

## THE ROLE OF SOCIAL FACTORS IN ECONOMIC DEVELOPMENT AT REGIONAL LEVEL IN BULGARIA

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**Abstract:** Social factors have a strong impact on the development of the economy. The main role is played by factors such as the number of working population in relation to the total number of the population in a given area. The percentage of people with higher education is of key importance for the development of the area. When there are far more highly qualified personnel, it will help to invest more in the areas where labor with certain and specific qualifications is needed. In this article, the districts of Vidin, Sliven, and Targovishte will be considered. They are one of the least developed in terms of social and economic development in Bulgaria. The period that will be presented is 2019-2022. One of the programs that stimulates social development for young people is "Career Start". Through it, the goal is for young people to stay until the age of 29. in places, and not their clustering in larger cities such as Sofia, Plovdiv, Varna, Burgas, Pleven, and Stara Zagora. Other programs that are implemented throughout the country with the aim of increasing the employment of the able-bodied population and reducing unemployment are "From social benefits to ensuring employment", "New opportunity for employment", "Activation of inactive persons", and many others. Reduced unemployment and the improvement of the qualifications will also lead to greater economic development. The work of the administration employees has a significant impact on the effective operation of each area (Boyanov, 2020).

**Keywords:** social development, social policy, employment and unemployment

### 1. INTRODUCTION

In recent years, Bulgaria has observed a social policy aimed at less populated areas with the aim of reducing migration to larger cities, especially of individuals and families of working age. However, the trends are still towards migration flows to the big cities in Bulgaria, as well as those who go to the developed countries of the EU and the USA. In this article, the trends in the development of the main factors that influence social policy in recent years in some of the least developed areas in Bulgaria will be clearly stated. The implementation of public policies is essential for the development of any area (Veleva, 2018). The salary of the employees in the administration affects their effective work (Krasteva, 2021).

### 2. UNDERDEVELOPED AREAS IN THE COUNTRY

#### Vidin region

The Vidin region has the worst demographic picture in Bulgaria in 2022 as well. The data show that the coefficient of natural growth is very low with a value of -21.3 - more than twice below the average level for Bulgaria (-9.7). The mechanical increase is only slightly above the positive values (0.9). The long period of rapid aging of the population is also reflected in the extremely unfavorable dependence on age in the district, and its indicators and values are the most unfavorable in the country. The population measured in the ratio of over 65 years to that of 0–14 years is 269.8% (at 165.9% in the country), and to that of 15–64 years – 54.3% (at 37.7% in the country ) in 2022 (NSI, 2022). The population in cities remains relatively low in 2022 as well (63.7% compared to 73.6% in the country), and its density is twice less than the average for the country. The ratio of children in kindergartens in the district is close to the national average. The enrollment rate of the population in grades V-VII is increasing, but remains low, 87.3% (compared to 90.7% in the country) (NSI, 2022). The share of second-year students is decreasing but remains at a higher level than the national average. The index of correspondence between vocational education and the profile of the economy in the area is increasing, but remains low in 2023 as well. When assessing students at the national level in mathematics after grade VII, it is extremely weak in 2023 as well. With 25.4 points (out of 35.3 points in the country), the district is in one of the last places in the country (only before the Sliven district). The Vidin region has the lowest average life expectancy - 69.4 years compared to 71.9 years in the country for the period 2020-2022 according to NSI data. The share of those with health insurance in Vidin district reaches 97.5% in 2022 and remains above the average level of the country (93.5%). The number of general practitioners remains relatively high, but health care in the district suffers from a shortage of specialists and beds. The number of beds in local multispecialty hospitals has increased over the past few years, but remains relatively low, 4.6 beds per thousand of the population (compared to 5.9 per 1,000 in the country). This is probably also the reason for the relatively low number of patients who received treatment in 2022 – 145 per 1,000 of the population (compared to 235 per thousand in the country). The infant mortality rate in the Vidin region is above the national average.

**Table 1. Values of the factors affecting the social policy of the Vidin region**

| Indicators                                                                          |  | 2019  | 2020  | 2021  | 2022  |
|-------------------------------------------------------------------------------------|--|-------|-------|-------|-------|
| Average annual salary of those employed under labor and service legal relationships |  | 10302 | 11253 | 12855 | 14566 |
| Coefficient of economic activity – 15-64 ( %)                                       |  | 70,1  | 69,1  | 69,0  | 68,3  |
| Employment rate – 15-64 (%)                                                         |  | 56,5  | 55,7  | 57,5  | 61,5  |
| Unemployment rate (%)                                                               |  | 19,1  | 18,9  | 16,1  | 9,7   |
| Average life expectancy, years                                                      |  | 72,3  | 71,8  | 70,5  | 69,4  |
| Share of the population with higher education (%)                                   |  | 19,7  | 18,5  | 17,6  | 13,4  |

Source: Based on data for the NSI, 2023

The average annual salary has slightly increased over the years, but remains much lower than the national average of BGN 18,733. for 2022, which is approximately BGN 4 thousand more than that in the Vidin region. In this way, the district remains unattractive for the youngest part of the able-bodied population, who seek their fulfillment in the larger regional centers or abroad. The coefficient of economic activity has gradually decreased over the years, which is probably due to the movement of labor to other settlements on the one hand and to the aging population of the district on the other. The employment rate has gradually increased over the years, apparently due to a significant reduction in unemployment, as is evident from the data in the table. Life expectancy is decreasing and the share of people with higher education is down by more than 6% for the period 2019-2022 due to migration and low birth rates. Falling unemployment will help put less pressure on social policy in the area, due to the fact that fewer and fewer able-bodied people will need benefits.

