

## STRUCTURING OF THE LABOR MARKET AND ITS REGIONAL CHARACTERISTICS

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**Abstract:** Issues related to the workforce always have their relevance and strategic importance for the development of any society. In this respect, it is important to outline approaches to the labor market that outline the specificities of employment and unemployment in a territorial and regional context. In practice, in terms of employment and unemployment, the analyzes focus more on data and results than on the causes that led to it. A theoretical and methodological perspective is a series of studies related to the analysis and assessment of income, social security and social assistance, but in practice there is no complete variant picture of the reasons for this state of the population and ways to overcome the problems. This gives us a reason to look for a comprehensive scientific study on employment and unemployment at a higher hierarchical level, in order to see trends in purely territorial terms and to outline the problems in the hierarchical order of settlements. In this direction, the trends at the mezo level need further consideration and focus, especially for the implementation of various policies and programs to address the problems of unemployment and employment in them. Such an approach requires the refinement of the reliability of information sources through which local observations and analyzes of ongoing processes are carried out. This requires a combination of statistical materials and expert assessments to enable us to draw up an objective picture of the ongoing processes in order to build a profile in the relevant territory or to build an optimal model for assessing the labor market through employment levels and unemployment.

**Keywords:** workforce, labor market, employment

### 1. INTRODUCTION

Issues related to the workforce always have their relevance and strategic importance for the development of any society. In this respect, it is important to outline approaches to the labor market that outline the specificities of employment and unemployment in a territorial and regional context. In practice, in terms of employment and unemployment, the analyzes focus more on data and results than on the causes that led to it. A theoretical and methodological perspective is a series of studies related to the analysis and assessment of income, social security and social assistance, but in practice there is no complete variant picture of the reasons for this state of the population and ways to overcome the problems. This gives us a reason to look for a comprehensive scientific study on employment and unemployment at a higher hierarchical level, in order to see trends in purely territorial terms and to outline the problems in the hierarchical order of settlements. In this direction, the trends at the meso level need further consideration and focus, especially for the implementation of various policies and programs to address the problems of unemployment and employment in them. Such an approach requires the refinement of the reliability of information sources through which local observations and analyzes of ongoing processes are carried out. This requires a combination of statistical materials and expert assessments to enable us to draw up an objective picture of the ongoing processes in order to build a profile in the relevant territory or to build an optimal model for assessing the labor market through employment levels and unemployment. In this respect, it is necessary to assume that the labor market is an analytical construct that is used to explain the process of conducting transactions between the labor supply and the labor market. Of course, from an economic point of view, the market is defined as an economic space in which jobseekers and job seekers find and negotiate. In addition, from an institutional point of view, the labor market is a set of norms, principles, institutions and organizations that determine the behavior of job seekers and job seekers. Of course, in terms of a systematic approach, the labor market is a regulated system of economic relations that emerge and take place between jobseekers and job seekers. On the other hand, the problems of the modern labor market are the subject of increasing interest in research, policy discussions and management practice. They are particularly relevant in the years of transition and with the membership of Bulgaria in the European Union, as well as new challenges for the country in demographic terms. In this direction for the labor market in our country during the transition period, one of the most difficult tasks is to carry out market transformations in the transition economy and to structure an effectively functioning, dynamic, sustainable and civilized labor market. In the conditions of economic change, structural crisis of labor relations and other groups of problems, new features of the labor market in the country emerged. In practice, the reform process has led to a high degree of volatility in employment. Free movement of people, enhances migration, on the other hand reduces employment, job retention becomes a local problem, mainly caused by the new conditions of national development and the opportunity to adapt

the regional economy to the national one. This has led to serious regional disparities and instability of entire regions and areas.

