EMPLOYMENT

Who can work in Bulgaria?

The Employment Promotion Act is the main legal framework regulating the employment of foreign citizens in Bulgaria. However, not all foreign citizens are required to apply for a work permit when coming to work in Bulgaria. EU and Swiss citizens are not required to obtain Bulgarian labor permits; they must only register with the local Employment Office of the region they live in – there is a one-page declaration form to fill in with details about the employer and the employee available online. Non-EU citizens must first apply for a work permit with the National Employment Agency before starting working for a Bulgarian company. Prior to that work permit, those employees should have obtained a residence permit. Otherwise it would be impossible to obtain a work permit, with the exception of seasonal workers who have short stay permits. The employer must apply for the foreign employee's Bulgarian labor permit. Again, the procedure is simplified and the required form is just 2 pages long with details about the employer, employee and a job description, and it is available online. In Bulgaria, work permits are issued for foreigners who have specific skills and specialists. Bulgarian employment permits are usually issued for a specific position and employer and has a one-year validity period.

Documents required to obtain a work permit for Bulgaria

As mentioned above, the Bulgarian employer will submit the work permit application. The employer is also required to submit the following documents additionally to the specific application form:

- a document stating the reasons for the request,

- three photos of the foreign employee,

- a legalized copy of the Bulgarian company's certificate of incorporation,

- legalized documents proving the employee's education, specialty, skills, qualifications or experience,

- the foreign citizen's employment contract,

- other documents related to the position applied for by the foreign citizen,

- a copy of the employee's valid passport.

Companies hiring foreign citizens on managerial positions may be subject to additional requirements.

Work permit application procedure in Bulgaria

Once all the documents are prepared, the Bulgarian company will submit them with the Employment Service Directorate within the National Employment Agency. The procedure takes no longer than three days, time in which the agency will verify the documents and send them to the executive directors who will decide to issue the work permit for the foreign employee. Bulgarian employment visas are usually issued within a month. Once the permit is issued, the company must register the employee with the local Employment Office.

FEW STATISTICS ON LABOUR MARKET DATA & TRENDS

Businesses face increasing difficulties sourcing suitable labour within Bulgaria. The country has a declining population as a result of emigration, low fertility rates and an ageing labour force, contributing to a shrinking labour pool that is also becoming less productive as it is dominated by older workers. The labour market is not augmented by a large migrant population, as despite membership of the EU easing the immigration process, firms face difficulties attracting foreign workers to Bulgaria. In addition, the availability of vocationally skilled labour with formal work experience is restricted by low employment rates, the dominance of the agricultural sector in providing jobs, and poor female participation in the labour force.

As the labour market ages, productivity losses will be a key risk due to the inadequate state of the public healthcare system, which is not capable of dealing with higher patient numbers. In addition, the employment rate is poor and women are under-represented in the labour market, limiting the range and diversity of recruitment options available to businesses.

Bulgaria has a relatively small population size of just 7.05 million in 2018, with a working age population (15-64 years old) of 4.8mn, meaning there is a relatively small pool of potential employees. This will particularly deter investors in labour intensive industries as there are other economies in the region with far larger labour force. For example, Turkey boasts a working age population of 53.3mn.

Bulgaria is the second most highly urbanized country in South East Europe, with 69.5% of Bulgarians living in cities and urban areas. The largest urban population is concentrated in the capital city, Sofia, which has over 1.2mn inhabitants, followed by the cities of Plovdiv, Varna and Burgas with smaller populations. This high level of urbanization means that businesses in Bulgaria's cities have access to large numbers of skilled and unskilled workers in geographically concentrated areas, boosting worker availability.

The urbanized composition of labour force also reflects the fact that employment is mostly provided by manufacturing, services and the public sector. Of these, the manufacturing industry provides the most jobs, with around 660,000, representing a 22.2% share of total employment in 2014 (latest available data), followed by retail and repair of motor vehicles, providing 17.2% of total jobs. Even though Bulgaria is becoming a popular destination for business outsourcing, the IT sector provides only 94,600 jobs, although this sector, along with real estate and finance and insurance activities, is providing the impetus for job creation.

The country's international migrant stock is small at just 1.5% of the total population in 2015, and largely comprises people from Bulgaria's regional peers. 58% of migrant workers came from Emerging Europe countries in 2015, mostly from Russia, Turkey and Ukraine. Immigrants from developed states comprise a significant 32% of total immigrants, with Greece, the UK, Spain and Germany the biggest sources.

MARKET CHALLENGES (STRENGTHS AND WEAKNESSES)

Bulgaria’s labour market boasts several key strengths: there is a high level of enrolment in education at all levels, with basic skills widespread; Bulgaria offers low employment costs compared to other EU member states; membership of the EU eases the process of importing foreign workers, and work permits are relatively easy to obtain.

