>Reconciliation of work and family and flexible systems for labour relations and working time arrangements.....</i>	18
3. Barriers before contractual relationships mobility and working time arrangements and risks of segmentation of the labour market .....	21
4. Classification of problems, conclusions and recommendations.....	24
Appendixes:.....	27
Appendix 1. Profiles of labour force mobility according to the type of employment contract and the type of working hours.....	27
Appendix 2: List of indicators used for progress assessment .....	31
Appendix 3: List of supplementary indicators to account for national specificity that may be regularly observed .....	32
Sources used .....	33

## Introduction

Labour agreements and working time arrangements set up the fundament of labour relations. In a number of cases these have fundamental and multi-facet impacts on all other components of this system.

Within the context of the European flexicurity concept, labour agreements and working time arrangements are interpreted from the perspective of the labour legislation, work management and the social dialogue. Their mission is associated with the creation of regulatory environment aimed at facilitating the changes in the labour status and the development of models of working hours in order to find more successful balance between the supply and demand of labour.

This is the context where the national flexicurity pathways are being created as an instrument for improvement of labour force mobility, for reduction of segmentation on the labour market and providing support for the better reconciliation of work and family.<sup>1</sup> The flexible forms of employment allow those who demand for labour and those who supply labour to balance their interests in accordance with the objective factors and their subjective needs. They provide opportunities for supplementary income to part of community members and may be “buffer” forms against dropping out from the labour market, i.e. the multifunctionality of the flexible forms of labour contracts and working time arrangements will explain their significance for the labour market regulation policy.

The Bulgarian flexicurity path develops the national objectives by laying down a number of policies used to expand the flexibility of labour contracts and working time arrangements, and ensuring their security. This is a relatively new ministry of labour and social policy (MLSP)’s project associated with the management of the labour market. It was approved in 2009 by a decision of the Council of Ministers. This Bulgarian path is defined as a national agreement for implementation of the flexicurity principles in accordance with the National Reform Programme (NRP) and the European policy in the area of the so-called flexicurity. The attention is focused on four of the flexicurity components, one of which is the contractual arrangements and working time arrangements.<sup>2</sup>

The policies as envisaged in the Bulgarian “path” to flexible and sustainable contractual arrangements are specified in the 11 actions in the area of the labour legislation, the social dialogue, the informal employment, the labour conditions and the gender equality.

The need to continuously improve the labour legislation in accordance with a dynamically changing public environment also affects the transposition of some EU directives, whose fundamental principles have never been reflected in the Bulgarian labour legislation (for

---

<sup>1</sup> EC. Europe 2020. A strategy for smart, sustainable and inclusive growth. Communication from the Commission, 3.3.2010.

<sup>2</sup> MLSP. The 2009-2011 Bulgarian “path” to achieve better flexibility and security on the labour market година. Sofia, 2009.

example, concerning the work performed by the temporary employment/work agencies), or reflecting the amendments made to EU directives on labour relations.

The most significant part of the intended legislative actions is associated with regulating the labour relations reflecting the atypical forms of employment which really exist in our reality. This includes home work and telework. While home work has a relatively long history in Bulgarian practice (however this does not apply to the legal regulation thereof), telework is a relatively new form developing in the conditions of a dynamic and progressing information environment. These two differ in their genesis, however they are regarded as identical types of labour activity and extend of social protection, and both these forms of labour relations do coexist in practice indeed. The need of legal regulation of their existence results from the growing negatives entailed by the non-transparency of these relations and affecting all participants of the labour market – workers, employers and the state.

The regulation of the temporary employment/work agencies will be a step forward to introducing new forms of employment, i.e. introducing labour mediators. This form of labour mediation is new to Bulgaria, (however, it is not new to the EU) and provides opportunities for improvement of labour force mobility in its transitions from one status on the labour market to another and as a way of organizing working time. Naturally it may give rise to many questions and concerns about the labour force protection or safety in this type of labour relations. This is why the legal regulation must include both rights and obligations of the parties to the employment relationship and the forms of control thereof.

Another part of the actions planned is associated with analyses and evaluations of the regulatory frameworks in respect of their adequacy to today's reality, for example of opportunities for training at the workplace. Taking into consideration that training proves to be a leading component of labour force's adaptation to what is the dynamics of a real economy, updating the regulation in this area comes as a mandatory issue for the purposes of creating a relevant environment for labour force flexibility.

Improving both procedures and processes of social dialogue and collective agreements, as basic forms to achieve public consensus, are also part of the action planned within the Bulgarian "path" to flexible and secure labour relations.

Enhancing awareness levels in terms of legal regulations of all parties within labour relations is another direction of actions envisaged to improve the flexicurity on the labour market. This includes dissemination of information materials, conferences, good practice exchange, etc.

The actions envisaged in the "path" for the development and implementation of systems for management of health and occupational risks seek to contribute to improving security in labour relations and stimulating the efforts aimed at ensuring health and safety at work.

These actions and some other aimed at creating conditions for gender equality in the labour relations and promoting corporate social responsibility represent the views on the guidelines in the development of the labour relations.

The aim of this study is to *response to the questions (a) to what extent the above presented views are implemented in the practice and (b) how they contribute to the improvement of flexicurity on the labour market in Bulgaria.*

The expansion of flexibility, including through the new forms of employment contracts, contains the potential risk of segmentation of the labour market. A reason for the risk is the possibility of breakdowns in the rhythm of transitions from one labour status to another or from one form of working time to another. The “entrenchment” of the employed persons within a given status virtually does, as it is the case with the difficulties faced by those hired under temporary contracts or part-time when they experience a transition to permanent employment contracts or full time contracts, represent what is called segmentation on the labour market.

The question to what extent a potential risk may convert into real risk will depend on the dynamics of the transitions from one form in contractual relationships and working hours to another. If the mobility opportunities are limited due to any legislation related reasons, regulations on collective labour agreement or due to any specific employers’ or workers’ interests, then the segmentation risks become higher as specific groups of employed persons face impediments to make any changes in their employment status. There are an infinite number of possible combinations of ‘unfavourable’ positions’ in the labour market of the employed persons. Such combinations that are dependent on personal, group or corporate interests, may form sustainable segmented groups within the labour market, which violates the freedom of movement of labour force and the natural processes of labour demand and supply. Such disturbances in the equilibrium of the labour market are particularly well demonstrated in periods of economic crises.

The evaluation of the flexibility of labour relations and working time arrangements may follow different logical patterns. One of those patterns is to follow the process in its *coessentialness: resource-development-result*, i.e. the analysis of the extend of flexibility of contractual arrangements and working time arrangements has as original base the resources invested, such as legislative regulation of flexible employment contracts or pattern of working hours. The second phase describes the process in its development and progress/stagnation, and finally come the results achieved showing the effectiveness of the action taken. This approach is implemented and recommended by the European Commission to monitor the flexibility of labour relations and labour market.

The analysis of flexibility of contractual arrangements and working time arrangements in such an aspect reveals some opportunities to identify the problem areas where such conditions entailing segmentation are created. This, in return, allows making an assessment and formulating of recommendations to refine the policy implemented targeting the development of flexible systems for negotiating and working time arrangements. The key presumption is that any investments made should lead to relevant changes in the status/implementation and to produce the desired results.

## 2. Trends in the development of the flexible labour relations and working time arrangements

### 2.1. Access to flexible forms of employment and working time arrangements

The employment relationships in Bulgaria, along with the social dialogue and the tripartite co-operation, are regulated by the Labour Code. According to the legal regulations, the employment contracts may be contracts reflecting either employment relationships or official legal relations, as well as civil contracts, or other contracts, or employment with no agreement in writing. Furthermore, the law regulates contracts for indefinite periods and fixed-term employment contracts (Article 67); employment contracts for a trial period (Article 70); contracts for work on particular days of the month (Article 114). The employment contracts may also be permanent and temporary, and for full-time or part-time. Moreover, the Employment Promotion Act also provides opportunities for using flexible employment contracts and working time arrangements in a number of programmes for employment of unemployed persons (Articles 43; 51-53; 55; 57).

The implementation of the legal opportunities as listed above for access to employment finds its common application in the level of employment.<sup>3</sup> The statistics data show a dynamic increase of employment levels in Bulgaria throughout the period 2000-2008, which in 2008 topped 63,5% (60,6% EU-27).<sup>4</sup> The employment level achieved was mainly due to the relatively high employment levels among women (Table 1).

**Table 1. – Equivalent to full-time employment: levels**

	2001	2002	2003	2004	2005	2006	2007	2008
<b>EU-27</b>	58,3	58,1	58,1	57,9	58,2	59,1	60	60,6
Males	69,7	69,2	68,9	68,5	68,8	69,5	70,4	70,9
Females	47,2	47,3	47,7	47,6	47,9	49	49,8	50,7
<b>Bulgaria</b>	50,3	50,6	52,5	54,5	55,7	58,6	61,2	63,5
Males	53,5	53,9	56,3	58,3	59,8	63	65,3	68,2
Females	47,2	47,5	48,8	50,8	51,6	54,3	57,2	59

Source: EU. Compendium, 2009, 17A1.