## 2. RESULTS AND DISCUSSION

In this direction, the labor market in Bulgaria in the period of transition is a scientific challenge, especially in the attempt to make sense of the ongoing processes and to assess the levels of employment and unemployment on the other hand. In this way, the real socio-economic picture of the development of regions, respectively districts and municipalities in them is outlined. Moreover, since 1990, the labor market is being built, which has its deficits, at least it needs an improved regulatory and regulatory environment to set the labor market policy. This also means the implementation of programs and activities that reflect changes in the macroeconomic environment and the opportunities to overcome certain regional economic deficits. Thus, the problems on the labor market directly affect the implementation of employment policies and, respectively, the reduction of the unemployment rate. This does not make it possible to highlight the strengths of individual regions, which can contribute to attracting investment in individual regions. In practical terms, in spatial and territorial terms, economic development is crucial for the demand and supply of the labor market. On the one hand, through regional development, a certain balance of economic development rates can be achieved over different time periods. This gives us sufficient reason to accept that employment and unemployment are directly linked to the labor market. On the other hand, the labor market imposes stereotypes for assessing the quality of the workforce, the size of the salary, working conditions, educational and vocational training opportunities, and more. From the demographic point of view, the labor market reflects the main trends in the dynamics of employment and structures (sectoral, vocational qualification, territorial). It thus defines the social division of labor, labor mobility, the scale and dynamics of unemployment and employment in a purely territorial way. This gives us reason to look for the theoretical manifestations of the concept of "work". In structuring the labor market, the location of the population and its territorial dimension is of great strategic importance. This gives us a reason to look for the relevant laws and signs for the formation of the labor market on the basis of the population structure in the individual settlements. From a methodological point of view, these problems have their interdisciplinary nature because they also enter the field of social sciences. On the other hand, population and settlement surveys necessitate, through a hierarchical and analytical approach, to identify the problems at the different levels of management of urban entities - that is, urban, rural, agglomerational, territorial, regional and interregional. In this direction, the regularities of population structuring and its active activity, which outline the contours of the spatial economy with their peculiarities of location modeling, transport need, population structure, land use and urban development, come to the fore<sup>106</sup>. At the same time, more recently, there is a need for inter-industrial analysis, environmental analysis, resource management analysis, regional political analysis, geographical information systems and spatial data analysis.

In a purely pragmatic manner, the interaction of the two variables - labor demand and labor supply, determines the balance of the labor market. This brings out the competitive mechanism of this interaction, on which the stability of the labor market depends. Of course, the important determinant role in coordinating the plans of job seekers and job seekers is the cost of labor. In this respect, we can emphasize that the economic process taking place in the labor market affects the relations between the labor market and the labor market. However, if we go back to spatial analysis, it, and in particular classical location theory, is, according to some authors, decisive for regional economic analysis. By analyzing the labor market, an attempt can be made to create a more nuanced theory of the location of production sites in space. This is possible by developing a set of reliable and useful, though radically different, technical methods for analyzing problems related to other sciences. Moreover, in the contemporary economic theory of urbanism and regional development, labor market analysis is, in its spirit, a macroeconomic discipline and therefore leaves little room for the mesoeconomic and local approach characteristic of the classical theory of the location of industrial and agricultural sites. . This is a necessary regularity because the leading factor is the state of the population and its characteristics. In this respect, the development of the human resources situation proves to be important for the formation of the labor market, and hence for the rates and peculiarities of unemployment and employment, both macro and meso and micro. In most meso-level studies, there is a sufficiently in-depth study of the labor market. To a large extent, it does not substantiate the need to find a solution to the employment

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<sup>106</sup> Naydenov Kl. T. Traykov. (2015) Demographic situation in urban areas of republic of Bulgaria in the last 25 years, 1st International Scientific Conference Geobalcanica, <http://geobalcanica.org/wp-content/uploads/GBP/2015/GBP.2015.27.pdf>

relationship at the level of the land, or in other words in the mesoplane, and the tendencies are often analyzed and examined from the totality of the local picture, that is to say at the micro level<sup>107</sup>.

The future supply of labor in Bulgaria depends on the demographic trends, the number of the working-age population, labor market participation, access and the level of learning, the opportunities for rapid qualification. The latest Eurostat forecasts show that the working-age population in Bulgaria will decline by about 8% by 2025, labor market participation will remain at around 54%, with an EU forecast of 55.5%. The population in Bulgaria is aging and by 2025 the most significant decline is expected for the population between the ages of 20-44. Along with the aging and shrinking processes, the workforce in Bulgaria will become increasingly skilled. Most leading analysts estimate that by 2025, high-skilled workforce is expected to grow to about 33.5%, from 27.6% in 2013 and 24% in 2005. qualifications will represent 56.9% of the workforce, compared to 58.9% in 2013. The share of low-skilled and unskilled people will fall from 13.6% in 2013 to 9.6% in 2025. It is important it should be noted that the education system has a direct impact on the labor market through the acquired knowledge, skills and professional competences of workers but strength.