Retention within the Bulgarian education system is average for the region, with mean years of schooling standing at 11.2 years, which is longer than the period of compulsory schooling. This ensures that most students gain a relatively strong grounding in basic skills and benefit from a more advanced education than that provided at the elementary level, benefitting businesses requiring skilled labour.

With regards to tertiary school, enrolment rates are strong and students continue to choose subjects that teach transferable skills and make graduates highly employable, such as engineering and science. The proportion of the labour force boasting a degree or equivalent qualification is therefore growing. The enrolment ratio has steadily improved over the last decade, standing at 70.8%, the third highest figure in South East Europe, up from 41.9% in 2004.

Bulgaria boasted a large number of engineering, manufacturing and construction graduates, representing 15% of the total in 2014, the second highest proportion after social sciences and law. Physical sciences are less popular, representing around 5% of total graduates in 2014, and over half of all graduates have a social science, business or law degree, which are less suitable to many business needs.

A relatively large proportion of Bulgarian students choose to study abroad, with some 24,625 attending courses in other countries according to the latest available data. The majority of these are studying in Western EU member states, including Germany, the UK, Austria, the Netherlands and France, with a significant number also based in the US. Easy access to universities in EU member states is beneficial for Bulgarian students, as they can gain a higher quality tertiary education by studying abroad. This will allow them to bring useful skills back into the Bulgarian labour force and also improve knowledge and skills transfer, but this is contingent on them returning to the country.

Wide-ranging reforms were enacted after Bulgaria achieved EU membership in 2007, including a system of 'delegated budgets' whereby schools receive funding based on the number of students, which has improved the efficiency of resource allocation. As of 2018, the delegated budgets system will be changed so that funding can be tied to education quality. Financing will no longer depend solely on the number of children and pupils but also on the number of a school's classes within each grade, the region's specifics and, in the longer term, the quality of the education process.

In accordance with the governing programme announced by the Government in May 2017, teachers received a 15% increase in their salaries on September 1, 2017, which could improve job satisfaction and help to attract more talented candidates to the profession. The provisions of the 2018 State Budget Bill envisage a gradual increase of teachers' salaries in the pre-school and school education system in the 2018-2020 period, so that these can become two-fold higher in 2021. While these reforms are a step in the right direction, their effects will take some time to improve educational outcomes, meaning the labour market will not benefit in the short term.

Bulgaria’s strengths can be overshadowed by its weaknesses, which include: the labour force is small and continues to shrink due to low fertility rates, high levels of outward migration and an ageing population, as described above; the overall quality of education remains behind Western standards, particularly on secondary and tertiary levels; there is a lack of high quality

universities which means that the standard of graduates is lower than in other European countries.

Despite recovering from a low of just 1.2 births per female on average during the late 1990s, the fertility rate remains below the population replenishment level, at 1.6 births per female in 2016. There is consequently a much more limited flow of new entrants to the labour market, resulting in a shrinking pool of younger workers that is not able to replace those older workers leaving the labour force. As a result, the average age of workers is increasing. This is a risk for employers as older workers are less likely to change jobs and can command higher salaries due to greater experience, thereby pushing up recruitment costs. In addition, older workers are likely to be less productive in comparison to their younger peers, particularly in jobs that require long hours or heavy manual labour. Businesses will therefore be required to employ larger workforces in order to meet production targets or import younger staff from abroad.

Businesses face difficulties attracting workers to Bulgaria. The country is ranked 49th out of 140 states worldwide in the World Economic Forum (WEF)'s Global Competitiveness Index 2017-2018 for capacity to attract talented workers (moving up one place from the previous year), putting it ahead of a number of countries that joined the EU in 2004, as well as Romania. Nevertheless, investors will be required to provide generous benefits and remuneration as an incentive to attract highly skilled staff, increasing employment costs.

The ageing population is accompanied by rising life expectancy, which stood around the regional average, at 74.4 years in 2016, up from 72.9 in 2007. Although this remains below the EU average, the increasing longevity of the labour force raises the risk of workers suffering from illnesses and requiring long-term absences for treatment and recovery. One of the major risk factors is the prevalence of smoking, which leads to high mortality rates from related illnesses including heart disease, lung cancer and pneumonia.

The poor state of the country's public healthcare system further exacerbates the situation. The low level of government funding has resulted in limited healthcare provision and restricted access to treatment for disadvantaged members of society, many of whom cannot afford upfront payments for medicines and procedures. In addition, low pay for medical staff has fostered the continuing prevalence of corruption in the healthcare sector, which further restricts the availability of treatment for those unable to pay bribes. Consequently, the ageing population and poor state of the healthcare system significantly increase the risk of productivity losses due to long-term absenteeism, reducing Bulgaria's attractiveness as an investment destination.

