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Development for a better life

Today, humanity is facing various challenges when it comes to the development level in different countries or regions. The global economy is bouncing back from a serious crisis, yet still struggling with the unpredictable reminiscences of the crisis. Restarting the economic growth is vital for the global development. But when it comes to "development", are we sure what it really means with respect to different countries? World Bank experts define development through a set of indicators of wealth which reflect mainly the quantity of resources, resource allocation, the effect of production and consumption on people's environment and the like. Different countries have different visions on how to increase the national wealth, therefore the interest in setting development policies may vary from region to region, from country to country. Development is also related directly to people's quality of life: access to education and health care services, employment opportunities, availability of clean air and safe drinking water, and the threat of crime and so on. A sustainable economic growth must be nourished by the fruits of human development such as improvements in human capital along with opportunities for its efficient use: more and better jobs, better conditions for encouraging new and innovative business and greater democracy at all levels of decision-making[1]. The interdependency between sustainable economic growth and human development is more than obvious, complex and diverse relationships are constantly set, the prerequisites for economic growth or human development are established, and the list is still open. Investing in human capital development is one of the conditions that enable economic growth.

"Talent, not capital, will be the key factor linking innovation, competitiveness and growth in the 21st century" says Klaus Schwab, Founder of World Economic Forum. Recent studies[2] show that a third of the employers globally are facing difficulties in finding talents and nearly half of the talent shortage is expected to have a negative impact on their business results. Yet the world's pool of latent talent is enormous. To unlock it, governments, business leaders, educational institutions and individuals must each understand better the global talent value chain. Business, in particular, must re-think its role as a consumer of 'ready-made' human capital to proactively seek out, engage and develop people's potential.

The 2nd Edition of the International Conference on Economic Sciences and Business Administration (ICESBA2015) aims at creating a discussion arena for academics and business representatives who are interested in bringing their knowledge and expertise to create a "better life" for all of us. The scientific event will gravitate from general questions as "what are the prospects for humanity?" and "what are the core global challenges for humanity?" to more narrowed ones as: business intelligence and the current top

[1] SoubottinaT.P., Sheram K.- Beyond Economic Growth –Meeting the Challenges of Global Development, World Bank Learning Resources Series, USA, 2000 http://www.worldbank.org/depweb/beyond/beyondco/beg_00.pdf

[2] Leopold T., Samans R., Zahidi S.- The Human Capital Report 2015 – Employment, Skills and Human Capital Global Challenge Insight Report, World Economic Forum in collaboration with Mercer, accessed at http://www3.weforum.org/docs/WEF_Human_Capital_Report_2015.pdf

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business trends, training human capital able to generate innovation-driven businesses, new types of business ecosystems, identifying a new type of leaders able to sustain ethical business.

Promoting social change means enabling human development through: better health services, easy access to education, new employment opportunities, democracy and free movement and security.

Nevertheless, a better life becomes a measurable concept[3]. Better Life Index is calculated for a limited number of countries, and the key factors for a better life seem to be: Housing, Income, Jobs, Community, Education, Environment, Civic Engagement, Health, Life Satisfaction, Safety, Work-Life Balance.

Also, the development of the human capital can be estimated using objective measurements such as Human Capital Index – developed to link education and employment with the distance to the ideal state.

So, a legitimate question arises "Are the desired changes possible in order to achieve a better life for all?" And that leads to the next question "Is any evidence of effective actions and policies developed at political level?" To what extent may academia play a supportive role in assisting policymakers design effective strategies for the future, able to create a better life for us?

The International Conference on Economic Sciences and Business Administration (ICESBA 2015) will bring together academics and practitioners from various countries and environments sharing research interests in the main topic of the conference. Contributions with both a theoretical and empirical focus are welcome.

Journal of Economic Development, Environment and People is welcoming original papers, research notes or case studies that address the above mentioned themes. We invite our readers to engage in exciting forum discussions in a common effort to shape the future.

Prof. Manuela Epure, PhD

Editor in chief

[3] OECD Better Life Index - http://www.oecdbetterlifeindex.org/ , accessed on 29th Sept.2015

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Scientometric Indicators as a Way to Classify Brands for Customer's Information

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Abstract. *The paper proposes a novel approach for classification of different brands that commercialize similar products, for customer information. The approach is tested on electronic shopping records found on Amazon.com, by quantifying customer behavior and comparing the results with classifications of the same brands found online through search engines. The indicators proposed for the classification are currently used scientometric measures that can be easily applied to marketing classification.*

Keywords: customer satisfaction, scientometric indicator, classification

JEL classification: D1, C8

1. Introduction

In the last decade, internet shopping has become more and more prominent for different reasons, among them being convenience, reliability and cost. But one of the most important reasons is the product diversity, which is hard to achieve in almost any single retailer store. Although many people still prefer to see, feel, touch the products they are buying, these actions are not sufficient in many cases to make decisions towards purchase. One may go and see the actual product in a store, but eventually may return to the online shopping for making a decision and most importantly for making a decision after some comparative analysis (mentioned here in a large sense) is performed, based on product evaluations, reviews, classifications that are available online. For a buyer that relies on product reviews and classifications, the important issue is to trust the validity of the source that provides the information and in particular to understand the criteria that is at the core of these classifications. In the purchase decision process, the search behavior for the right product is mostly motivated by the customer's ability to acquire all the relevant information that can address and answer all the uncertainty associated with the purchase, (Murray, 1991). A prospective buyer it is generally influenced by the geographic location and cultural diversity in the area where the buyer lives. When there is a choice to be made, for many products, the

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buyer is influenced by what it is available in his region, what brands his network of friends, colleagues use, using the word of mouth information, (Bansal, 2000). Even when the buyer starts looking for the products that he heard about, sometimes he is not even aware of the diversity of brands and products that exist. A classification of the brands will not only provide the best brands from which the buyer can choose, but it will also provide the information about all the brands that are actually available.

As it is the case with most classifications and performance indices, any measure or criteria that one can come up with will have some drawbacks. However having one or several criteria to analyze, drawbacks or not, is better than having none.

2. Scientometric Measures in Economics

2.1 H index

The idea of this paper is to redefine and apply in the economic context a known measure that is used to characterize the scientific output of a researcher, the Hirsch index. The H index was introduced in the literature by Jorge E. Hirsch (2005). The basic idea in his paper was to propose an index *h*, defined as the number of papers with citation number ≥ *h*, as a useful index to characterize the scientific output of a researcher. The research published by any individual and the record of citation of their publications are data that provide useful information. The provided information is at various times evaluated by different people, from different backgrounds and with different sets of criteria. In his paper Hirsch proposed a single number, the so called "h index", as a simple and useful measure to quantify the scientific output of a researcher. The definition is indeed very simple: "*a scientist has index h, if h of his or her N papers have at least h citations each and the other (N-h) papers have ≤ h citations each",* (Hirsch 2005).

The idea was simple and widely adopted in the academic community, the Thomson Reuters Web of Knowledge(formerly ISI Web of Knowledge) is today's premier research platform, helping one to quickly find, analyze, and share information in the sciences, social sciences, arts, and humanities and reports the citation and h-index of each researcher. The present study is making a case that such a simple measure can be used to evaluate and classify similar products, from different brands on the market. The idea is to take different brands that commercialize different products, in different sizes, combinations and rank these brands, such that the prospective buyer is presented with a suggestion, a generated list of evaluated and ranked brands, a classification of the available brands that manufacture the products under consideration. Nowadays with the electronic retail and the amount of information gathered from consumers after purchase, such a study can be easily and readily conducted. The classification is done solely for the prospective buyer benefit, not for the seller.

When the h-index is considered, it is agreed that citations impact is a very important metric. Having papers that are highly cited is very important, as is having many papers and having a high total number of citations. What this translates into, in the brand-product-consumer trilogy is that having many brands is important, having different products per brand is also very important, as is having many buyers for the products that are commercialized.