In spatial and territorial terms, Bulgaria's regional economic profile also sets the unsustainable nature of our economic development. It is predetermined by the strong influences of external influences, and the ongoing processes of slowing down the pace of development, weak reforms in the country create conditions for further deterioration of the labor market. In practice, adapting regions and the economy to a new level equals new realities in the labor market in order to mitigate the effects of technological change, as well as timely adjusting to the new needs of the times we live in. The more flexible this market is, the greater will be its adaptability to internal and external influences and the smaller will be the negative consequences<sup>108</sup>.

In this respect, the view on spatial development should not be more local, but on the contrary, it must have a corresponding regional dimension. It should characterize the labor market in terms of urbanization of settlements at the level of planning regions. On the other hand, to bring the settlements into hierarchical rank by demographic potential and by estimating GDP in the respective territorial unit. This can be an appropriate aggregate macroeconomic indicator that can be used to monitor hierarchical settlement development and comparative analysis between rural development and urban areas. This will allow defining new trends with the way of life of the population, its needs for the environment, as well as the real state of the labor market. It is important to note that in Bulgaria the cities are emerging as the main attraction center and attract the main foreign investments. This is highly relevant to the urban economy, such as services, trade and construction, as well as to a number of industries that attract labor from agricultural areas<sup>109</sup>.

In the Bulgarian version of economic development and structuring of the labor market there are some significant temporal and spatial dependencies. The Bulgarian economy as a whole has gone through periods of relatively rapid growth, relatively slow growth and periods of decline. Since 1989, the country has experienced several crises, as a result of which it is not surprising that significant regional differences in the economic growth of individual regions in Bulgaria are clearly evident. To take account of trends in economic development at national, regional or urban level, the changing geography of GNI per capita must be taken into account. In this direction, the main arguments of the analysts are the estimate of GNI per capita. When it is increasing, it means that the economy is growing faster than the population. But in practice, this does not mean that there is necessarily a positive change in people's well-being. Moreover, the close link between statistics and the national economy shows that national institutions are the most appropriate place from which to begin clarifying labor market problems and the effect that is laid on employment and unemployment.

Obviously, national institutions and agencies responsible for collecting and publishing statistics are interested in the well-being and recovery of the national economy. But at the same time, it is known that there may be significant differences between sub-national regions in national economies, and statistics help (or consciously impede) in the process of describing and accounting for these differences.

This is largely because the local market is the most limited in space. There are the smallest differences in employment and wages. The local labor market is equally well researched, both by those who offer work and who do not want to leave it, and by those who seek work and prefer to obtain labor from it.

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<sup>107</sup> Gataulinas, A., Zabaraukaitė, R., (2014) Enhancing Motivation to Work in Unemployed Persons: Lithuania In The Context Of EU, European Scientific Journal October 2014 edition vol.10, No.29 ISSN: 1857 – 7881 (Print) e - ISSN 1857- 7431

<sup>108</sup> Naydenov Kl. (2017) The demographic deficit in the economic development of the Republic of Bulgaria - consequences and decisions, 4th International Multidisciplinary Scientific Conference on Social Sciences and Arts SGEM

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In contrast to the local, the regional labor market covers a larger territory, with differences in employment and wages being larger and due to different factors. These differences persist for a longer period and are mainly due to the lower mobility of human resources within the region. However, they are lower in the region than between the regions themselves, which is the reason for the deep and lasting differences in the state of the labor market in the different regions of our national economy.

In practice, the labor market consists of many specialized labor markets. It has its own dimensions and limits, defining the relevant requirements and rules that govern the behavior of job seekers and job seekers. To the extent that labor mobility has different dimensions, labor market boundaries are conditional. The determining factor in hiring and allocating personnel to product markets is not the amount of remuneration. In these markets, job seekers are motivated by the nature of the work they do as it responds to their preparation and job security. The requirements for job seekers are determined by the specificity of the jobs and the internal rules of the industry or industry. Therefore, outside the industry, the industry, this workforce is poorly mobile<sup>110</sup>.