The dynamic increase in the employment rates in Bulgaria were mostly driven by its front-running increase throughout the period 2007 – 2008, as until 2006, the employment rate in Bulgaria was lower than the EU average in EU-27. So, to what extent it may be suggested that the employment growth was a consequence of a more intensive development of flexible forms of employment?

The indicator approved and introduced in the EU for flexible forms of employment is the relative share of those hired under another form of employment (without a fixed start and end of the working hours) within the common employment.

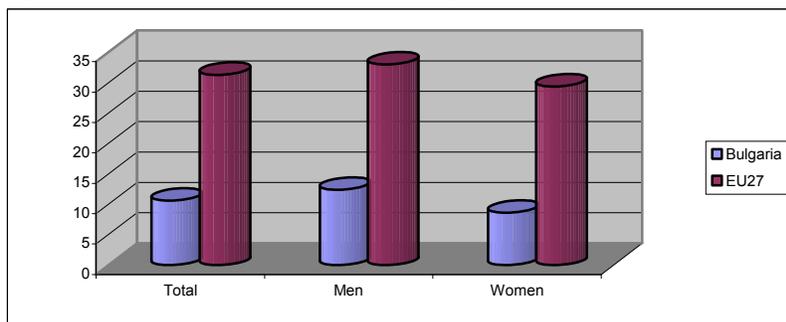
<sup>3</sup> This index includes the total number of man-hours worked divided by the average annual number of hours worked in full-time employment covering the active population aged 15-64.

<sup>4</sup> EC.Compendium, 2009, 17-A1.

The Eurostat statistics show that in 2008, the share of people employed in the flexible forms in Bulgaria was 10,6%. This is a relatively low share if compared to the average level of the same index in the EU (31,3%) and considerably lower than that in some other EU Member States (such as 61,2% in the case of Sweden; or 31,3% in the case of the Netherlands). The closest Member State to our level is Cyprus (10,4%).

Figure 1 shows that the access to flexible working hours is more typical for men (12,4%) in comparison to women (8,6%). This trend matches the situation in the EU (33,0% and 29,4%, respectively). However, in some EU Member States, women are more active in the flexible work patterns, for instance in Sweden their share is 62,5%, while it is 59,9% for men.

Figure 1: Access to flexible working hours



Source: EU. Compendium, 2009, 21.A4.

The motivation to choose the flexible forms of employment includes a number of reasons, which would be synthesised, in a most aggregated manner, as either ‘lack of alternative’ or ‘personal choice’. The Eurostat statistical data, as shown in table 2, demonstrate that the absence of full-time employment opportunities and the lack of permanent employment contract are among the main motives ruling the choice of flexible forms of employment in Bulgaria.

For two thirds of part-time employees, the motive to choose such type of employment stems from the lack of opportunity for full-time employment. The absence of opportunity for employment at a permanent employment contract is a dominating motive among the employed persons under temporary employment contracts. Part-time working people and people employed under temporary employment contracts at their own choice are an insignificant part in comparison with those who act like this due to the absence of any other options. A defining reason for the preferences oriented to sustainable rather than to flexible forms of employment we must indicate the income levels from labour and their significance as a main source of means of subsistence for the prevailing part of population.

Table 2. Flexible forms of employment by reasons\* - Bulgaria

Flexible forms of employment by reasons	2005 г.	2006 г.	2007 г.	2008 г.
<b>Part-time employed</b>	<b>0,9</b>	<b>0,8</b>	<b>0,8</b>	<b>0,9</b>
• Absence of FT * employment	0,6	0,5	0,5	0,4
• Other reasons	0,2	0,3	0,2	0,2
<b>Employed under EC**</b>	<b>5,3</b>	<b>5,2</b>	<b>4,4</b>	4,5

• Education	0,4	0,1	0,2	-
• Absence of FT * employment	3,5	4,2	2,8	2,8
• Trial period	0,4	1,9	0,3	0,6
• Personal choice	0,1	0,4	1,0	0,9
<b>Part-time employed under temporary EC</b>	<b>7,2</b>	<b>7,0</b>	<b>6,0</b>	<b>6,0</b>
• Personal choice	0,4	0,4	0,4	0,5
• Absence of permanent employment under FT				
	4,6	4,3	3,6	2,7

Source: EU Compendium, 2009, 21 M2.

\*FT – full time; \*\* EC – employment contract

For different reasons the sum is not always equal to the total, as there are some other reasons not included here.

If a decisive motive for the choice of flexible forms of employment in Bulgaria is the absence of alternatives, in the other EU Member States the motivating factors are much more diverse: the participation in training and qualifications, care of children or other family duties – these are all reasons with significant weight in a situation when choice of a decision is to be made.

*There is one conclusion that must be made, and this is that in Bulgaria there are relatively good legal regulations providing a variety of opportunities for flexible forms of employment and work patterns, however these are not used sufficiently well, in practice. The participation in flexible labour and work patterns in Bulgaria is lower in comparison with that in other Member States and to the average levels valid for the EU. The dynamics in the employment level comes much more as a result of the sustainable forms of employment, while the contribution of the flexible forms is relatively modest.*

## **2.2. Status of flexibility of the employment contracts and flexibility of working hours arrangements and tendencies in the development thereof**

### **2.2.1. Systems for employment contracts and flexibility on the labour market**

The type of employment contracts is a component of the so-called external flexibility of labour relations. The presumption here is that the presence of various forms of contractual relationships and the opportunities for mobility among labour force between the various forms is a prerequisite for more dynamic and flexible participation in the labour market. The employment in Bulgaria most of all lies on contractual labour or official legal relations; 96,0% of all employed persons in 2009 in comparison with 86,8% in 2000. This dynamics over the 2000-2008 period comes as a consequence of the relatively sustainable and ascending economic development accompanied by an incrementing demand of labour, decrease of the so-called non-regulated employment, relative stability and security of workplaces and the employment. In such environment, the other forms of labour relations decrease, whereas the relative share of the employed persons working under civil contracts in 2009 dropped to 1,6% (7,2% in 2000). Moreover, there is a drop in the share of the employed persons without a written contract (from 4,9% in 2000 to 2,4% in 2009)

In Bulgaria, *the employment under fixed employment contracts predominates*. The ratio of the employed persons working under fixed vs. temporary employment contracts shows that the prevailing part of the employed persons work under fixed employment contracts (94,5%), while the employed persons working under a temporary contract make a mere 5,5% of all employed

persons. The national statistics outlines the tendency to an increase of the share of the employed persons with fixed employment contracts: from 85,6% in 2001 to 94,5% in 2009 (third quarter). The employment under temporary contracts has also experienced a rise (from 3,9 to 5,5%), however, to a much lesser extent<sup>5</sup>. The increase of the opportunities for fixed employment relationships is substantiated by the National Revenue Agency, according to which, nearly 25,6% of the total number of registered employment contracts in October, 2008, are fixed-term. Another 5% is the share of supplementary employment contracts. On the basis of this information, some authors have come to the conclusion that the legal framework provides some really great opportunities for a flexible start of the employment relationships provided there are sufficient security levels ensured.<sup>6</sup>

Further to the above listed popular and predominant forms of employment relationships, there are a number of *atypical forms of employment*, which legal regulation must be either created or should be followed up in a way that would not give rise to a segmentation of people employed there. This includes the groups of employed persons performing home work, the telework employment, the self-employed persons, the non-paid family workers.

#### *The employed persons performing home work*

The absence of clear legal framework places the people performing home work into the sector of the illegal economy rather than in the legal labour activity. Moreover, there is clear absence of regular information on the dynamics and the forms of the hired home-workers. There are only two separate fragmentary studies and data. According to the Annual Report of the Association of the Home-workers<sup>7</sup>, the talk is about the employment of nearly 500 000 people in 2002.

According to a recent study<sup>8</sup>, the home-work in Bulgaria is no novelty, but a wide-spread form of employment that had its existence as early as in the period before the socio-economic changes. The main characteristics of this employment, according to the author of this study, are as follows: *work without a written contract, with no advance payment, with no social or health insurance contributions, using home labour conditions not meeting any health and safety standards, with no prearranged average annual remuneration*. Usually, the workers are hired by classified ads in papers placed by companies seeking home-workers. The main dominions of activities of such people are in the manufacture of different components for tailoring or textile industries, web-shopping or some other activities.

#### *Telework employment*

This is a relatively new form developing since 2002 when the Bulgarian Association of Teleworkers was established. The main objectives of that association<sup>9</sup> are studying, supporting

---

<sup>5</sup> According to the data from the Labour Force Survey for the relevant years, National Statistical Institute.