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With the h-index there were concerns that citations can be gamed or self-cited or citation-by-progeny is increasing the total number of citations, as are authors who refuse to cite relevant papers by competitors for a variety of reasons. Again, this phenomena is present in the brand-product-consumer dimension, where here are consumers that refuse to buy or recommend a product because it is a brand that for different reasons the consumer does not like, or consumers that purchase a product just because it is what their parents, friends, relatives do. Even the person preference towards a brand, is assimilated in the h index in the academic community into the person choice and preference an author has towards a specific journal in which he or she publishes.

A new framework is created in the brand-product-consumer dimension that can be quantified, compare and evaluate in a similar manner the academic community does using the H-index. For this we need a database of recorded number of buyers (and also buyer's/consumer's recommendations or reviews). In this case study, we have used public data collected from Amazon.com (data was collected on April 18, 2012).

The new h-index will be defined in this environment as: "*A brand has index h if h of its N products have at least h reviews (recorded buyers) each and the other (N – h) products have ≤h reviews (recorded buyers) each.*"

The index will provide a classification of brands assessing the fact that *from each brand i, the brand has index h_i if there were at least h_i types of products bought (possibly more, but only for h_i we have consumer's feedback) each type of product had at least h_i buyers that were recorded*.

2.2 G Index

One of the big drawbacks of the h-index in the academic environment was that it ignores the total number of citations as long as they exceed the h cut-off value, when a paper is included in the in the h-set of articles, its actual citation count has no effect on h-index, (Egghe, 2008).

What do we really know about a scientist that has h index 5? Is this a scientist that has 5 papers with 5 citations each? Or is this a scientist that has 5 papers with 100 citations each and another 10 papers with 4 citations each? From the point of view of the h index, both of them have index 5. If we are only interested in scientists with h index at least 5, both of them achieved the minimum criteria to be on the list of interest. But if we want to differentiate them we need a new measure able to assign more weight to highly cited publications. To compensate for this drawback, in 2006 Leo Egghe, defined another measure to complement and be used with the h-index, the g-index, (Egghe, 2006).

The g-index is calculated based on the distribution of citations received by a given researcher's publications: "*Given a set of articles ranked in decreasing order of the number of citations that they received, the g-index is the (unique) largest number such that the top g articles received (together) at least g^2 citations*" . Therefore the g index aims to improve on the h-index by giving more weight to highly-cited articles. Egghe(2006) has shown that $g \geq h$ and that a large difference between these indexes indicates that the top *h* papers were cited way more than the cut-off of *h* citations. The two indices do not substitute but complement each other.

As in the academic environment, if we want to have a list of ranked brands that satisfy some predefined personal minimum criteria, one might say that a product is tested and it is good enough for the

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customer's consideration if the brand considered has at least h products that were purchased (have recorded reviews) by at least h customers. But if the buyer is also interested in the magnitude of the sales for the products of a brand or if the buyer wants to make a decision between buying one of several products that are ranked (by the h-index) with the same rank (and price or availability are not factored in the buyer's decision) the g index provides a supplementary ranking, helping the buyer in the decision making process.

2.3 A –index

Jin achieves with the A-index, as can be seen in (Jin, 2007) a similar goal as with the g-index defined above, namely to correct for the fact that the original h-index does not take into account the exact number of citations of articles included in the h-core. Simply the A-index is defined as the average number of citations received by the publications included into the Hirsch core. Evidently, the number of the citations in the A index are ranked into a decreasing order.

In the brand-product-consumer dimension one is looking at the magnitude of the sales as well as the number of products within each brand that is evaluated. In a sense the customer is interested to know also how popular a product is, and to have that factored into the classification.

3. Results and Discussion

The example in this present study is used to support and exemplify the decision to buy "the best" baby bottles. After the 2008 study was publicly released, ("Bisphenol A (BPA) Information for Parents", 2008), great concern was expressed regarding the safe bottles that can be used to feed babies. A 2010 report from the United States Food and Drug Administration (FDA), ("U.S. Food and Drug Administration", 2010) raised further concerns regarding exposure of fetuses, infants, and young children to the harmful, toxic materials used to make plastics.

Over the years mothers started to prefer the plastic bottles, over the glass ones, because they are convenient and are less likely to break than glass baby bottles. But once the plastic bottles were shown to contain potentially harmful chemicals that can leach into the formula or milk, there was an avid interest in what are the alternatives on the market. In a matter of months essentially, the market was full of established brand names in newborn and baby products and many other new brand names (like Green To Grow, Thinkbaby, Wee-Go), that all of the sudden were commercializing baby bottles made from plastic that were BPA-free (Bisphenol A free). The new plastic bottles were made of polypropylene that did not contain the BPA toxic substance. In 2010, Canada was the first one to declare the BPA compound a toxic substance, ("Order Adding a Toxic Substance to Schedule 1 to the Canadian Environmental Protection Act", 2010) and ("Canada first to declare Bisphenol A toxic", 2010), followed in 2011 by the European Community that declared that BPA use is banned in baby bottles, ("EU to ban Bisphenol A in baby bottles in 2011", 2011). Even though not all countries banned the use of BPA in baby bottles, the offer of BPA free bottles is at the moment more substantial than the regular (clear) plastic bottles.

A part of the consumers started to prefer glass or metal bottles, when it is age appropriate. But still a large part of the consumers prefer the plastic, free BPA bottles, for the very same reasons described above. Some decisions regarding what is best to buy, like the baby bottles purchase are more important than

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others, there is not much room for error in a decision like this. Buying the wrong type of product, a harmful one can have extreme repercussions in the long run. The decision one makes should be an informed one, and well documented. A list that provides a rigorous classification and provides details about all available choices (some time people are aware only of products that their network use, or are commercialized in their area) may be needed.

The question that arises is which brand to choose, which one is safer, more durable, which brand to trust, since many of them are quite new in the market. The internet, as always, is providing a helping hand, in the sense that with a simple Google search one comes up with several rankings of the top brands of baby bottles. If things were that simple! The conflict begins when one realizes that although several classifications come up, they all differ in smaller or larger degrees and that there is no reasoning/explanation behind the way the classification was made. The study in this manuscript was conducted only on plastic, BPA free type of bottles, did not consider glass or metal baby bottles. At the time the study was conducted, the following classifications were readily available. Table 1 provides three different classifications of baby bottles, without detailing the analysis that generated the rankings. In the web classifications some of the brands are very new on the market. Green to Grow, Thinkbaby appeared on the market after the 2008 report about BPA and in a matter of years they managed to make it to the top 5 brands in some of the classifications one finds on the internet. People sometime have a tendency of not trusting new brands; they do not recognize them unless some solid reasoning stays behind that classification. The data presented in Table 1 was recorded in the study on April 18, 2012 and is citing the sources in Source 1- ("BPA-Free Baby Bottles", 2011), Source 2-("Baby Bottles: Reviews", 2011), Source 3-("The Five Best Baby Bottles", 2010).

Table1: Best baby bottles internet classification

Classification by Source 1	Classification by Source 2	Classification by Source 3
Green to Grow	BornFree	Adiri Nurser
Adiri Nurser	Playtex	Born Free
Born Free	Adiri Nurser	Dr. Brown's
Thinkbaby	Dr. Brown's	Green to Grow
Medela	Wee-Go	Tommee Tippee

As mentioned previously the data for the case study was gathered on April 18, 2012, from the Amazon.com and recorded the buyers for all types of free BPA plastic bottles that the Amazon website provided. The data was collected on 17 brands that commercialize free BPA plastic bottles, including brands with tradition in baby bottles, as well as new brands on the market. Some of the brands are manufactured in Europe, in countries like UK, Austria, and Germany and are more known in Europe than in the United States.