In theory, much of the debate has focused on regional disparities within the European Union, and in particular the question of whether regional labor markets converge or diverge in terms of economic health and productivity. At the heart of this question is whether the integration of economic life within the European Union, through the creation of a single market, the improvement of capital and labor mobility and the harmonization of regulatory regimes, has reduced or increased regional inequality at a sub national level. One might assume that this is a relatively simple question, but there are a number of variables and problems that complicate this analysis. Contributions to the debate are completely different conclusions on the degree of regional convergence / divergence within the European Union. The neoclassical models of economic development, for the most part, are based on the claim that the mobility of factors of production will generate homogeneity and, over time, the economy as a whole will shift to equilibrium. In short, regional and local economies need to adjust to national equilibrium in their development. For analysts who prefer unorthodox positions, including those drawn from the theory of population and settlement geography, regional differences are reduced to the norm for a particular set of areas. In the case of labor migration, critics of the equilibrium theory emphasize the selective nature of migration, through which the lagging regions are squeezed out by the most skilled and productive workers, which in turn widens the regional economic gap.

On the other hand, there is a significant problem with regard to the labor market concerning the issue of regional cohesion and distance. It frames the broader trend that characterizes the labor market, together with the changing success of local and regional economies<sup>111</sup>.

The labor market needs a certain level of competition. Labor market competition can be used to promote an increasing degree of flexibility in the demand and supply of labor, with workers being called upon to abandon "outdated" and "old-fashioned" practices in order to become "more competitive" "At the global level. More generally, taxpayers and residents are called upon to contribute to the efforts of their city, region or country to maintain or develop "competitiveness"<sup>112</sup>.

Structuring the labor market is best integrated into the concept of the local economy. It is, in turn, perceived as a reasonably coherent set of economic activities that are interconnected at a sub-national geographic level, usually market-determined. In terms of the labor market, daily commuting to and from work determines the boundary of the urban and suburban area from which employers can effectively replace workers and workers can replace employers. In this respect, the labor market must have its own philosophy for simplifying the spatial model of an urban economic system, especially given the importance of temporary labor migration, the increasing importance of telecommunications (the Internet), and labor markets and / or markets of housing, often defining the basis on which the concept of local / urban economy is based<sup>113</sup>.

The focus of the labor market must be on how local and regional economies are positioned in terms of spatial division of labor. Thus the territorial division of labor raises a number of important questions that focus on how the local / urban economy can best function. Perhaps most important, the division of labor shows the spatial link between local and regional economies through a set of productive relationships. Regional differences in labor market indicators depend on the development of economic sectors in the individual regions. Labor demand, as a

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<sup>110</sup> Ivanov, M. (2017) Integration models for interregional cooperation, Knowledge international journal, vol. 17.2, Skopje

<sup>111</sup> Pearce, D., (2013) Global Catastrophic & Existential Risk - Sleepwalking into the Abyss, publish – Amazon

<sup>112</sup> Найденов Кл., Т. Трайков (2016) Застаряване на населението в България - тенденции, особености и регионални различия, Научна конференция "Географски аспекти на планирането и използването на територията в условията на глобални промени", стр.286-292 <http://geography.bg/news/nkmu/item/80-demografiya-i-regionalno-razvitiie>

<sup>113</sup> Ivanov, M. (2017) Influence of the instruments which reflecting regional differences in socio-economic development of regions , 4th International Multidisciplinary Scientific Conference, Book 1, Volume IV, p.423-431, doi:10.5593/sgemsocial2017/1

major component of the labor market, is influenced by dynamic factors in complex interaction. In the primary labor market, demand depends on the economic situation, while taking into account seasonal fluctuations, regulatory changes regarding employment and more. The provision of subsidized employment through employment programs and measures is an instrument for balancing the negative trends in the primary labor market and depends mainly on budget financing.

It should be noted that the spatial distribution of local and regional economies within the broader territorial division of labor gives rise to ideas for reflection and analysis of their economic development. In practice, the conditions and prospects for local and regional economies are almost entirely determined by "external" influences, which means forces that operate outside the urban economy. These external influences include a whole range of variables (factors), including changes in markets and patterns of demand for goods and services, changes in technology, regulatory changes in scale above the level of the local economy, and more generally, changes in the position (development) of other locations, regions, and countries.