<sup>6</sup> Strategy for development and regulating the industrial relations, Confederation of the National Trade Unions in Bulgaria, March, 2009, page 14

<sup>7</sup> The Association of Home-workers was established in 2003. The main objective of this association consists in the change of the legal framework that would form the basis for legalising the status of the people performing home work on the labour market.

<sup>8</sup> Hristov, Ch. Prospects and challenges through legislation – In: Flexible employment and security in SME in Bulgaria. Sofia., 2008, p.103-105.

<sup>9</sup> The activity of this association is: (a) to help people improve the quality of their lives through a better access to work; (b) to support communities in their efforts to develop economic plans in the area of telework; (c) to

and promoting of all forms of telework in Bulgaria.<sup>10</sup> The statistical data on the number of people who are engaged in telework projects or show any interest to finding work using this scheme remain unknown, however the web provides unlimited space in this respect.

Telework employment suggests high degree of flexibility in respect of the type of the employment contract and the working time arrangements. However, in this type of activity, security, in the whole scope of its contents, is dramatically vulnerable, as are the opportunities for control over regulated labour conditions in this respect. There is little or nearly no information on the problems that are created in the environment of this employment, or on the question what the degree of satisfaction among the people involved in this type of activity is. For the time being, the major problem is that there is no national legal framework on telework.

#### *Self-employed persons*

These are part of a specific group of employed persons performing labour activity at their own risk and account. This type of employment involves approximately 250 thousand individuals. One of the characteristics of the labour market over the last few years is the reduction of the share of self-employed persons within the whole picture of employment (7,9% in 2006 in comparison with 9,5 % in 2000). According to some data provided by the European Commission, the share of self-employed persons in Bulgaria dropped from 13,5% in 2005 to 11,4% in 2008. Apparently, the interpretation of statistical information must take into consideration the presence of certain differences in the national and international evaluation of the total numbers in this group of employed persons, which is entailed by differences in the methodology applied. However, the tendency in the dynamics is the same. Table 3 shows the differences in the levels of part-time employed persons and self-employed persons in Bulgaria and EU.

**Table 3. Part-time employed persons and self-employed persons in Bulgaria and EU**

	2005 г.	2006 г.	2007 г.	2008 г.
	<b>EU</b>			
Part-time employed and self-employed	38,5	39	39,1	38,7
	<b>Bulgaria</b>			
Part-time employed and self-employed	18,6	17,9	16,5	16,6

Source: EU.Compendium, 2009, T21.M2.

The profile of self-employed persons shows that the ratio men/women is two to one, as well as prevailing participation in self-employment of people with educational levels higher than secondary.

Self-employed persons are definitely a group at risk as to employment security. The degree of flexibility in their employment is high. Among self-employed persons, the flexible

---

support the government in its efforts to establish and implement the appropriate policies in this direction. An additional objective of the association established is to support people who have interest and seek to find engagements in this type of work,  
<http://www.bg-telework.org/projects.html>

forms may be seen mainly in the working time arrangements, which are characterised by longer hours, including in rest days, evening time, i.e. in the so-called non-social days and hours.

The reduction in the number of self-employed after 2003, confirms some conclusions from other studies suggesting that this form is mainly a “survival strategy” in the context of economic downturn.<sup>11</sup>

The risks taken by people, who are self-employed, are more numerous in comparison with those hired in sustainable forms of employment. The risks involve their security, healthy environment, reconciliation of work and family. Significant part of those self-employed survive in the context of market competition at the account of making or not making social and health insurance contributions at minimum levels, or other taxes. This is why, in the context of economic growth and rise in labour demand, many self-employed change their status into employed persons considering this form to be more stable in terms of employment conditions. The risen number of self-insured persons: from 177,8 thousand in 2003 to 228,7 thousand in 2006, was considered as a positive sign for legalising of part of this employment and reducing of the illegal employment.<sup>12</sup>

#### *Unpaid family workers*

This is another group of people with atypical employment. In 2008, this group accounted for around 1,1% of the total employment, or approximately 35 thousand people (1,2% in 2006, or 40 thousand people). The profile of these employed persons includes mainly women; people aged 25-54, having education levels lower than secondary, and people living mainly in the rural areas. Over the period 2000-2008, unpaid family workers decreased in their absolute numbers and as a percentage of the total employment. This is associated with the improved environment on the labour market and with the better opportunities that jobseekers find in terms of payment, social security, job environment, etc.

*As a whole, we have to say that the Bulgarian labour legislation offers opportunities for various forms of up-to-date modern employment relationships. At the same time, a number of atypical forms of employment contain a high degree of indeterminateness of the labour status and the protection of the employed persons. In this sense, labour legislation must be amended, so labour relations, work patterns, and the social security and labour protection of people performing their jobs using atypical forms of employment might be given a clear definition. At this stage, all employed persons using atypical forms of employment, must be classified as a group at risk on the labour market irrespectively of the type of risk or the combination of risks suffered because of the unclear legal status of their employment relationships.*

### **2.2.2 Working time arrangements and flexibility on the labour market**

The legal regulation of the flexible forms of working time arrangements allows for multiversion pattern, such as work in shifts (Article 141 the Labour Code), working hours with variable limits, summarised calculation of the working hours (Article 142 the Labour Code); open-ended working day (Article 139a the Labour Code), extension of the working hours for

---

<sup>11</sup> Beleva, I., V. Tzanov. Bulgaria: Towards a Better Balanced World of World? – In: Eyraud, F., D. Vaughan-Whitehead, The Evolving World of Work in the Enlarged EU, Progress and Vulnerability. ILO, Geneva, 2007, p. 59.

<sup>12</sup> According to the National Social Security Institute data

reasons relevant to the production process (Article 136a), etc. It is commonly believed that the current legal framework is fully harmonised with international and European standards, and that the employers enjoy extended rights to arrange the working hours according to their needs subject to abidance by the law.<sup>13</sup>

*Full-time employment* is the dominating form among all forms of working time arrangements. In 2009, of all employed men, 98,6% were employed full time and a mere 1,4% were employed part-time, while among women, this percentage was 98,3% and 1,7%, respectively. In comparison with 2001, the change toward an increase of full-time employment (97,8% among men and 97,1% among women) and reduction of part-time employed persons (2,2% among men and 2,9% among women). No significant differences could be observed in the level of employment by sex among the employed persons who are employed full-time or part-time.

**Table 4. Employed persons full time and part-time: total and by sex (in thousands)**

	Employed persons		Full-time employed		Part-time employed	
	Males	Females	Males	Females	Males	Females
Dec 20001	1371,5	1256,6	1241,3	1165,7	28	35
Dec 2002	1419,7	1284,7	1312	1206,9	20	27,7
Dec 2003	1497,7	1327,9	1362,5	1233,8	22,5	27,5
Dec 2004	1545,6	1366,3	1430,6	1295,4	25,9	29,4
Dec 2005	1596,7	1385,7	1489,1	1307,3	24,3	31,8
Dec 2006	1390,8	1310,7	1348,7	1268,4	13,9	27,4
Dec 2007	1501,6	1387,7	1465,6	1353,3	13,6	23,7
4Q 2008	1547,7	1415,8	1531,9	1390,5	15,8	25,3
3Q2009	1480,8	1371,1	1461,5	1347,4	19,3	23,7

Source: NSI. Publication „Employment and unemployment”, presenting the results from the Labour Force Survey for the relevant years.

The part-time employment is a very insignificant part of the total employment. This fact raises the question of the low demand/offer of part-time work and of the nature of any possible reasons that fail to stimulate the employers and workers to seek/accept such form of employment. The responses from the enquiry as listed below cast some light on this situation.

**The need of flexible forms of employment contracts and working time arrangements is a key issue if assessment is to be made of the barriers to the use thereof.** The development of new forms of labour relations stems from the need of such labour relations both for employers, and for workers. What do unemployed persons or employers say on the matter of the need of flexible forms of employment contracts and working time arrangements?

***Low demand for flexible employment contracts and forms of organisation of working time by employees.*** For 64,3% of the unemployed enquired, the type of the employment contract is important and their preferences are definitely toward permanent employment contracts. As an indispensable supplement to the permanent employment contract, parts of the unemployed

<sup>13</sup> CITUB. Strategy of development and regulating industrial relations. 2008,c.26

individuals specify, *inter alia*, full time work. Others (23,2%) define full time as the key issue at the time of choosing the type of employment contract. A mere 10,7% of the unemployed individuals state that they would accept part-time work or any other flexible pattern, however, the reasons for that appear to be personal: small child caregiving or sick child caregiving; care for older people, education. Accepting an employment contract on flexible employment or working hours, to most of the unemployed individuals, appears to be a forced effort, in the absence of any other alternative. That was the response of 67,8% of the unemployed, while the others point out personal reasons. Only one of the persons inquired declared that he did not accept any flexible form of labour relations.