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Table 2: Ranking by the H-index

Rank	Brand	h index
1	Dr.Brown's	9
2	Medela	8
3	MAM	7
4	Gerber, Nuby	6
5	Adiri Natural Nurser, Philips Avent, Playtex, The First Years	5
6	Green to Grow,Tommee Tippee, Evenflow, ThinkBaby	4
7	Born Free, Nuk,Wee-Go, Nurtria	3

Table 2 provides the classification obtained after applying the H-index. There were instances when several brands were ranked with the same rank, and in Table 2 they are placed in the same cell. A brand got the ranking h if the brand had h products that had at least h buyers (recorded reviews) each. Table 3 provides the classification obtained after applying the A-index. The A-index looked not only the ranks the H-index gave, but also at the average number of customers over the h categories that were considered in the h index, the top h products that were purchased from a brand.

Table 3: Ranking by the A-index

Rank	Brand	A-index
1	Born Free	87,67
2	Dr.Brown's	77,89
3	Playtex	66,60
4	The First Years	62,20
5	Philips Avent	52,40
6	Adiri Natural Nurser	38,40
7	MAM	36,40
8	Medela	32,00
9	Nuby	17,83
10	Nuk	17,70
11	Gerber	16,20
12	Evenflow	16,00
13	Wee-Go	15,00
14	ThinkBaby	14,75
15	Green to Grow	10,25
16	Tommee Tippee	9,75
17	Nurtria	5,00

The rating provided by the A-index only allows one brand in a position, if the brands are grouped by deciles the adjusted A-index rating is presented in Table 4.

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Table 4: Ranking by the adjusted A-index

Rank	Brand
1	Born Free
2	Dr.Brown's
3	Playtex, The First Years
4	Philips Avent
5	Adiri Natural Nurser, MAM, Medela
6	Nuby, Nuk, Gerber, Evenflow, Wee-Go, ThinkBaby, Green to Grow
7	Tommee Tippee, Nurtria

Table 5 provides the classification of brands obtained after applying the g-index. The g-index looked as the A index did, both at the number of products from a brand that are used in the classification, but also at the cumulative number of recorded customers. There were instances when several brands were ranked with the same rank, and in Table 5 they are placed in the same cell.

Table 5: Ranking by the g-index

Rank	Brand	g index
1	MAM	16
2	Dr.Brown's	12
3	Medela, Nuby	11
4	Tommee Tippee	10
5	Gerber, Green to Grow, Evenflow, Philips Avent	8
6	Nuk, Adiri Natural Nurser	7
7	Born Free ,ThinkBaby, The First Years, Playtex	6
8	Wee-Go	5
9	Nurtria	4

It is interesting to observe in Tables 2 and 5 that the h and g indices come up with the same brands in the classification of the first three baby bottles brand names, MAM, Dr. Brown's, Medela, although in a slightly different order. These classifications were based on the number of buyers that are recorded on Amazon, as customers for different products of different baby bottles. The sample that was used for the analysis has 2744 buyers that purchased products from the 17 brands of baby bottles. The classifications in Table 1 found on the internet might be based on more information about the number of buyers, but the criterion for the ranking is not specified. As a prospective buyer one only has access to the information that is provided online. The metrics that are mentioned in this paper for classifications of products are very easy to implement. These metrics can become an automated tool that can be used by any prospective buyer that wants to generate a rapid classification on any type of products that the buyer is interested in.

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Dr. Brown's is a brand name that is found in the tree classifications this paper provided, as being in top 3 places, and can also be found in two of the internet classifications as one of the top 5 brand names suggested. From the analysis provided in this study, Dr. Brown's is the brand with the highest number of customers (717) and the brand that offers the biggest number of products (12 were considered in the g index, and 9 products were considered in the h and A index), having on average number of 77 buyers per its top 9 products. Three of this brand's products are listed by Amazon as position 1, 3 and 5 among the most relevant results when searching for baby bottles.

Up to this point the rankings provided by the measures introduced in this paper looked only at the number of customers sampling a product. We will provide an additional ranking, based on the analysis of the customer's satisfaction with the product. We will investigate correlation between the customer satisfaction and the number of customers, the average price of the brand products, the manufacturer of the product (if the product is an US product or not).

Therefore, the attention goes not only to the number of reviews (customers), but also to the type of feedback customers left and construct a ranking based on the customer satisfaction with the product. A new variable is introduced, the *Answer_ Diversity,* which is measured using the Gini index (Gini, 1909), and gives a value between 0 and 1, where 0 means that there is perfect equality in the answers over the number of stars. In Amazon.com a product can be rated on a scale of 1 to 5 stars, where 5 stars represent the best rating (highest satisfaction with a product). For example an *Answer_ Diversity=0,* could mean that if for a brand we have 20 customers, we have 5 customers on each position in the 1 to 5 stars scale a product can be rated with. Another variable *Product_ Satisfaction* is created which is the percentage of customers that rated the product with 4 or 5 starts.

Table 6: Correlation matrix for the variables participating in the study

	Reviews/ Customers	**Answer_ Diversity**	**Average Rating Amazon**	**US_ product**	**Average brand_ price**	**Product satisfaction**
Reviews Customers	1.00000					
Answer_ Diversity	-0.04257	1.00000				
Average Rating Amazon	-0.05347	0.67943	1.00000			
US_ product	0.03264	-0.28601	-0.20454	1.00000		
Average brand_ price	-0.1138	0.436441	0.423870	-0.23079	1.00000	
Product satisfaction	0.1152	**0.937903**	**0.685385**	-0.30083	0.51226	1.00000

Some very interesting conclusions can be obtained from the correlation matrix. There is a very high positive correlation between the *Product_ satisfaction* and *Answer_ diversity* variables, 0.937903. As the *Answer_ diversity* increases, the *Product_ satisfaction* increases, hence as there is bigger difference in the feedback the customers give (when rating the product), that the difference is due to the fact that more customers are satisfied with the product, resulting in more *Product_ satisfaction.* The correlation between *Product_ satisfaction* and *Average Rating Amazon* is natural, the higher the product satisfaction, the higher

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the Amazon average Rating. Very interesting is also the negative correlation between the *US_ product* and the *Product satisfaction* variables or *US_ product* and the *Answer_ diversity* variables, although not very high negative correlation. This implies that for US manufactured products there are some instances where the *Answer_ diversity* and the *Product satisfaction* decrease. The US products are among the products with the most *Reviews* and it was also observed that the median *Answer_ diversity* for the US products is smaller than the median for the non-US products.

A new variable *Satisfied Customers* was created, that gives the number of customers that were product satisfied and created a new ranking, referred to as the C-ranking in Table 7, based on the *Satisfied Customers* and sorted by *Answer_ diversity decreasingly (*it is expected that if there is large number of *Satisfied Customers,* is it because the is a large number of customers that ranked high the products and low number of customers that ranked low the same products, hence high *Answer_ diversity)*.

Table 7: Brand rating with product satisfaction and answer diversity

C - Rank	Brand
1	Dr.Brown's
2	Playtex
3	Medela
4	MAM
5	Philips Avent
6	The First years
7	Born Free
8	Adiri Nurser
9	Gerber
10	Nuby
11	Nuk
12	Wee-Go
13	Green to Grow
14	Think Baby
15	Tommee Tippee
16	Evenflo
17	Nurtria

4. Conclusion

After investigating the ratings provided by Table 7 and comparing with Tables 2, 4 and 5, we observe the top 5 brands in Table 7, are the same brands that are provided by the Table 2, with the H-index ranking. Table 8 will illustrate the all the results.

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Table 8: Comparison of Top 5 brands by different rankings provided in the study

Ranking by H	C-ranking	g-index	Adjusted A-index
Dr. Brown's	Dr. Brown's	MAM	Born Free
Medela	Playtex	Dr. Brown's	Dr. Brown's
MAM	Medela	Medela, Nuby	The First Years, Playtex
Gerber, Nuby	MAM	Tommee Tippee	Philips Avent
Adiri Nurser, Philips Avent, Playtex, The First Years	Philips Avent	Philips Avent, Gerber, Green to Grow, Evenflo	Adiri Nurser, MAM, Medela

We can conclude the h-index offers a very good classification of the brands, taking into consideration the number of buyers and number of products the brand has. The classification provided by the h index is strongly related with the classification based on the correlation analysis which considers also the product satisfaction and the diversity of the ratings the customers reported. Both the g-index and the A-index reported similar rankings (with the g-index highlighting the products at the top of a brand, the ones that were purchased more), that agree with the h-ranking and C-ranking. In top 5 positions the same brands appear, although on slightly different position. When one decides to choose brand, one can decide based on the criteria that stays behind each of the classifications. Since all the classifications agree with the names of the top 5 brands, when one is not concerned with exactly which brand to buy, as long as it is in the top 5 brands, other considerations may be used, such as the price of the product or the availability of the product.