Whatever the concept of the local economy may look like for granted, it must be borne in mind that it is based on certain fundamental (inevitable) conditions, even if they are widespread or artificially retained for a long time, and are largely dependent on available human resources and respectively the labor market. To speak of an urban economy in a meaningful sense means to reflect on the whole set of exchanges - labor and basic goods involved in production and consumption.

Theoretically, we must assume that the labor market also has its territorial factor. This is because the territory is an arena of production, the land market as well as real estate, foreshadowing the widespread use of private property. In this respect, the creation of functional links in the regional economy implies a specific division of labor, which generates the exchange of goods and services. With the expansion of the territorial scope of economic activities, the coherence and constraint of the local / urban economy is increasingly coming to the fore, but it cannot function without a sustainable labor market. This means the coherence of local / urban economies, which are designed to depend on the state of labor resources that can affect the development of social and technical infrastructure, as well as transport and communal networks. Thus, the labor market is essential for the effective management of the territory and the capacity of local authorities to fulfill their tasks<sup>114</sup>

### 3. CONCLUSION

The level of employment depends largely on the level of education or lack of education, as well as on the professional qualifications and competences possessed. The increase in employment has been accompanied by a steady decrease in the unemployment rate as a result of the development of the economy and active labor market policy<sup>115</sup>. Economic development has predetermined the development of the private sector and accelerated reduction of unemployment, primarily due to the creation of large numbers of private sector jobs. With regard to the labor market, an active labor market policy is being implemented in our country, which includes a set of measures to promote the active behavior of unemployed persons. of a specific employer and training according to the current and future needs of employers with a certain qualification and re-qualification, which should contribute to a flexible response of the workforce to the dynamics the changing economic conditions and requirements of employers for the employed workforce. Another area of active labor market policy is the implementation of incentive measures for employers to create new jobs and hire unemployed people. Special incentive measures are applied to disadvantaged unemployed people in the labor market, such as young people, single mothers, people with disabilities, long-term unemployed. Employers who introduce flexible labor organization, who train the employed workforce, provide transport to the workplace and others in connection with the territorial and professional mobility of the workforce are also stimulated. The third main strand of active labor market policy is related to the development of national and regional employment and qualification programs that are tailored specifically to specific target groups with difficulty in accessing the labor market, such as people with disabilities, socially disadvantaged, inactive persons, seniors, families with children, and more. Employment promotion legislation is constantly evolving. The provision of free-of-charge employment mediation services to jobseekers or start-ups has been introduced, which makes services from private labor offices more accessible. The regime of access to the labor market for persons of Bulgarian origin is facilitated, and this group no longer requires a market test for issuing work permits in Bulgaria. All citizens who are actively seeking work are eligible to register with the Labor Offices and use free employment

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<sup>114</sup> Найденов Кл., Иванов М. - Управление на демографския риск в р България – тенденции и перспективи, Годишник на минно-геоложкия университет "Св. Иван Рилски", Том 59, Св. IV, Хуманитарни и стопански науки, 2016

<sup>115</sup> Traykov T., Kl. Naydenov (2016) Educational structure and employment of population in Bulgaria -general and regional issues, 2nd International Scientific Conference Geobalcanica, <http://geobalcanica.org/wp-content/uploads/GBP/2016/GBP.2016.42.pdf>

mediation services. Provisions have also been transposed in the field of the posting of workers for the provision of services and the harmonization of working conditions when posting nationals of an EU Member State with those of Bulgarian nationals. The challenge for the active labor market policy in the future is to create measures and programs that more accurately reflect the needs of the non-equal groups on the labor market, link them to the needs of employers, more bold decentralization and regionalization of programs, greater transparency and involvement of social partners and other non-governmental organizations in the development, implementation and monitoring of measures and programs at local level. A mechanism for the net assessment of the effectiveness of active labor market measures and programs and closer involvement of social partners is needed. Overall, the policy should identify a set of measures and programs that will contribute to an overall increase in employment, higher future incomes and a higher standard of living.

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