***For the employers***, the need of flexible employment as a form of a labour contract and working time arrangements is conditioned by the following:

- The specificity of the technological process (the so-called functional flexibility) is a key factor to 44,6% of all polled. To another 17,8% of the employers, the objective functional flexibility should be accompanied by some other factors.
- More efficient realisation of the employed persons: the so-called internal flexibility is added as a factor to the technological specificity by 10,7% of the inquired employers.
- Financial motives, i.e. lower expenses on labour force are a supplementary factor to the technological specificity according to 5,3% of those inquired.
- The quality of labour force is important to 1,8% of the inquired employers who list it along with the technological specificity as a factor conditioning the flexible labour relations and work organisation.
- 30,3 % of the employers believe that the flexible labour relations are governed by the internal flexibility, i.e. by a more efficient pattern of use of labour force.
- According to 7,3% of the inquired employers, the internal flexibility should be accompanied by financial motives, whereas 5,0% define only such motives as factors for seeking flexible labour relations and working time arrangements.

***The experts in Labour Offices evaluate seeking of flexible forms of labour relations and work patterns as follows:***

- 51,3% of the employers seek flexible forms of employment contracts, and 67,5% of the employed persons and 75,6% of the unemployed individuals;
- 37,8% of the employers do not seek flexible labour relations;
- 67,5% of the employers, 64,8% of the employed persons and 70,2% of the unemployed individuals seek flexible patterns of work;
- 37,8% of the employers, 29% of the employed persons and 27% of the unemployed individuals do not seek such forms.<sup>14</sup>

## **2.3. Results from flexibility of contractual relationships and of working hours arrangements**

### ***2.3.1. Labour force mobility according to the status in contractual arrangements and working time arrangements***

Labour force mobility is the most important index for the implementation of flexibility on the labour market. Its interpretation *sensu lato* includes movements from employment to

---

<sup>14</sup> The difference to 100% consists in the number of those who have not responded.

employment; from one occupation to another; geographic mobility; transitions from one employment status to another, etc. Within the context of flexicurity, the five commonly accepted key types of transition are: employment – employment; unemployment – employment; non-activity – employment; education – employment; employment – retirement.

Within the context of the employment contracts and working time arrangements, the transitions from one status to another that are object of study include: permanent employment - temporary employment – unemployment – self-employment – economic non-activity; and the transitions such as: full-time employment – part-time employment; unemployment – self-employment – economic non-activity.

Figure 2 shows the main characteristics of mobility in and beyond the labour market within the framework of the statuses that are interesting to us during the reference period.

## **Figure 2**

### **Main mobility flows in terms of employment contracts and working hours in 2007-2009**

---

**Employees with full-time employment**

**93% retain their status**

- 3,7% → unemployed
- 0,7% → temporary employment
- 0,5% → self-employed
- 3,7% → outside labour force

**Employees with temporary employment contracts**

**50% retain their status**

- 29% → employed w/ perm.empl.contract
- 6,5% → unemployed
- 13% → outside labour force

**Self-employed**

**90,8% retain their status**

- 2,1% → employed w/ perm.empl.contract
- 0,9% → employed with permanent empl
- 0,8% → unemployed
- 5,4% → outside labour force

**Unemployed**

**50,3% retain their status**

- 3,5% → self-employed
- 15,5% → employed w/ perm.empl.contract
- 7,1% → employed w/ temp.empl.contract
- 23,6% → outside labour force

**Outside labour force**

**94,8% retain their status**

- 2,3% → employed w/ perm.empl.contract
- 0,9% → employed w/ temp.empl.contract
- 1,4% → unemployed
- 0,6% → outside labour force

### Employees with full-time employment

#### 93,2% retain their status

- 0,6 % → employed w/ part-time empl.
- 2,1 % → unemployed
- 4,2 % → outside labour force

### Employees with part-time employment

#### 53% retain their status

- 23,1% → employed w/ full-time empl.
- 6,2% → unemployed
- 17,7% → outside labour force

### Unemployed

#### 50,3% retain their status

- 23,7% → employed w/ full-time empl.
- 2,4% → employed w/ part-time empl.
- 23,6% → outside labour force

### Outside labour force

#### 94,8% retain their status;

- 3,4% → employed w/ full-time empl.
- 0,3% → employed w/ part-time empl.
- 1,4% → unemployed

Appendix 1 shows mobility between various statuses in employment in details outlining the profiles of the mobile labour force. On the basis of the mobility quantitative parameters as shown in figure 2 and the profiles as outlined in Appendix 1, the following *summarised conclusions* may be made on the flexible forms of employment and segmentation on the labour market:

- The employment under fixed employment contracts, full-time employment, self-employment, the status of a person “outside the labour market” are all relatively limited mobility statuses.
- The flexible forms of employment – employment under temporary employment contracts and at part-time contracts, and the status “unemployed” are characterised with relatively high mobility rate (i.e. around the half of these change their status). Therefore, both the flexible forms of employment and unemployment may be defined as “buffer” statuses in the transitions from one employment status to another or outside this.
- The problem about the segmentation is in the length of a sustainable unfavourable status certain groups retain, and in the direction, i.e. whether the trend is toward some more sustainable forms of employment or it is toward outside employment statuses.

- For nearly one third of the persons employed under temporary employment contracts and for around a quarter of people employed part-time, the flexible forms are the intermediate step to more sustainable forms of employment.
- The risk of segmentation in the sense of “difficult transition to another status” is relatively high – 60-75%. These are people who never change their status of employed persons under temporary contracts, part-time, unemployed and those who suffer transitions to a more unfavourable status.
- The degree of segmentation risk varies from group to group. This is clearly visible in the analysis made in Appendix 1.
- In the case of men, labour mobility from permanent toward more temporary forms is more clearly visible, while among women, a more characteristic feature is the mobility from employment to unemployment and outside the labour market.
- The young people are the most mobile group, and the risks typical of this type of mobility stem from the directions of those movements, i.e. from permanent employment contract toward temporary employment contract; from employment toward unemployment; from employment under fixed employment contract toward leaving the labour market.
- People aged over 50 are a very vulnerable group as when they leave the labour market this has a more permanent nature and a return to employment is often associated with problems.
- Self-employed persons, being an untypical form of employment, are a heavily ‘sealed’ group, which is a prerequisite for its segmentation in the context of quite unclear “flexibility” and “security” parameters characterising this type of employment.

### **2.3.2 Overtime as a flexibility indicator**

Overtime work in Bulgaria is allowed under certain terms and conditions regulated by Articles 143-149 of the Labour Code. In this sense, using overtime working hours as a flexibility indicator on the labour market and, in particular, for the patterns of work, must be analysed in connection with the national legal frameworks and the agreements between the social partners.

**Table 5. Employed performing overtime work (% of all employed)**

	2000.	2001	2002	2003	2004	2005	2006	2007	2008
<b>EU-27</b>	4,8	5	3,8	3,9	4,4	5,1	5	5,7	5,5
Males	5,9	6,2	4,6	4,8	5,3	6	6,1	6,2	
Females	3,5	3,6	2,8	2,9	3,3	4	3,8	4	
<b>Bulgaria</b>		0,9	0,6	0,5	1,6	0,5	0,5	0,4	0,4
Males		1	0,6		1,4	0,5	0,5	0,4	0,4
Females		0,8	0,6	1,7	2,8	1,5	1,5	1,3	
<b>Netherlands</b>	20,6	19,6	6,4	6,5	6,1	7,2	8,7	8,9	9,5
Males	25	23,5	7,4	7,9	7,3	8,6	10,4	10,7	11,1
Females	14,9	14,6	5	4,7	4,6	5,6	6,7	6,9	7,6

Source: EU. Compendium, 2009, 21A3.

The data from table 5 shows that in Bulgaria the relative share of employees working in overtime schemes is significantly lower than that in EU-27 and if compared to other Member States. The dynamics of this indicator in Bulgaria demonstrates a decreasing trend, unlike that in most EU Member States where it is ascending. This means that more people perform overtime work and that the relevant levels are higher in those Member States, which have more flexible labour markets – the Netherlands, Sweden, Denmark, Germany. In some of the newly acceded Member States, the dynamics of this indicator is high, and this is valid for example for Estonia, Slovenia or Lithuania.

There are several issues that may fall into the scope of some further analyses and evaluations. The first issue refers to the unaccounted overtime, particularly in sectors that do not fall into the scope of collective agreements or among self-employed persons and persons employed under atypical forms of employment, including seasonal workers. The second issue refers to the compensating tools provided by labour law, while the third refers to the control of that type of labour. The presumption here is that performing such type of labour must not violate the interests of the parties to the labour relations. In this respect, the Bulgarian labour legislation provides a number of opportunities for mutually acceptable solutions in cases when performing such labour is indispensable. There is a more pressing problem at this stage of development of the labour market and this is the unawareness and/or non-compliance with such legislation.

### **2.3.3. Reconciliation of work and family and flexible systems for labour relations and working time arrangements**

The issues concerning the flexible forms of employment and reconciliation of work and family gain an increasing significance in Bulgaria. It is mostly the effects of such forms on the opportunities for balancing the time dedicated to work and the time dedicated to family care that are focussed.