In summary, we conclude that the classifications provided in this paper are supported by sound reasoning and should be considered before other classifications that do not provide explanations on the criteria that stay behind them. The indices used in this paper can be applied to classify different brands or products; they are not particular to this case study. Since nowadays the information that was used to do the analysis and report the classification is available, the analysis is easy to perform can be done and updated on daily base, not only on sites like Amazon, but on different other sites like Best Buy, Buy.com, Newegg etc.

Acknowledgements

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Alternative forms for promotion and dissemination of good management practices

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Abstract. *At the present stage actuality of the problem is predetermined by the needs of the real management practice in organizations and the need to offer theoretical and practical knowledge to enable it methodologically correct and methodically right to implement appropriate changes in the management of the particular organization.*

The article is devoted to one aspect in the field of management - creating a new form of organization of management (called new favorite) - international managerial architecture. It argues that it was dictated by poor management of institutional and corporate level, the lack of adequate professional standards, control and monitoring of the activities of managers. An attempt is made to give a reasoned response to relatively basic question: "Predetermination or managerial obfuscation are alternative forms of promotion and dissemination of good management practices?". The goal is to answer the question in a relatively unbiased approach, insofar as possible minimizing subjectivity in the treatment of problems. Finally, certain results of the proposed thesis on the need for the creation of NIMA are discussed- structure and structural parameters. The discussions are based on the experience in the Republic of Bulgaria taken as an example situation.

Keywords: management, international management architecture, predetermination, obfuscation managerial, regulatory functions, institutionalization.

JEL Codes: J35, M11

1. Introduction

In the article the basic thesis involves creating a new form of organization management (called new favorite) - international managerial architecture (NIMA). This is no accident, nor it is a terminological obfuscation. Lynchpin for the new managerial architecture was dictated by poor management on institutional and corporate level, the lack of adequate professional standards, control and monitoring of the activities of managers. And here we will try to answer the main question - predetermination or managerial obfuscation are alternative forms of promotion and dissemination of best practices in management. The

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justification for NIMA algorithm is guided by the principle that the placement of questions is the most direct way for their decision. In the case given the issues related to the organizational form of NIMA are: Why are causes of the crisis sought primarily in the subjective perspective and seen as a consequence of mercenary behavior? Can it be attributed to the NIMA to supervise and control managers, respectively the management team, and to perform regulatory functions? Is the system of indicators an important element for evaluation? and others. All this is the subject of this article.

2. New international management architecture: prerequisites and challenges

Prior to justify the thesis and related arguments, it is necessary to note that the financial and economic crisis is a result of the activities of management, managers respectively. For example, continuing with the old neoliberal postulates in the economy. Even in "glaring" indications inertia in the thinking of some "authorities" continues. Such is the case with the statement that "... culinary ethnic cleansing started in Italy is incomprehensible. This is a form of protectionism that will hardly keep old world trends"[2]. Simply, this means maintaining the status quo, regardless of accumulated negativity of such an approach. The fact is that the global economic crisis did not lead to a reassessment of the public reconstruction, personal participation in the system of capitalism, as some naively rushed to predict - body system heals the wounds, to prohibit drunk and late for work, to spend unnecessarily. As if the world will never be the same, but nothing has changed. The reasons are rooted in: scandals pension funds in the UK caused by drastic violations of shareholder rights, indiscriminate collapse and corporate fraud bankrupt "Enron" (USA, 2001), "Parmalat" (Italy, 2002), "Vivendi" (France, 2002), "Ahold" (Netherlands, 2003), the accounting firm "Anderson," the second-largest US telecommunications company "WorldCom". There begin to unravel statements and balance sheets and for the largest media conglomerate in the world "AOL Time Warner."
Incidentally, two centuries ago at the dawn of the American State, its chief ideologue Thomas Jefferson (third president of the USA) estimates that "banking elite is more dangerous than the regular army." A reflection of public discontent in the United States against skyscrapers corruption and peculiar internal "financial terrorism" was the created by the President new special team to investigate corporate fraud[3]. In connection with this, idea deserves attention that the internationalization and globalization of economies necessitates the adoption of principles and standards of corporate governance not only in individual countries but globally[4].

Bulgaria did not also remain invariant with respect to the ongoing processes in the world. Along with the rapid growth and flooding the market with cheap money, justifiably speak of the so-called "Bubbles" grouped mainly in three segments - holiday homes, the price of land and the cost of the projects. Undoubtedly those bubble areas have proven to have been such because those are striking declines - the holiday homes of 1800 to EUR 200-300. Can we then talk about drama in the United States or Latvia where prices fell by 50%, while in Bulgaria in the sea - with 500%.

The foregoing gives rise to at least two conclusions. The first is that the situation in our country is not perfect and practically we should be waiting for very difficult times for the country as a whole and for the

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industry in particular. Being before an engine of growth in the country, the real estate sector has become the most risky industry. Banks limited funding, the market has become heavy and difficult. Reserves of many companies decreased dramatically.

The second conclusion is that the situation is further complicated by the fact that many companies do not maintain the liquidity and reasonable policies. Overall entrepreneurs do not have money, their markets shrank dramatically, and banks accept these as high-risk and do not finance them. Difficulties in the industry is already visible to the naked eye - barter began, rip off prices, etc.[5].

It is a truism that if you do not help yourself, no one can help you. Otherwise, the situation is not getting worse but instead becomes hopeless. So, everything depends on the triad "state - society - business". To go forward it is necessary public, politicians and business to agree priorities (as a precondition is the existence of a kind of social contract behind which stand parties, trade unions and employers) and those priorities to be followed regardless of who is in power. Serious chances for development are in: tourism, agriculture, logistics, financial centers on the Balkans. In the situation in which the world is at the moment, given the brutal response of Western governments to offshore areas, our country offers the lowest taxes in the EU. The Balkans is an area with potential yet to develop financial markets in Serbia, Albania, Macedonia. For this purpose, the Republic of Bulgaria can be positioned as a financial center on the Balkans.

Therefore, changes are necessary. Significantly, German Chancellor Merkel imposed limits in the opportunities to speculate on the stock exchange. That speculation led to the crisis. In major European countries state regulation of the economy have already been introduced (the idea is ripe in major European countries, as well as in the USA). The trend is more protectionism over the economy. To continue with the old neoliberal postulates is already inadmissible[6]. EU bank managers will receive bonuses not on projected profits, but only on realized. The creation of several institutions for financial supervision was approved. Among the most significant is the European Systemic Risk Board, which will forecast the dangers of the crisis in the EU, and suggests ways to overcome them.

In a study of three British scientists[7] - David Staklar (University of Cambridge), Lawrence King (Oxford) and Professor. Martin McKee (London Institute of Health Hygiene and Tropical Medicine) concluded that privatization after the collapse of communism in 1989 has led to the deaths of at least 1.2 million people in Eastern Europe. Among the reasons for the high mortality stand following factors: mass unemployment and impoverishment; poor health[8]; stress; alcoholism and suicide, the main of them are alcoholism and psychological stress. "All of these problems, the authors conclude, were inevitable after the collapse of communism. West then offered franchise not for the traditional industrial capitalism but showed the

[5] Usually crisis has three stages. The first is characterized by a decrease in prices, but there is still some profit (entrepreneurs in Bulgaria have already forgiven with their ideas for profit and learned that it is not 100% but 10%). In the second stage entrepreneurs are ready to sell at cost, during the third stage - at loss.