#### **Sliven region**

The percentage of able-bodied population in the Sliven region is low - 55.0% (at 58.5% in the country) in 2022. The economically active population decreases for the second year in a row in 2022 and the coefficient reaches 65.9% (compared to 73.6% in the country). The problems facing the labor market remain the educational level of the workforce. The share of the population aged 25 to 64 years with primary and secondary education in the district is decreasing to 37.8% (at 16.0% in the country), but it continues to be the highest in the country in 2022. (NSI 2022). There is a tendency to increase the number of graduates to 21.1% (compared to 29.8% in the country). One of the factors affecting the demographic picture in the district is favorable - the ratio measured in percentages of demographic replacement of the population aged 15-19 years to that of 60-64 years is the highest in the country with a value of 87.4% (at 65.7% in the country). This The data show that for every 100 people who will leave the labor market in the next few years, there are 87 young people who will be in the workforce. The demographic picture in Sliven also ranks the district as one of the leading places in the country in 2022. Natural increase is the second highest in the country (after the capital) with a coefficient of -5.9 (at -9.7% in the country).

**Table 2. Values of the factors affecting the social policy of the Sliven region**

| Indicators                                                                          |  | 2019  | 2020  | 2021  | 2022  |
|-------------------------------------------------------------------------------------|--|-------|-------|-------|-------|
| Average annual salary of those employed under labor and service legal relationships |  | 11085 | 12370 | 14033 | 15312 |
| Coefficient of economic activity – 15-64 (%)                                        |  | 69,0  | 69,9  | 68,8  | 66    |
| Employment rate – 15-64 (%)                                                         |  | 64,5  | 65,0  | 62,4  | 60,6  |
| Unemployment rate (%)                                                               |  | 6,5   | 6,9   | 9,2   | 8,1   |
| Average life expectancy, years                                                      |  | 73,1  | 72,9  | 71,0  | 70,2  |

|                                                   |  |      |      |      |      |
|---------------------------------------------------|--|------|------|------|------|
| Share of the population with higher education (%) |  | 19,7 | 20,8 | 22,6 | 21,6 |
|---------------------------------------------------|--|------|------|------|------|

Source: Based on data for the NSI, 2023

On average, the annual salary of people employed under labor and service grows as a nominal value in each previous year in the period from 2019-2022. but it still remains lower than the average for the country - a little over BGN 18,000 for 2022. It is noticeable that it is higher compared to the one in the Vidin region. The unemployment rate increased by 1.6% for the given period, which will increase the pressure on the social system. The average life expectancy is also decreasing here, as in the Vidin region, but remains slightly higher compared to it. The number of persons with higher education is increasing, increasing the qualifications of personnel who are on the labor market. Social programs should be aimed at promoting employment in the area.

#### **Targovishte region**

The trend in Targovishte district is negative in terms of natural population growth indicators of -12.4 (compared to -9.7‰ in the country). In contrast, mechanical growth is positive (3.9). The population is aging significantly faster than the national average. Urbanization is still the lowest in the country, 56.2% of the population lives in cities (compared to 73.6% in the country). The indicators in the education sector are also not good. Students continue to perform poorly in 2023. The average success of the national external assessment in mathematics after grade VII in the district is 31.3 points (compared to 35.3 points in the country). The residents of the district who are served by one general practitioner in 2022 significantly decreased, although it remains high, 2056 people per doctor (compared to 1678 people per doctor in the country). The number of people covered by health insurance in the district increases to 97.3% in 2022 and is also already above the average (93.5%). The number of people who get sick and go for treatment in multispecialty hospitals is relatively low - 171 patients treated per thousand of the population (compared to 235 per thousand people in the country). (NSI, 2023)

**Table 3. Values of factors affecting the social policy of the Targovishte region**

| Indicators                                                                          |  | 2019  | 2020  | 2021  | 2022  |
|-------------------------------------------------------------------------------------|--|-------|-------|-------|-------|
| Average annual salary of those employed under labor and service legal relationships |  | 12035 | 13368 | 15110 | 17343 |
| Coefficient of economic activity – 15-64 ( %)                                       |  | 67,3  | 63,4  | 62,4  | 70,0  |
| Employment rate – 15-64 (%)                                                         |  | 60,1  | 56,5  | 55,7  | 62,4  |
| Unemployment rate (%)                                                               |  | 10,5  | 10,5  | 10,4  | 11,1  |
| Average life expectancy, years                                                      |  | 72,6  | 73,1  | 71,8  | 70,8  |
| Share of the population with higher education (%)                                   |  | 14,2  | 15,8  | 17,1  | 21,3  |

Source: Based on data for the NSI, 2023

The average annual salary of those employed under labor and service relationships in the Targovishte region increased by more than BGN 5,000 for the period 2019-2022. For 2022. It is higher than the Vidin and Sliven regions, but remains slightly lower than the average for our country. Certainly, its growth compared to the other two considered areas is relatively higher. The coefficient of economic activity of the population in the district is increasing. The employment rate is higher for 2019, and a year later it falls, but increases again in 2022. The higher the employment rate, the higher the share of social security contributions to unemployment benefits. The share of people with higher education in the district has increased sharply - increased by 7% for the period 2019-2022; this will lead to a more qualified workforce in the district, which is also visible in the significant increase in the average salary for the district. There is a negative trend regarding life expectancy, marking a slight decline for 2022. compared to that of 2019.

### **3. CONCLUSION**

The economic condition of Vidin, Sliven, and Targovishte regions is one of the worst in our country. This may be due to the economic inefficiency in the management of the provided funds, corruption, weak activity of the local authorities to the problems of the respective areas. In response to local and regional needs, network management can

be considered (Iliev, 2023). Through national and European programs, the remaining of the able-bodied population in the respective areas should be stimulated. The opening of attractive jobs is possible through investments and qualified labor.

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