Within the economic theory, the problem concerning working hours/free time ratio is multiaspect one. The flexible employment contracts and working hours allow different options to reconcile several jobs and extension of working hours at the account of reducing the free time, i.e. the time dedicated to family and rest. The flexible working hours and its organisation thereof also allow its partition over the day and night and at the same time either retaining or reducing its length, thus gaining more free time, i.e. more time dedicated to family and rest. What really happens in households is most often governed by the labour income levels. As such incomes in our county are low, the flexible forms make a good alternative to gain some additional income entailing more working hours and less free time, respectively. Moreover, the flexible forms allow people who face difficulties at the time of full-scale participation in the employment to join partial employment. Other people gain opportunities for second/third employment, thus gaining some additional sources of income, yet thus they reduce their free time and impede the normal socialisation pattern among family members and either hamper or reduce time dedicated to care and socialisation with children or their free time dedicated to rest.

Mostly forms of employment (work at shifts; night work; work on weekends) concerning the first job affecting reconciliation of work and family will be reviewed here.

Statistical data for Bulgaria for a period of two years (2006 and 2008) show the following:

- The absolute number of people who work at shifts at their first job has risen by 2,3%.
- There has been a more dynamic increase in the number of female employees working in shifts at their first job (by 3,5%) in comparison with male employees working at shifts (1,2%).
- Work in shifts prevails in the private sector where the people employed at such work are twice as many as the people taking shifts in the public sector.
- People taking shifts at their first job are located predominantly in the sector of services (426,9 thousand) compared to those 195,6 thousand employed in the industry or those 9,6 thousand employed in agriculture, hunting, forestry and fisheries. Moreover, the sector of services is the only sector where there has been an increase in the number of employed persons taking shifts at their first job (by 6,6%), whereas those taking shifts in the industrial sector or agriculture have experienced a decrease.
- Nearly 15% of the employed persons perform night work (at their first job). Their number is 173 thousand or 5,1% of the employed persons who perform work at night 'often' and 348,5 thousand or 10,4% who perform night work 'sometimes'.
- 36,8% of the employed persons work at their first job in the evenings. For 14,3% (479,3 thousand), work in the evenings happens 'often' and for 22,5% (755,8 thousand) it happens 'sometimes'. Employees who work in the evenings at their first job are employed mostly in the private sector and in the sector of services.
- Among people employed working in the evenings, nearly 500 thousand are women.
- People working on Saturdays in 2008 accounted for 47,5% of all employed persons or nearly 1,5 mill people. Of these 26,9% or 9-3 thousand work on Saturdays 'often' and 20,6% or 692,5 thousand work on Saturdays 'sometimes'.
- Females working on Saturdays account for approximately 600 thousand and for 350 thousand this pattern happens 'often' while for 274 thousand it happens 'sometimes'.
- People working on Saturdays are mostly employed in the private sector, and self-employed persons.
- Work on Sundays (at their first job) accounts for nearly 800 thousand employed persons where for 11,7% of these (394 thousand) this happens 'often' while the frequency for another 14,5% (489 thousand) is 'sometimes'. Nearly twice as many male employees work on Sundays (248 thousand) in comparison with 146 thousand women. And here the most people working on Sundays as their first job are concentrated in the sector of services. These are mostly people employed in the private sector and self-employed persons.
- For people who are self-employed, the risks of problems with the reconciliation of work and family environment are clearly visible.

The statistical information provided here shows that the employment status of part of the employed persons is more unfavourable in respect of the reconciliation of work and family insofar as these are engaged in overtime patterns including working hours covering days off.

A summary of the most prominent features concerning the labour status according to the type of employment contract and working time arrangements shows the following.

Alongside with the trends to an increase in the forms ensuring more quality employment through security and stability, there is a process of increasing the variety of forms of employment

and its higher flexibility achieved by way of concluding temporary employment contracts, part-time employment, fixed-term contracts, etc. However, these opportunities entail new problems that the employed persons face in respect of balancing between work and family care insofar as these violate the established model.

Naturally, the new forms of employment provide both employers and workers with legal opportunities to choose the type and the form of employment relationship. In this sense, a decision concerning the participation in atypical forms of employment or an untraditional pattern working hours will be the choice of the personality or the household. However, this does not call off the need of analysis and study of the problems entailed or developing relevant policies concerning services to support people raising their children; or work with schools or the interrelations between parents and school, etc. The development of atypical forms of employment has been rapidly penetrating into the practice and additionally saturating the image with both positive and risky forms of employment in respect of work and family and in respect of health at work.

#### **2.3.4. Health at work and improving the health status of the employed persons**

The analysis of flexicurity of labour relations and of patterns of work within the context of the risks of segmentation of the labour market should certainly account for the important aspect concerning the equal access to health at work and opportunities for improvement of the health status.

After many years of negligence in respect of health at work in Bulgaria, over the last few years this issue gained publicity and the initiated amendments to the system were aimed at the elimination of the accumulated problems. A number of positive results related to health at work were noticed both in respect of the legal regulations created, which outlined clearly the employers' responsibilities in terms of establishing health and safety at work and of prevention of risk by way of evaluation thereof using a monitoring system and integral control implemented by the General Labour Inspectorate.

Moreover, the system features a number of problems that may be classified in two main groups: identified problems and problems which hasn't been properly known. The identified problems are problems that may be encompassed by monitoring and may be recorded as current matters in the Annual Reports delivered by the General Labour Inspectorate and in individual studies.<sup>15</sup> The results of the current evaluations of the status of the health at work system show that, among the violations registered, there is a significant part that is relative to the flexible labour relations and working hours patterns. These are demonstrated in the form of violations of rules, as incomplete scope, or needs of projection and flexible responses to newly-emerged risks, etc.<sup>16</sup> This is why the actions provided for in the "path" aimed at developing and implementing

---

<sup>15</sup> Beleva, I. and V. Tzanov, D. Velkova. Labour conditions, I. and quality of employment in Bulgaria: Trends and interactions. Sofia, 2009, pp. 49-56

<sup>16</sup> For example, according to a report by the General Labour Inspectorate, 2008 has seen 54 107 recorded violations concerning occurrence, implementation and termination of the employment relationships, or 29,4 % of the total of violations. Of these, nearly a quarter were committed in the area of the employment relationships and of the regimes of work. The largest number of violations was established in sectors and activities where flexible forms of work are widely spread due to the nature of activities therein: 'Retail trade, except the trade in motor vehicles and

systems of management of health and occupational risks, or systems for improving security in labour relations and for stimulating health and safety at work are particularly useful, however all these need to have follow-ups as specific programmes.

The second group of problems covers such forms of flexible labour relations, which are not encompassed by any monitoring activities or are uncontrollable or covered by no current information on health at work or the health of people employed. The issue here concerns all atypical forms of employment where labour conditions are not controlled or where there are no records of the development of the employed persons' health status. This issue covers all self-employed persons, home-workers, teleworkers, the persons employed in the grey economy, part of people employed in the small to medium enterprises where there are no collective agreements, neither is there any assessment of industrial risk. The expenses on improvement of labour conditions and employed persons' health prevention are regarded as extra expenses, which the employers try to eliminate using all smallest gaps in the legal regulation and in the control thereof. This is why the sanction pattern must be sufficiently strict, therefore creating interest to investing in a better healthy environment.

### **3. Barriers before contractual relationships mobility and working time arrangements and risks of segmentation of the labour market**

Over the last ten years, amendments were made to the legal framework and its implementation in practice, and these contributed to the improvement in the flexibility of labour relations. The actions as outlined in the Bulgarian „path” have also contributed to the further development of the mobility by expanding the opportunities for flexible forms of labour relations and working time arrangements.

Despite of all that, there are still barriers reducing the effect of the efforts made, and respectively, the efficiency of the policies undertaken. In order to identify the problems to the development of the flexible forms of labour relations in February, 2010, a special survey was made. That survey included 156 people, of which 56 employers, 37 employees of Labour Offices and 56 unemployed throughout the country. That was not a representative survey, however it allowed to have an idea of the trends of the problems. In addition, in-depth interviews were made

---

motorcycles" "Restaurant sector" "Manufacture of clothing" "Hotel sector", "Construction of buildings", "Manufacture of foodstuffs, etc.