[6] Not surprisingly, the thesis of "a qualitatively new kind of Keynesian policy" defined as a macroeconomic policy that stabilizes aggregate demand rather than encourage it, as in traditional Keynesianism, is defined as deserving attention.

[7] Shokova privatizatsiya sled 1989 g. ubiva pone 1,2 miliona choveka. For details: David Stukler, Lawrence King, Martin McKee. Mass privatisation and the post – communist mortality crisis: a cross – national analysis. www.thelancet.com Published Online January 15, 2009 DOI: 10.1016/So140-6736 (09) 60005-2.

[8] The cited study indicates that in Bulgaria every third prefers self to specialized consultation.

neoliberal idea[9] - anything that increases "wealth" - even at the cost of magic to inflate prices of real estate and other assets, is also as productive as building new industrial facilities and infrastructure. This new ideology has created a number of economies - balloons, which growth was solely based on debt financing inflation of real estate and the stock exchange". Here what capitalism was "planted". What else could be expected when for "overnight" artificially and hastily a "private property" has set up in which the capitalist class of entrepreneurs was not emerging over time, but suddenly and spontaneously, which could not bring the desired effect.

The problem with the design of the palette (categorization – anticipating, matching, delayed, number, requirements to meet, etc.) of economic indicators is not new. Its evolution has been clarified in the literature. The question now is: Is there and if so which indicators give us an idea of where the economy goes? Highly aggregated argument for a positive answer to the question is that the indicator that measures the state of the currency board is made of "Expat Compass"[10] in Bulgaria and focuses mainly on course lev (Bulgarian currency) / euro. To be able to assess, there are being monitored 16 economic and political indicators grouped into four main groups: political issues – does government support the currency board? Does the Central Bank support it? Do European institutions support Bulgaria to join the ERM II and the Euro area?; budget and debt - budget balance, government expenditure, public debt, foreign liabilities of the private sector, fiscal reserves; issues related to the economic cycle - GDP growth, inflation, unemployment, health / stability of the banking system; external balances - current account deficit, trade deficit, foreign investment, tourism receipts, foreign exchange reserves.

Undoubtedly, the major requirements suggest that not always the indicator system can be second to none[11]. This necessitated the development and use of analytical indicators. They in turn represent different kinds of indexes displayed on a particular set of economic indicators. These are: free indexes, diffusion indices and indices of amplitude. Gradually from the 70s of XX century it has been establishing an international system of economic indicators with the efforts of the US, Japan, UK and Germany.

Changes are needed in the regulation of management by aligning the interests of the three levels of participation on international markets, respectively - the new global economy:

- official international state institutions;
- national governments and their regulatory authorities;
- international corporations directly involved in the functioning of international markets as a factor of economic growth.

In the short term priority is the creation of stable and sustainable NIMA which is able to neutralize any unlawful decisions and actions of managers at both the institutional and corporate level which is:

- timely and adequate supervision of the activities of institutional and corporate managers;
- addressing the shortcomings in the regulation of economic activity and the real economy as a whole by promoting transparency, stability and accountability flows (financial, monetary, etc.) in the information system of internationalization and globalization;

[9] The parameters of the neoliberal economic theory are in the chain: policy choice (rapid liberalization, fast privatization, economic stabilization) - recovery of enterprises - growth.
[10] "Expat Compass" was created by "Expat Capital" – a financial company based in Sofia. It is issued once in two months in Bulgarian and English and it is distributed for free.
[11] Damyanov, At. Eklektichni vazgledi za mezhdunarodniya biznes i menidzhmant. Narodnostopanski arhiv, kn. 1, 2009, p. 11.

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- establishing rules for supervision, accounting and protection of shareholders and consumers in the form of an international management rules covering adequately the multi-stakeholder and markets;
- launching an ambitious policy that will in the future can prevent management "ambitions" of wrongdoing[12] to the detriment of shareholders and consumers of the country or corporation.

Industrial management in the XXI century is universal and the specifics of its implementation in Bulgaria are of paramount importance. It should be seen within the NIMA. Its peculiarities in Bulgaria are limited to:

- it is set as a mechanism for organizations to operate that reflects the phase of the life cycle of the national economy;
- it differs from traditional company management because of the role and specificities of the organizations as part of industrial policy;
- increased information asymmetry due to the opacity of the business (trade secret) and inadequate business intelligence;
- rules for industrial management are driven by a regulator in the face of the state (strong regulation of the economy distorts industrial management);
- unusual mechanism of industrial management because breach of general instructions, methods and strategies of NIMA;
- regulation of the industry changes industrial management in the national economy, which creates information asymmetry between domestic and foreign investors.

The only thing that can limit industrial managers do not make decisions and perform actions to the detriment of shareholders and society as a whole, including the receipt of bonuses based on projected or "hollow" results, it is the construction of NIMA, which regulates the "rules", i.e. what to do and what are the parameters that industrial managers can afford such as actions and costs. NIMA formulates rules and principles which must be followed by adequate mechanism for professional standards, preventive control and monitoring of industrial management, respectively the management of institutional and corporate level. The adoption of clearer and more consistent rules, principles, strategy and codes of behavior affects most directly the assessment of the future role of the NIMA and regulatory practice that is required by each country.

3. Approaches to NIMA

We will try to answer to the questions put into the introduction part as synthesized stick, speaking conditionally, to a relatively unbiased approach. Regarding the first question "Should NIMA be seen as a form of institutionalization or as a form of promotion of best practices in industrial management?" - in institutionalization there is a strict regulation - behavior, mandatory for its members, is set. This, at present, is hardly feasible for a variety of reasons, some of which are: the diversity of businesses (if you do a global framework, it will not be sufficiently complete and even for different businesses it could be controversial); resistance of managers and management teams (emphasizing that institutionalization is disadvantageous

[12] In the individual countries institutional board is needed, i.e. external supervision over industrial management, respectively industrial managers, till the new system of international law, principles, norms and standards set by the NIMA starts "working".

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because it can lead to further bureaucracy and complexity of the management process in organizations, as well as disadvantageous positions in the framework regulation).

International management architecture is not an institution as familiar. From this perspective in the best case it can be considered as an advisory and expert body, working out recommendations for alternative forms of promotion and dissemination of best practices in industrial management. What an idea, which is a good solution in theory, some would say, but whether it can be successfully implemented in practice because usually best practices are rarely used and often circumvented, causing the opposite - bad practice. This can be avoided by compliance with a standard such as ISO, quality standards and management and leadership. The question is whether organizations are registered on it, if they follow it, and in case they are registered, whether they comply with the requirements. In order to have a successful introduction of a standard on industrial management, it must be comprehensive and binding for all, which in turn brings us back to institutionalization, i.e. the result is a vicious circle. And yet, the idea is worth.

The fore in response to the second question "Why are causes of the crisis sought primarily in a subjective term and they are seen as a result of mercenary behavior?" - intrudes assumption that if mercenary behavior[13] is against the rules, it is not therefore the blame of the rules, but the opportunities that exist for breaking the rules. And if the rules are the best practices, their violation is an expression of bad management practices. Indeed, subjectivism leads people. Each individual sees himself/ herself first and then the other. From this perspective it can be assumed that individuals are guided by subjective judgments, seeking to satisfy their own needs, either through mercenary behavior. This requires as a prerequisite the revision of values, which, as mentioned previously, determines also the subjective view on things - what is good and what is bad. For example, "inflation" of bubbles in the economy is certainly good for managers because it meets their needs, but their desires for wealth and big bonuses, non-related to the product / service, is definitely not good from the perspective of society. A fact deserves attention that managers foresight in the background, i.e. priority is the current snapshot and not strategic thinking and behavior. This is most clearly evident in the crisis incubation period. But nothing lasts forever. Big bonuses cannot continue forever and, i.e. "hollow bonuses" or "hollow results," without results for shareholders and customers for their money. That is why the revision of the value system is an extremely important issue, and especially effective dissemination and enforcement of best practices among industrial management.
In this sense, the defended thesis is that the purpose of NIMA is to support best practices through their development and validation, and limit bad practices by developing mechanisms for timely diagnosis and prevention.