Employers in Bulgaria will also face restricted recruitment options and higher training costs due to low employment rates. The lack of formal work experience in the labour market is highlighted by an employment rate of just 47.2% of the working age population, the eighth lowest figure regionally. The lack of employment opportunities is leading many Bulgarians to emigrate, thus exacerbating the country's demographic issues. Bulgaria suffers from a serious brain drain, which increases the risk that businesses will be forced to import foreign labour in order to meet the skills shortage, entailing considerable costs. The brain drain trend is likely to continue. Wages in Bulgaria are also likely to increase in the coming years, posing extra costs to business operations.

Discrimination is prohibited on the grounds of gender. However, there remain instances of inequality in workforce participation and salary, which discourage women from entering the

labour force. This limits the pool of labour available to businesses in Bulgaria, as a large section of the working age population is not active in the labour market. Furthermore, despite a large urban population boosting the availability of workers for labour-intensive and city-based businesses, the composition of Bulgaria's labour force generally offers little diversity in terms of recruitment options.

Despite strong access to primary school that has resulted in the country boasting widespread literacy rates (around 98%), some risks remain with regard to access to education and the quality of teaching. Although enrolment at primary school is generally high, minority and disadvantaged groups typically suffer from more restricted access to education. Low family incomes continue to be a major cause of school dropouts, while the ethnic background of children is another major factor behind dropping out of school, with minority groups often more disadvantaged and different cultural traditions sometimes discouraging attendance, particularly for females.

Despite recent reforms, the learning outcomes of Bulgarian students at the secondary education level remain lower than their peers in OECD countries. Consequently, businesses may find that Bulgarian workers require extra training programmes in order to bring them up to the required skill level, adding to employment costs. For many years the education system in Bulgaria has suffered from underfunding (the education budget was equivalent to 3.6% of GDP in 2012), resulting in minimal capital expenditure, a lack of adequate resources and low pay for teachers.

The quality of university teaching remains lower than in most EU states and has also been disrupted by the involvement of students in anti-government protests in recent years. Many students who study abroad will seek work in their host country where living standards are higher, and consequently high numbers of students based abroad can contribute to the brain drain of skilled workers. Bulgaria has only one institution in the 2016-2017 Times Higher Education World University Rankings (Sofia University, placed in the >800 category) and many reports suggest that graduates are dissatisfied with the educational curricula and consider the knowledge and skills acquired at university to be irrelevant once employed.

Opportunities

Companies can make use of Bulgaria’s robust numbers of graduates with degrees in subjects such as engineering and science, which are in high demand by businesses. Moreover, spending on education will increase as the country looks to meet EU standards, and reforms will begin improving the quality of teaching over the medium term. A highly urbanized population provides a large pool of potential workers in concentrated areas, which is particularly beneficial for labour-intensive industries.

In order to address the low access to education of minority and disadvantaged groups, the government has introduced schemes to boost the ability of disadvantaged children to remain in school, including providing free textbooks, meals and transportation to and from school. These projects will improve the access to education for all students, regardless of their socio-economic background.

With regards to tertiary school, since the proportion of the labour force boasting a degree or equivalent qualification is growing, the options available to investors requiring highly skilled workers are also growing.

The urbanized labour force (Sofia, Plovdiv, Varna, Burgas) particularly benefits labour-intensive industries as investors are less likely to have to relocate workers from other areas in order to meet labour force needs.

The growing numbers of workers in the fields of IT, real estate, finance and insurance will improve the vocational skills of the labour force and boost the options available to investors in these industries that are looking to locate in Bulgaria.

Table 1. Labour force and activity rates according to the National Statistical Institute.

LABOUR FORCE AND ACTIVITY RATES OF POPULATION AGED 15 YEARS AND OVER IN 2018

Sex Place of residence Age Level of education	Labour force - thous.	Activity rates - %
Total	**3 326.0**	**55.3**
By sex		
Male	1 787.0	61.9
Female	1 539.0	49.2
By place of residence		
Urban	2 595.2	58.9
Rural	730.8	45.6
By age		
15-24	149.3	23.7
25-34	719.9	78.8
35-44	908.1	87.1
45-54	847.8	86.5
55-64	614.6	63.7
65 and over	86.3	5.8
By level of education		
Higher	1 020.9	74.3
Upper secondary	1 887.2	61.2
of which: secondary vocational	1 103.2	67.8
Lower secondary	346.4	27.4
Primary or lower	71.5	24.8

JOB SEEKING IN BULGARIA...

A part & f the Labor office assistance and consultation in the process of finding a job, you can search for a job through various public sources.

1. Some popular websites posting job vacancies on a daily basis are

- ✓ Jobs.Bg
- ✓ Zaplata.Bg
- ✓ Karieri.Bg
- ✓ Rabota.Bg
- ✓ Alo.Bg

- ✓ jooble.org

2. You can also turn to recruitment agencies

Most popular recruitment agencies in Bulgaria are

- ✓ Easy Consult
- ✓ HRS
- ✓ Adecco Bulgaria
- ✓ Balkan invest
- ✓ Horizons
- ✓ Correct Consult
- ✓ Manpower