Part of the established violations was connected with the labour remuneration and most of all with non-payment of social security contributions and taxes by accruing basic monthly labour remuneration equal to the minimum salary established for the country as agreed between the parties to the employment contract, however, the real amounts paid to the employees are much higher. No benefits due are paid in case of termination of an employment contract, or extra payments to employees for overtime or night work; or benefits for violated prior notice in the case of termination of an employment contract, etc. In 2008, the number of these types of violations were higher by 11,5 % compared to 2007. Such violations prevail in the enterprises inspected in "Retail Sales" (excluding "Trade in motor vehicles and motorcycles"); "Restaurant sector"; "Manufacture of clothing"; "Hotel sector"; „Construction of buildings"; "Manufacture of foodstuffs". The infringements of standards regulating the working hours, rests and leaves accounted for 12 % of the total number of established violations in the employment relationships compared to 14 % registered in 2007.<sup>16</sup> According to the General Labour Inspectorate's report these are the enterprises whose personnel works at shifts, with no regulation of physiological regime of rest, and performing its work applying extended working hours, enjoy no orders on use of paid annual leaves, using fictitious work schedules, which do not correspond to the really worked hours by workers or employees, etc.

with experts in the area of the labour market and the employment relationships.<sup>17</sup> The results from the two studies as set out below reveal some of the existing barriers.

**The survey** outlined several specific accents:

- According to a significant part of the employees interviewed in the labour offices there were no problems with the development of flexible forms of labour relations and working time arrangements (57,1%). However, at the same time, 42,8% declare that there are barriers impeding the flexible forms of labour relations.
- The employers are more explicit in their positive assessment of the conditions for development of flexible labour relations: 80,3% of all inquired persons are of the opinion that there are no impediments to their development. Another 17,8% can see certain hurdles, while 1,9% cannot make an assessment.

**What are the problems through the perspective of various participants in the labour market?**

*The experts from the Labour Offices* define several groups of reasons impeding the development of the flexible labour relations:

- In the first place they specify legal and legislation-related impediments;
- Insufficient definition of the term ‘flexible’ contracts and its content;
- Insufficient awareness among workers in respect of this type of labour relations;
- Insufficient demand by employers;
- Deficiencies in the collective agreements by sectors;
- Stability of market environment;
- Inertness in the behaviour of labour market agents;
- Competency of participants in the labour market in implementing flexible labour relations;
- System of control.

*The employers* who are less likely to think there are impediments to the development of flexible labour relations indicate as impediments:

- Legal regulations and legislation-related impediments ensuing from the Labour Code;
- Sanctioning of flexible forms of labour relations by inspection bodies;
- Problems with declaring the positions under flexible contracts with the National Revenue Agency;
- Fears associated with possible violations of current legislation;
- Additional requirements to work at a second employment contract.

**The unemployed persons** show unimpressing attitude to work under flexible employment contracts and working hours. For them work under such contracts or patterns is mostly associated with family or health problems.

**Practical use of the flexible forms of labour relations and work patterns.**

---

<sup>17</sup> The author would like to express his special gratitude for the responsiveness and the ideas shared to Ms T. Elenkova and Mrs E. Miroslavov, C. Hristov, and I. Neykov.

- 55,5% of the inquired employers use flexible forms of employment contracts and working time arrangements, 44,6% do not use such forms and 1,7% have not responded.
- The employers who do not use flexible forms, state as a main reason for that the nature of the industrial process. To one of the employers, the reason is the pending restructuring arrangement of labour and according to another employer, this would infringe the labour legislation.
- The employers who use flexible forms, indicate a variety of forms, such as work at shifts; night duties; compensations for days worked; extra payment; outstanding payment for leaves; overtime work; hiring labour under fixed-term contracts when the scale of work increases; part-time employment; seasonal employment; campaign-related work patterns; temporary employment; fixed-term employment contracts; scheduled working hours; floating working hours; employment through co-operation with other firms; summarised working hours; hiring labour to perform piece-work.

### **Subjective assessment of opportunities for transition from flexible to more sustainable forms of employment**

- For the prevailing part of the employers (59%), the transition from flexible to sustainable forms of employment will depend on the volume and dynamics of manufacture.
- According to 25% of the inquired employers, this transition is very much a matter of labour arrangements.
- For 7,1% the mobility from flexible to non-flexible forms of employment is a matter of workers' personal desires.
- Around 2% of the employers are unable to evaluate or indicate any other reasons hampering the transition, such as the seasonal nature of work.

### **Is there any segmentation among people employed by type of the employment contract and working hours arrangement patterns?**

The employers are almost unanimous in their opinions on the matter that people who are hired under flexible employment contracts have no specific profile by sex, age, occupation, or education. In their opinion, the question whether an individual would be hired under a flexible or a permanent employment contract, whether it would be full-time or part-time is a matter of random selection in a situation predetermined by other circumstances relative to the production process or its technological particularities, or to offer of labour force on the local labour market. However, within such unanimity, part of the individuals inquired note the significance of the occupation and the educational level in relation to the job descriptions and the age when hiring people underage or overage is the matter.

Two thirds of the experts in the Labour Offices (70,2%) share the opinion that the variety of employment contracts and working time arrangements does not lead to any segmentation between people employed, however, 29,3% see components of segmentation in terms of workplace; length of working hours; overtime work against no payment; differences in social security and tax liabilities;

### **Aptitude to hiring labour using temporary employment agencies, home work agencies, telework agencies, or own business**

**The unemployed persons** are a group that is particularly sensitive to institutions and to the forms of job seeking and this is totally understandable given the status they have on the labour market.

- 58,9% of those inquired have positive attitude to the temporary employment agencies, however this must be perceived with certain reserves as it is not clear whether people are quite aware of what a temporary employment agency is. 16% would not go job seeking using such agencies while 23% are unable to give a definite answer.
- 46,4% express positive attitude to telework and would work under such pattern, 33,9% would not accept a similar pattern, and 21,4% are unable to give a definite answer.
- 53,5% of the unemployed individuals would accept home work; 35,7% do not show interest to any such form of employment, while 8,9% are unable to give a definite answer.
- 37,5% of the unemployed individuals accept the possibility to start a business of their own as real, 53,5% find this form of employment impossible while 8,9% are unable to give a definite answer. What is noticeable is that the individuals who see the possibility to change their labour status by starting a business of their own, are mainly men with secondary education while unemployed men with a university degree express negative attitude to starting a business of their own as a form of labour activity.

The majority of **employers** prefer to communicate with Labour Offices and to use their services when seeking labour force. They assess the work performed by these offices as professional and competent and rely on them for selection of labour force. At the same time the employers notice a great variety of other opportunities provided by the modern information space in respect of demand and offer of labour and this is most valid about Internet. There has been certain interest to cooperate with Labour Offices due to the preferences provided by these. Some employers note that they have experienced problems when trying to select labour force with the help of Labour Offices. Some difficulties have also been noticed such as clumsiness of the procedure and waste of time.

#### **4. Classification of problems, conclusions and recommendations**

The analysis of the flexible contractual arrangements and working time arrangements shows that the process of introducing and promoting new forms of employment and working time patterns undergoes development through significant diversification of the existing regulatory frameworks and their practical implementation.

However, the progress in time achieved in Bulgaria over the last ten years, is still much too modest if compared to EU scale. The flexible forms of labour relations and work patterns are spread much less than the average levels applicable to the Community. The reasons for that are mainly subjective and are associated with: (a) knowledge/ignorance of the legal regulatory system in terms of opportunities for more flexible labour relations and work patterns both by employers and by hired labour; (b) awareness of the need of using flexible patterns and (c) the interest of using the regulatory opportunities in practice.

**The conclusions** from the analysis show the following:

1. The opportunities for flexible contractual relationships and work patterns are relatively well developed as regulations within an up-to-date labour legislation of classical type. In comparison with the situation twenty years ago, today there are more opportunities for implementing flexible patterns of labour relations and working hours. However, there are some untypical forms of flexible labour relations (home work), which do not enjoy an integral legal regulatory system. Furthermore, some newly emerged forms such as the telework employment, employment through mediation agencies still have not found their legal regulations, although these exist in practice.
2. The regulatory diversity of forms of employment contracts and work patterns is not well known by employers or hired labour.
3. At the same time, the knowledge of the legal regulations is not a sufficient ground for the observance, neither is it grounds for their application.
4. The needs to implement the flexible forms of labour contractual relationships and working hours to part of the employers are not defined clearly enough. To some of them these needs are predefined by some technological peculiarities pertinent to the relevant industrial processes requiring more traditional employment relationships or working patterns. To another part of the employers, the implementation of the flexible labour relations is not recommended due to insufficient initiative in respect of individual labour agreements; bureaucratic foot-dragging; unwillingness to make any extra administrative efforts; fears of sanctions as a result of inspections; business's unawareness as to own interests. However, some employers do use such forms, yet not observing the regulatory requirements, taking the risk of sanctions in case of inspection.
5. The needs of flexible forms of employment experienced by hired workforce are mainly associated with family-related problems, child raising or care of older people. Flexible patterns are also sought to reconcile several jobs as sources of incomes. The personal interests targeting the legalisation of flexible labour relations are relatively insignificant, which created prerequisites for "non-regulated employment".
6. The mobility of people employed between different forms of labour relations, including different types of contracts and working hours is not high and is mostly associated with changes to the labour status from employment to non-employment (unemployment or economic non-activity) and, to a lesser extent, with movements between a variety of forms of employment, including the type of employment or working hours.
7. The employment under temporary employment contracts and part-time employment may be defined as 'buffer' statuses featuring mobility rates around 50%. For people retaining their statuses (50%), such flexible forms contain the risk of segmentation provided they will face problems in case of change in their statuses. For 25-30% of people employed with such statuses, the change is positive and is associated with a movement toward more sustainable forms of employment. For the rest, the flexible forms of employment are a step to further labour isolation, insofar as they either move to unemployment or leave the labour market. This is why this group is particularly risk-associated.
8. The group of the unemployed persons is a pronouncedly mobile group, whereas around 20-25% of unemployed manage to get back to employment, but the rest leave the labour market. For the nearly 50% of those retaining their unemployed status, the risk of segmentation is present as they have a problem with changing their statuses.
9. The employers and workers' attitudes to using flexible forms of employment are not particularly pronounced and this is due both the lack of knowledge of legal opportunities,

and to underestimation of their advantages and to existing problems associated with the administration thereof.