We understand that the crisis is a result of underestimation of risk, trade in stock markets and in bank lending. In this connection we assume that no desire to profit at any price, which is justified, but the passage of the reasonable amount of risk underlies the crisis. But what are the reasonable limits of risk? Especially fears of imminent risk of inflation in the world? In answering this question Joseph Stiglitz gives an example with the United States, stating that with the growth of US debt and fanning Fed today around the world arose concerns about future inflation. Prime Minister of China openly expressed the concerns about the future value of loans of about 1.5 billion dollars, which the country has provided the United States.

[13] It can not be denied that there would be no interest, let alone "self-interested", if exercised strict control to the extent necessary by the authorized authorities and institutions. Just let his lack lead in relation "manager - owner" is the economic interest and its essence- personal property. For details see: Zahariev, El. Diminuarea rolului statului in economia Bulgariei. Bucuresti, TRIBUNA ECONOMICA, 3/2000, pp. 69-71.

None want to see the value of these assets reduced[14]. So that the crisis does not focus only on the collapse of the "Enron", "Parmalat" and the others mentioned above. Definitely it comes to crime. By the way, they will always be. At the heart of the crisis stands crisis in the theory, and hence the practice of management, including post-industrial management. In this aspect it can not be denied that NIMA is a good idea.

In answer to the third question “Can it be attributed to the NIMA to supervise and control managers, respectively the management team, and to perform regulatory functions?” - opponents seem at first to focus on the fact that NIMA is absurd to exercise any supervision and control of managers. So, according to some, further relates to the regulation. We will repeat again that it is committed to developing rules for conducting a successful policy in the economic life and in their promotion. We understand that any attempt to be assigned managerial, sanctions or any functions of direct intervention will make NIMA mission impossible. In this context, we believe that we must first, albeit fragmented, to outline policy principles, strategy and treatment standards issues.

Regarding the first point it should be noted that the main function of the state in managing the economy is the formation of an appropriate economic environment. In this context the principally reasonable question for this stage of development of our society arises about the ways and approaches to be followed in its implementation. What is meant? Assuming that science of management of national economy is in crisis, it should be pointed out that it is not as concentrated in management of organizations as in the sphere of state management of the economy. Hence the result - Bulgaria found itself in the category of least developed countries, since for decades the search for a solution to this problem in the country was founded on the dogma that all "power belongs to the market" and widespread liberalization. It is known that no underdeveloped countries exist, only mismanaged. And we proved that with the lack of even minimal supervision and control by authorized bodies on business, i.e. there is convincing evidence of the bankruptcy of their control center to supervise. It is hardly necessary to prove that it is driving on the track of events, but it should be the opposite.

The second point is directly related to the foregoing as its practical implementation requires the state economic policy to follow fundamental principles such as: the principle of self-organization of the national economy, the principle of minimum intervention, principle of equality and the liability relations, the principle of continuity and predictability of state economic policy, principle of minimum protection and the principle of unity of the economic environment[15].

The scope of the strategy is the third point. In its construction priorities of the individual country should be considered, but according to the EU institutional framework. For example, in focusing the strategy on growth and employment (jobs) special attention should be paid to "greener" economic growth and development of human resources and, given the current economic crisis, the future strategy should work on consolidation of the financial sector and going out of crisis.

In the fourth point the fact should be borne in mind that globalization and the associated increase in interaction between countries and regions makes international standards extremely important. This applies with full force for NIMA. We believe that their development is an urgent need. From this viewpoint we argue that their construction should satisfy three basic principles. One is that the standards are

[14] Stiglits, Dzhouzef. Svobodno padane. Amerika, svetovnite pazari, krizata i vinovnite za neya. S: Info DAR, EOOD, 2010.

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recommendatory in nature, which ensures the ability of national governments to develop policies and state industrial management tailored to national circumstances and in the first place - their psychology. Another principle in the development of standards for NIMA and defining their scope is to take into account above all the needs and problems of "quality" of the existing institutional framework and the "competence" of its relevant components and their administrative capacity. The third principle is the dialogue with the community, working on projects aimed at achieving "sustainable to challenges" (political, economic, social, etc.) industrial management, regardless of its hierarchical status - international, regional or national.

With regard to the fourth question "Is the system of indicators an important element for evaluation?" it cannot be denied that the indicator system is an important tool for evaluation. At the same time we understand that the indicators as a tool should be applied depending on the value system that dominates in the relevant area. A consequence of this thesis is what we commented on values system- is it necessary to review it in the light of the determination what is good and what is bad? We believe that the state is one that must formulate and define priorities at institutional level, prioritizing needs, and therefore fulfills the necessary to their achievement regulatory functions deviations, and the vector of basic functions and tasks inherent in modern managers is on corporate level. In essence, such an approach in setting priorities means efficient use of all money of citizens and shareholders. It is consistent with the NIMA, which affects two points - corporate governance and competition policy in the context of liberalization and globalization. These include also new corporate culture and social responsibility and ethics of the organization.

The above really is a challenge worth, i.e. figuratively speaking of this "thorn" - analysis not only can come to a rabbit, but an elephant. For example, the problems of managing this means[16]:

• Annual reporting - a guarantee to maintain reforms and collaborative communication.

• The grouping of countries that are facing or have dealt with similar challenges: a better focus on observation and control, enhancing profit from shared knowledge and exchange of good policies.

• Republic of Bulgaria holds the definition of pan-European objectives, and then specifying and determining the corresponding country-oriented purposes.

• General transparent and widely accepted by all member states a framework for evaluating progress is essential.

• Ensuring effective cooperation and participation of all stakeholders at all levels - responsibility of government.

• Strengthening the exchange and communication of successful reforms and examples of good practice at the lowest possible level that is closest to the people - a fact that sets the critical role of local and regional authorities.

Key issues for Bulgaria are: economic sustainability of public finances; new jobs in "green industries" and related infrastructure development; limiting inequality and poverty, reforms in education, health and pension system.

4. Conclusion

In conclusion it can be said that in today's increasing globalization, the importance of individual countries does not diminish, even those who are members of the EU but increase. The role of the nation grows, the more the basis of competition shifts to the creation and utilization of knowledge. Differences in

[16] For details: Konsultatsiya otnosno badeshtata strategiya „ES2020": es.europa.eu/dgs/…/consultation_bg.htm.

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national values, culture, economic structure, institutions and history - all these factors have contributed to successfully enhance competitiveness. There are striking differences in the structure and patterns of competitiveness in each country. None country can and will be competitive in all or even in most sectors of the economy. Ultimately, countries achieve success in certain industries as the business environment in them is most promising, dynamic and stimulating by challenges. There is no doubt that the success of everything said here would not be the case without adequate support from the EU and the international community to make it possible to achieve the objectives and priorities considered, respectively accelerated construction of NIMA - a determining factor for the active participation of Bulgaria in increasing globalization. In this sense, Bulgarian industrial organizations, all structures on national and branch level should organize its activities in accordance with the policy principles, strategy and NIMA standards and good management practices to ensure effective national system of supervision and control of industrial management, respectively managers. On the other hand, Bulgaria should maintain an effective system of internal control functions, activities and management tasks in industrial organizations. For this purpose it is necessary to change many things, one of which is to strictly follow the basic management tools - strength, power, control. Not only in the face of the institutions, but also in the face of working organizations. And then, agreements, which ensure the pursuit of the fundamental parameters of the NIMA, and it as whole will really work.

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Application of New Instruments to Increase Effectiveness of Implementation of Social Policies on Labour Market in Bulgaria

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Abstract. *Nowadays, public employment services face a number of urgent tasks as raising the employment rate and reducing the number of vacant jobs for which is difficult to find enough qualified workers. New realities on labour market and dynamic environment require adequate actions, rational and timely decision making and optimization of work. Dynamic changes in social environment impacting labour markets and activities of public employment services impose various tasks which implementation should be carefully planned, organized and controlled. To achieve that public employment services should take a more comprehensive look at the demand and supply of labour, considering the numerous transitions taking place constantly on the labour market and people's personal development. Improving processes and the quality of the administrative services in the Bulgarian employment agency is seen as a prerequisite for effective implementation of employment policies. The study presents opportunities for improving the quality of services offered in the Directorates "Labour Office" in the Republic of Bulgaria by introducing a process model and improvements in the capacity and efficiency of work in the field of labour mediation.*

Keywords: employment, unemployment, process model, algorithm, efficiency

JEL Codes: O29

1. Introduction

In a market economy the rate of employment and unemployment of the economically active population is determined by the labour market, by market mechanisms regulating demand and supply of labour. The features of the economic development and the possible impacts on the labour market gradually becomes an inseparable part of the process of policy making on the labour market. In the early periods of the development of labour market its policies are aimed primarily at tackling the effects of economic reforms on employment, it is now when the policy has pronounced active character and is aimed at influencing processes or the formation of behaviour among target groups according to pre-planned targets

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[4]. Functioning labour market in a country is an adequate mechanism of the market environment and policy increasingly based on existing relationships and interactions between the periods of development of the economy and the labour market. The adequacy and timeliness of the policy are crucial for the effective support of the changes in the parameters of labour market and economic development. The time delay effects and changes in its duration should not be ignored in order to develop preventive measures for timely response. The shortening of the period in which the effects of modern crisis transferred on the labour market, respectively the demand for labour, reflects not only the degree of elasticity of demand for labour to primary markets, but also the flexibility of the implemented policies [5]. This has focused attention on the flexibility of labour markets and opportunities through its increase to strengthen the mobility and adaptability of the workforce to rapidly changing labour demand.

Objectives and tasks of social policy in the regulation of the labour market productivity and employment are the following [6]:

- creation of all necessary conditions for economic growth, structural change in the industry to create new jobs for the employment of the economically active population;
- workforce flexibility, mobility in order to overflow freely between sectors, fields of application of employment and occupation, and also between the territories in the interest of growth of labour productivity and standard of living levels;
- connection of all parameters of demand and supply of labour, securing natural level of unemployment;
- assistance in job placement and social protection for the unemployed and socially vulnerable layers of the economically active population on the labour market;
- formation of a new motivation for highly productive labour of the individual;
- decent level of wages and income adequate to their qualifications, experience and the level of entrepreneurship;
- material interest and civil responsibility of the individual to maintain the standard of living of his family;
- elimination of the reasons and factors both external and domestic ones governing storage of underemployment and hidden unemployment.

An alignment of objectives and specifying the tasks of regulating relations in the labour market between all levels of government as well as its active agents is also necessary.

The competence of the central bodies of power are related to those to define and control the implementation of social guarantees on employment, securing the volume of centralized investments to deliver the nation-wide social programs, including programs for full employment, and storage jobs, career guidance and other cooperation with the corporate capital at his involvement in the process of investing in employment. Their place in the active policy on the labour market should also take regional bodies. Local authorities determine the status of the unemployed, reveal such citizens and provide them with specific assistance in job placement. In this connection, the group of measures for active policy on the labour market in order to support employment and the so-called "transitional forms" between unemployment and productive employment are therefore among the main goals to regulate the labour market.

Active policy on the labour market includes measures, programs and plans aimed to return the unemployed to work for their inclusion in the workplace. Therefore, it provides [4]:

- preventive measures of employment services together with employers for reorientation and retraining of the staff of enterprises and organizations engaged in structural adjustment of production;
- actively seeking a job and job placement in accordance with the profession, personal experience and inclinations of the worker;
- measures in support of self-employment;
- professional counseling to those who want to discover their own company;
- non-monetary forms of support for small and family business.

Thus active policy aimed at strengthening the competitiveness of the workforce, supporting all forms of individual employment, including family businesses and farming. Part of the active policy on the labour market is the support of the unemployed in its active search of methods for inclusion in employment, which would enable it to provide financial yourself and your family with income and other means of subsistence.

2. Contemporary conditions of labour market and policy development in Bulgaria

Existing conditions for full employment enable almost all countries to focus on the issue of labour efficiency, the behaviour of participants in the labour process, the attitude towards work. After 70 years in the world of substantial changes in the economic and social life that have an impact on labour relations, and the strict sense of the term. Widening gaps between demand and supply of labour brought forward the concept of a labour market in which the main focus is the relationship between employers and workers.

Based on the current status, trends and prospects of the labour market within the European area identify the main challenges of employment policy in the field of human resources [4-6]:

- Substantial reduction in employment and increase in unemployment during the economic crisis, especially among disadvantaged groups in the labour market, especially young people, increasing inactive;
- Delayed exit and very limited creation of new jobs;
- Low educational qualification level of jobseekers and low mobility in a segmented labour market; mismatches in supply and demand for labour in terms of professional qualification structure of the workforce;
- The need for improving the quality of jobs and increase labour productivity, which will lead to increased incomes and expanding domestic consumption;
- The existence of unregulated employment and violations of labour law;
- Significant regional differences in employment and unemployment.

Some possible threats are identified improving the match between demand and supply of labour and the functioning of the labour market:

- Belated exit from recession and weak economic growth in the EU and slow economic recovery, which together with insufficient competitiveness of the economy, are a threat to the creation of more and better jobs.

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- Globalization, which hides risks associated with job losses, outsourcing of economic activities and loss of income for certain professions, regions and sectors.
- Unfavorable demographic trends - by reducing the number and aging workforce, which limited the supply of labour. Deterioration of the labour force due to the exit of skilled labour and the influx of low-skilled, low education. Influencing are also the external migration, and the gap in the quality and relevance of education, low participation of the population in lifelong learning; regional disparities and imbalances, limited mobility and more.

At the same time there are certain favourable conditions as the financial stability of the country and significant financial resources under operational programs and other EU programs.

Bulgaria and other socialist countries, subject to the notion of "full employment" more than half a century, now suffer the serious consequences of transition and restructuring of the economy that are the most severe in the area of employment. Bulgaria was relatively unprepared to meet the challenges of the market economy in this area and the lack of public attitudes for more personal activity, personal responsibility and entrepreneurship. Expectations for change are linked again and primarily the role of the state.

Employment policy pursued in the country complies with European documents in the field of employment and human resources development: the European Employment Strategy, Strategy "Europe 2020", the Employment Guidelines of the European Commission. The actions of the labour market in accordance with the requirements and recommendations of the International Labour Organisation (ILO), Organisation for Economic Cooperation and Development (OECD) and other international organizations. Updated Employment Strategy 2013 - 2020 adoption foresees also implementation of the Council Decision of 21 October 2010 on guidelines for the employment policies of the Member States which are in force in 2013, namely:

Guideline 7: Higher participation of women and men on the labour market, reducing structural unemployment and improving the quality of jobs.

Guideline 8: Developing a skilled workforce responding to the needs of the labour market and promote lifelong learning.

Guideline 9: Improving the quality and effectiveness of education and training at all levels and increasing the number of students in tertiary or equivalent education.

Guideline 10. Promoting social inclusion and combating poverty.

Updated Employment Strategy is in line with the strategy "Europe 2020" and its three complementary priorities in terms of economic growth, which should be intelligent (building an economy based on knowledge and innovation), sustainable (promoting more greener and more competitive economy with more efficient use of resources) and inclusive (stimulating the economy with high employment levels, leading to social and territorial cohesion).

The vision of the updated Employment Strategy 2013 - 2020 is defined as: ensure conditions and opportunities for improving the quality of the workforce and increasing employment in the economy of smart, sustainable and inclusive growth to raise living standards and promote social inclusion .

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Along with the main target for employment, Bulgaria has defined two sub-goals in priority areas of development of the labour market [7]:

- Achievement of employment among older people (aged 55-64) from 53% in 2020.
- Reduce youth unemployment rate for the age group 15-29 to 7% in 2020.