10. The control over the application and observance of relevant legislation is a component that is awaiting a follow-up. This is also valid for regular monitoring of the variety of forms of flexible labour relations and working hours, which variety is not sufficiently developed. As a result of this, statistical accounting of flexible forms of employment relationships and working hours in terms of its scope and dynamics is not complete or exhaustive.
11. Using the flexible forms of employment as forms of employment contracts and working time patterns creates prerequisites for segmentation on the labour market in respect of the changes made to the status of the people on the basis of the two features. The variety of forms and options redefines the variety of risks affecting both young people and people aged over 50, and in some cases there are risks of segmentation on the basis of 'sex'. This supposes continuous monitoring and analysis of the processes and flexible policies for protection from segmentation depending on the strength of the risk.

The conclusions made allow formulating some **recommendations for the further development of flexible contractual relationships and working hours:**

1. Further improvement of the legal regulatory system to cover newly emerging forms of employment relationships (telework, work by re-hiring) and of the existing ones (home work).
2. Development of a vast information network for awareness campaign in respect of the opportunities of using flexible forms of employment and working hours.
3. Periodical redefinition of the dynamics of processes with ensuing updates of laws and other legal regulations relative to flexicurity of the employment relationships and working hours within the tripartite co-operation and partnership.
4. Developing models of policies to work groups at risk having various statuses of employment or non-employment.
5. Increasing the chances of young people in transitions from flexible forms to more sustainable forms and for reduction of their mobility from employment to unemployment and leaving the labour market.
6. Regular studies aimed at exploring employers' and employed persons' opinions on their needs concerning flexible labour relations and the forms of implementation thereof. The employers interviewed in the inquiry suggested there was more freedom in terms of concluding civil contracts on certain jobs, by providing a longer period (e.g. a year) with schedules of 1 hour monthly.
7. Improving the system of control over the implementation of flexible forms of employment relationships on the basis of social partners' active inclusion.
8. Regular observations and analyses of interaction between the flexible forms of employment and reconciliation of work and family, and their relation to health and safety at work. This is a key stage of assessments made of stimulating/ destimulating effects and a step forward to the correct definition and guidance of policies in this area.

## Appendixes:

### Appendix 1. Profiles of labour force mobility according to the type of employment contract and the type of working hours

**The most characteristic of people employed under permanent employment contracts is:**

- Reduction of the share of people employed under permanent employment contract (from 94,5% to 93,1%);
- Increase in the share of those who have become unemployed (from 0,9 to 2,1%) and/or leave labour force (from 2,8 to 3,7%).
- Insignificant share of the people using the flexible forms of employment in mobility: from permanent employment contracts to temporary employment contracts: 2,2% of the young people; 0,8% of men; 0,5% of women; 0,6 of the people aged 25-49 and 0,4% of those over 50.

Men prevail among people having changed their statuses from permanent employment contracts to temporary contracts or to self-employed, while women have shown higher levels in the transitions from permanent employment contracts to economic non-activity (4,3% in comparison with 3,2% among men). This is why there are fewer women (1,8%) in comparison with men (2,3%) who go through the transition from permanent employment contract to unemployment.

The profile of people employed under permanent employment contracts and their mobility shows the following peculiarities:

- 93,2% of men remain employed under permanent employment contracts, while the percentages are 92,9% for women, 88% for the young people, 94,5% for people employed aged 25-49 and 90,9% for those over 50.
- Of people employed under permanent employment contracts 0,5% of men, 0,4% of women, 0,6% of the young people, 0,5% of those aged 25-49 and 0,4 % of the people aged over 50 shift to self-employment.
- 2,3% of men, 1,8% of women, 3,9% of the young people, 2,0% of the people aged 25-49 and 1,5% of those aged over 50 shift from employment under permanent employment contracts to unemployment.
- Of people employed under permanent employment contracts, 3,2% of men, 4,3% of women, 5,3% of the young people, 2,4% of those aged 25-49 and 6,8% of those over 50 shift to statuses outside the labour market.

In the case of **people employed under temporary contract** the particularities are as follows:

- The share of **people employed under a temporary employment contract**, who retained their status, increased (50,2% in the period 2008-2009 and 44,5% in 2007-2008).
- The share of the people who passed from temporary to permanent employment contract decreased from 32,9 to 29,1% for the reference period.
- The share of the people who became unemployed, rose from 4% to 6,5%.

- The share of people employed under a temporary employment contract who left labour force dropped from 16,6% to 12,9%.

The comparison between the two genders shows that more men (55,6%) remained at temporary work compared to women (42,5%). According to the age group, 45,4% of the young people remained in this form of employment, 52,2% of those aged 25-49 and 49,1% of those aged over 50.

The profile of the mobility of people employed under a temporary employment contract is as follows:

- From temporary to fixed employment contracts pass 27,6% of men and 31,3% of women; and 31% of the young people, 29,5% of the people aged 25-49 and 27,1% of those over 50.
- 9,4% of men; 17,7% of women, 22% of the young people, 8,5 % of people employed aged 25-49 and 15,9% of those over 50 leave labour force. It is quite obvious that here ***the young people and women are the groups at highest risk.***
- Into self-employment pass 1,4% of men, 1,3% of women, 0,6% of people employed aged 25-49 and 3,6% of those over 50.
- From temporary work to unemployment pass 9,4% of men, 7,3% of women, 22% of the young people; 8,5% of those aged 25-49 and 15,9% of people employed over 50. Here, ***the young people and the people over 50 are in a more vulnerable position.***

**Stability of self-employed persons increased to 90,8% in 2008-2009 (86,2% in 2007-2008).** This is the period when people employed under permanent employment contract accounted for 2,1% of the self-employed persons, but they were 7,6% in 2007-2008 To temporary employment passed a mere 0,9% (1,5% in 2007-2008), while to economically non-active passed 5,4% (4,4% in 2007-2008) of the self-employed persons.

This is the background where the profile of mobile people showed the following:

- 91,3% of men remained in that status, while the percentage for women was 90%, and for young people it was 69,2%; 94,4% of those aged 25-49 and 86,8% of the people aged over 50.
- People employed under permanent employment contract became 2,5% of men and 1,5% of women, and 4,8% of the young people, 2,5% of those aged 25-49 and 1,0% of those aged over 50.
- People employed at temporary work became 1,4% of the self-employed men, 0,2% of self-employed women, the young people did not make such transition; 0,9% of those aged 25-49 and 1,1% of those aged over 50.
- 7,8% of the self-employed young people became unemployed.
- 4,2% of the self-employed men, 7,3% of the self-employed women, 18,2% of the young people and 10,6% of the people aged over 50 who were self-employed persons shifted to statuses outside the labour force.

***The highest risk was experienced by the groups of self-employed young people and women.***

**Among the unemployed persons**, the status-to-status transformation experienced the following trends:

- Increase in the share of those who retain their status (50,3% in 2008-2009 and 44,6% in 2007-2008).
- Increase in the share of the unemployed persons leaving the labour market: 23,6% (22,9% in 2007-2008) shift to outside labour force;
- Decrease in the share of those unemployed who were employed under fixed employment contracts: 15,5% (21,3% in 2007-2008).
- Decrease in the share of those unemployed who were employed under temporary work arrangements: 7,1% of the unemployed individuals (9,3% in 2007-2008);
- Increase in the share of the self-employed persons: 2,0% (1,3% in 2007-2008).

Which groups promise to be at risk in case of a change of the status of the unemployed persons?

- 50,9% of men remain in this status, as well as 49,7% of women, while young people account for 54%, 43,5% of the people over 50 and 52 % of those aged 25-49.
- Employed under permanent employment contracts became 17% of the unemployed men; 13,8% of the unemployed women, 20,1% of the unemployed young people, 15,1% of the unemployed individuals aged 25-49 and 12,8% of the unemployed individuals people over 50.
- Unemployed hired under temporary employment contracts account for 8,7% of men, 5,1% of women, 8,2% of the young people, 6,3% of the people aged 25-49 and 7,9% of those over 50.

***The young people stand out as a group at risk among the unemployed persons and this is basically*** due to their high mobility from employment to unemployment and toward leaving the labour market.

**The whole group of the people outside labour force** may be classified as “a group at risk” and this is due to their mobility inclined to further decrease. Nearly 94% retained their status of people outside labour force (92,7% in 2007-2008). There was also a drop in the number of those who were employed under permanent employment contracts: 2,2% (3,7% in 2007-2008), and those who were employed under temporary work schemes, 0,9% (1,2% in 2007-2008). As few as 0,6% became self-employed persons (1,3% in 2007-2008), while 1,4% changed their status to “unemployed”. Notwithstanding the high segmentation levels among the group of people ***aged over 50, these belong to the most problematic subgroup in respect of their opportunities for labour reintegration.***

- 2,4% of men, 2,1% of women, 4,7% of the young people, 7,5% of those aged 25-49 and a mere 0,4% of those aged over 50, all of them outside the labour market shift to permanent work. Therefore, the people over 50 who are outside of the labour market have the lowest chance to return to permanent employment.
- Inclusion into employment through temporary work is valid for 1,3% of men and 0,6% of women, 1,6% of the young people, 3,9% of the people aged 25-49 and 0,2% of those aged over 50, i.e. the temporary employment is a possible form for labour integration explicitly for people aged 25-49 who are outside the labour market.

- In 2008-2009, inclusion into unemployment as a step towards labour integration involved 1,2% of men and 1,6% of women, 3,4% of the young people, 3,9% of those aged 25-49 and 0,3% of people aged over 50.

**The number of full-time employed** has decreased over time: over the period 2008-2009, 93,2% retained their statuses vs. 95,4% over the period 2007-2008.

The transition from full time to part-time was almost the same in the two subperiods, 0,5% and 0,6%, respectively; the transition to unemployment increased from 0,9% to 2,1%; the share of full-time employed leaving labour market also increased: from 3,2% to 4,2%.

- In case of transition from full-time employment to part-time employment and unemployment, the share of *men* prevailed while typically for *women* transition was mostly toward outside the labour market;
- *The young people* were much more mobile over the period 2007-2008 when 87,9% retained their full-time employment, 1% shifted to part-time employment, 3,7% shifted to unemployment, and 7,4% shifted toward outside labour force. Over the period 2008-2009 this trend decreased significantly: 93% retained their statuses; 1,6% shifted toward unemployed, and 5,4% shifted toward outside the labour market. There was no transition from full time to part-time employment.
- The other age group with more dynamic transitions was the group of *people aged over 50*. In that group, 94,8% retained their full-time employment; 0,5% shifted to part-time employment, 2,1% became unemployed, and 2,6% left labour force. However, that group's mobility also decreased over the reference period as in 2007-2008, 92,4% retained their full-time employment statuses, 1,0% became part-time employed s, 0,8% shifted to unemployment, and 5,8% left the labour market.

The share of the part-time employed persons who retained their status rose: from 51,5% in 2007-2008 to 53% in 2008-2009. The mobility in this group includes transition to full-time employment (24,2 and 23,1% in the two subperiods, respectively); to unemployment: sustainable percentage equal to 6,2%; and outside labour force: 18,1 and 17,7% in 2007-2008 and 2008-2009, respectively.

- Among part-time employed persons, the share of men (20,6%) who left the labour market was much higher than the share of women (15,5%). There were more part-time employed women who remained in subemployment or shifted to unemployment.
- The young people prevail among the part-time employed persons who underwent transition toward leaving the labour market (29,8%) followed by the people aged over 50 (21,1%).
- The most numerous was the group of people aged 25-49 (34,3%) who left part-time employment and shifted to full employment. Moreover, that age group had the highest share in the case of transition to unemployment (11,1%).

The mobility of **unemployed persons** showed an increase in the number of those who retained that status of theirs, from 44,6% (2007-2008) to 50,3% (2008-2009), respectively; it also showed a decreasing share of unemployed persons who shifted to full employment, from 30,9% to 23,7%; an increasing share of unemployed who left labour force, from 22,9% to 23,6%, and an increasing share of unemployed persons who shifted to part-time employment, from 1,7% to 2,4%.

- More unemployed men shifted to full employment or part-time employment compared to women. 27,3% of men and only 19,5% of women shifted from unemployment to full employment.
- Among unemployed women, 30% left the labour market in comparison with 18% among men.
- Among the people who were outside labour force, people aged between 25-49 (12,1%) more often returned to full employment. Among young people, this chance was twice as low, 6,6%. At the same time, more people outside labour force shifted to part-time employment provided they were aged 25-49 (1%) and fewer provided they were youths (0,3%).

**The prevailing part of the people outside labour force** remained the same, 92,7% vs. 94,8%, respectively. A transition to another type of labour status was made by 5,6% and 3,4%, to full-time employment; 0,5% vs. 0,3%, to part-time employment, and 1,1% vs. 1,4% to unemployment.

- The age group over 50 showed the highest risk in terms of return to the labour market: 98,8% thereof retained their status of people outside the labour market, 0,8% shifted to full employment, 0,1% shifted to part-time employment, and 0,3% shifted to unemployment.
- The young people were the most dynamic group in terms of change of their statuses in case they were outside the labour market, 89,7% remained there; however another 6,6% joined the full employment status; 0,3% shifted to part-time employment, and 3,4% shifted to unemployment. However, at the same time, in 2007-2008 the young people who were outside the labour market had more chances to shift to full-time employment (9,2%) and, in this sense, the risk for young people to stay outside the labour market increased in 2008-2009 in comparison with 2007-2008.

## **Appendix 2: List of indicators used for progress assessment**

1. Employment rate in full-time equivalents
2. Access to flexitime
3. Diversity and reasons for contractual and working arrangements
4. Permanent and temporary employment
5. Full time and part time employment – total and by sex
6. Overtime work and hours of overtime

7. Self-employed people
8. Unpaid family workers
9. Share of the employed persons according to the type of the employment contract: employment contracts, civil contracts, other contracts, without a written contract
10. Share of persons who have retained their employment statuses: full-time employed persons, part-time employed persons, unemployed, economically non-active: by sex, age groups (15-24, 25-49, 50+).
11. Share of persons who have changed their employment statuses: by sex, age groups (15-24, 25-49, 50+).
12. Share of persons who have retained their employment statuses: employed persons with permanent work, employed persons with temporary work, unemployed, economically non-active: by sex, age groups (15-24, 25-49, 50+).
13. Share of persons who have changed their employment statuses - employed persons with permanent work, employed persons with temporary work, unemployed, economically non-active: by sex, age groups (15-24, 25-49, 50+).
14. Employed persons performing their work in untypical working hours: in the evenings, at night, on Saturdays, on Sundays: annual data for 2008 – by sex.

**Appendix 3: List of supplementary indicators to account for national specificity that may be regularly observed**

1. Share of persons who have retained their employment statuses: full-time employed persons, part-time employed persons, unemployed, economically non-active: by sex, age groups (15-24, 25-49, 50+).
2. Share of persons who have changed their employment statuses: by sex, age groups (15-24, 25-49, 50+).
3. Share of persons who have retained their employment statuses - employed persons with permanent work, employed persons with temporary work, unemployed, economically non-active: by sex, age groups (15-24, 25-49, 50+).
4. Share of persons who have changed their employment statuses - employed persons with permanent work, employed persons with temporary work, unemployed, economically non-active: by sex, age groups (15-24, 25-49, 50+).
5. Employed persons working at untypical working hours: the evenings, at night, on Saturdays, on Sundays: annual 2008 data–by sex
6. Number of employed in home work by sex, education level and type of labour activity
7. Number of employed in telework, by sex, education level and type of labour activity

## **Sources used**

1. EU. Europe 2020. A strategy for smart, sustainable and inclusive growth, Communication from the Commission, 3.3.2010.
2. Beleva, I., V. Tzanov. Bulgaria: Towards a Better Balanced World of World? – In: Eyraud, F., D. Vaughan-Whitehead (ed.), The Evolving World of Work in the Enlarged EU, Progress and Vulnerability. ILO, Geneva, 2007 .
3. EC. Compendium 2009, Tables 17A1,21A4, 21M2,T21M2,21A3,
4. The Bulgarian “path” to achieving better flexicurity on the labour market 2009-2011, Sofia. 2009, MLSP.
5. Beleva, I. V. Tzanov, D. Velkova, Labour Conditions and Quality of Employment in Bulgaria: Trends and Interaction. Sofia., Avangard Prima, 2009.
6. NSI. Monitoring “Employment and Unemployment”.
7. CITUB. Strategy on the Development and Regulation of Industrial Relations, 2008.
8. CITUB. Strategy on the Development and Regulation of Industrial Relations, March, 2009.
9. Hristov, C.. Prospects and Challenges before Legislation – in: Flexible employment and security in small and medium enterprises in Bulgaria, Sofia, 2008.