Objectives in the updated Employment Strategy 2013 - 2020, were in line with the Global Employment Strategy, developed by the ILO, as well as key areas of impact of the employment strategy for the ILO Decent Work.

The vision of the updated Employment Strategy 2013 - 2020 has been designated, taking into account a number of factors. EU membership and the need for full integration of the Bulgarian economy in the common market requires continued reforms to achieve set criteria for higher competitiveness and long-term ability to meet the changes. Changes in the labour market require provision of skilled and motivated workforce that will contribute to achieve smart, sustainable and inclusive economic growth and higher productivity.

The main priorities of the updated Employment Strategy 2013 - 2020 include [7]:

1. Increasing employment in a smart, sustainable and inclusive growth, which implies the presence of sufficient quality workforce with the knowledge and skills according to the needs and requirements of jobs and the capacity for higher productivity.

This workforce is formed for an extended period and provided that the access to education and training is improved in time, trainees are largely successful, and those who left early education system are included in the appropriate forms for employment and training. Quality workforce is the product of a quality and efficient system of education and training and throughout the life of man, a system which is necessarily linked to the needs of the economy and employers. Quality workforce is not an end, it is motivated to work on productive jobs, to create high added value intellectual work with the application of new information technologies, with demands for innovation and creativity. In turn, the economy needs to create such jobs. For low-skilled it is important to be trained for training and acquisition of skills for a productive work.

2. Increasing labour supply is a key priority not only for the high inactivity of the working population, but also because of the demographic problems and the need for a higher volume of GDP produced in domination of still extensive development factors. All this requires the active behaviour on the labour market of job seekers and the development of employment services; activation of discouraged and inactive, unemployed from vulnerable groups; creating conditions for reconciling work and family life and providing equal opportunities. Labour supply increases when employment provides enough income linked to individual productivity of labour, education and training of people. Workforce in turn must be sufficiently mobile in terms of flexibility and employment security. A prerequisite for a complete working life is good health and preservation of the capacity and the higher age groups. Priority is also increasing the employability of disadvantaged groups on the labour market, especially young people, long-term unemployed, unemployed Roma, people with disabilities.

3. The slow recovery from the crisis and job losses even in positive GDP growth means that job creation cannot be left solely to market forces. A targeted support for increasing labour demand especially in the priority for economic development sectors with high added value, such that deliver smart sustainable growth, to increase local and foreign investments to reduce regional disparities in employment and market

labour; for targeted support for small and medium-sized enterprises; employment creation of "green jobs"; development of a competitive and resource-efficient economy, increased factor productivity, increase employment of "white jobs", including in the field of social services.

The object of the updated strategy are a wide range of individuals, institutions and organizations that participate on the labour market. In this sense essential to the actions of its implementation is ensuring a balance between their interests, rights and responsibilities. Increasing attention will be given not only the unemployed persons from vulnerable groups, and other groups seeking employment (employed who want to change jobs or to work extra, students, retired) employees who need training and more. Crucial role is that of the institutions of the labour market, the capacity of which depends on improving the overall functioning of the whole system of employment and more effective and efficient use of available resources.

To the subjects of policy of employment in Bulgaria must be mentioned: the state and its specialized agencies: the Employment Agency of the Ministry of Labour and Social Policy, the National Council for Tripartite cooperation representing workers' organizations, employers' organizations, the Agency for Social Assistance of the Ministry of Labour and Social Policy; regional level - regional governors, municipalities, regional employment offices and job centers. These entities are engaged in institutionalized relations "regarding labour" and those between employers and workers. Institutionalized subjects can occur as legalized private agencies and bureaus for employment, some non-governmental organizations among its other social functions to have intermediary business of finding employment for persons at risk groups and participate in the implementation of projects for training, qualification and retraining.

Bulgarian employment agency (EA) [1, 2] aims to implement the state policy on employment promotion and protection of the labour market, vocational guidance, adult education, and to perform intermediary employment services to increase economic activity and employment potential of the population, by increasing employment and reducing unemployment. The main functions of the employment agency are registering vacancies and those actively seeking employment mediation services for employment. It engages with joint participation of municipalities and employers in the development of socially beneficial for the city and state activities and participation in the development and implementation of programs and measures for employment and training aimed at specific groups of unemployed people who for various reasons are hard adaptable to labour market. The agency participates in performance, either alone or jointly with other bodies or organizations, projects and programs in the areas of employment, vocational education and training, social integration, financed by the funds of the European Union or other international organizations, including and with the participation of Bulgarian resources. It also deals with the protection and preservation of employment, organizing qualification and motivation training of unemployed and employed, brokering employment of Bulgarian citizens abroad and foreigners in Bulgaria and analysing supply and demand in the labour market and forecasting possible changes.

Reform of administrative services in the Employment Agency begins with the preparation of analysis of the services provided by the Agency departments covering its overall activity. Main conclusions of the analysis are that there is a need of [3]:

- A reform in the administrative services, substantiated by:
  - New national social strategy;
  - Changes in the market environment;

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- New customer needs;
- Increased requirements for quality of service;
- Achieve the standards and characteristics of the administrations of the EU.
- • Changes in external environment
- Significant changes in the structure of unemployment;
- A growing mismatch between the qualifications of job seekers and employers' requirements.
- • Changes in domestic environment
- Rugged, but insufficient effective operation of the EA, despite heavy workload of the employees in the system;
- Insufficient good image of LOD for employers and job seekers;
- Increased expectations from the public and from the government for an active role of the EA in the labour market.

Main criticisms of the work of LOD are focused on:

- Bureaucracy, tardiness citizens;
- unequal treatment of individuals;
- Giving information only "internal" people;
- Indifference or mistreatment of employees;

Subjects to change are defined as:

- The way EA provides services- workflows;
- The culture of responsibility and decision-making;
- Work environment;
- Knowledge, skills, behaviours and attitudes of employees.

A very important point is that reform to improve administrative services in the EA does not require a change in legislation - the Law on Employment Promotion and other regulations.

The next step is the approval of the vision and objectives of the organizational change of the Employment Agency and the specific services that its departments provide.

Employment mediation services include:

- information and / or advice to job seekers and employers;
- psychological assistance to job seekers;
- referral to appropriate programs and measures for employment and training;
- referral to adult education;
- guidance and support for employment, including in another location in the country or in other countries.

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Directorate "Labour Office" (LOD) is one of the main intermediaries on the labour market. Except that, LOD performs tasks in regulating the labour market, i.e. performs activities on the realization of social strategies and policies. In this capacity, LODs in the country perform the following functions [2, 3]:

- Register job seekers, according to the Law on Employment Promotion (LEP) and its Implementing Regulations and develop an action plan of each registered unemployed person;
- Provide job seekers in compliance with the LEP and the related regulations about: the services provided by the labour office, conditions and procedures for their use; vacant jobs; programs and measures for employment and training, as well as other information from the competence of the Labour Office;
- Implementation of mediation information and employment in Bulgaria and in the Member - States of the European Union, European Economic Area and Swiss Confederation, guidance / information, advice and counselling /; psychological support; adult education; inclusion in programs and measures for employment and training; support to start own business; Information on procedures for operating schemes under international programs and projects, incl. Operational Programme "Human Resources Development";
- Advising on employment opportunities for Bulgarian citizens abroad, incl. use of the network EURES, and foreign nationals in the Republic of Bulgaria and intermediary business in implementation of international agreements for the exchange / export of labour and intermediary contracts concluded by the Employment Agency with foreign employers or licensed intermediaries;
- Provide employers in compliance with the LEP, the Law on protection of personal data and related regulations information for: those seeking work; programs and measures to preserve and promote the employment and training of staff; the rights and obligations under the mass dismissal of employees; mediation to hire labour; inclusion in programs and measures for employment and training; preferences while maintaining and / or increasing employment; preferences for internship and / or apprenticeship; incentives to promote territorial mobility of employees;
- Participate in the survey of the training needs for acquiring professional qualification and acquisition and development of key competencies;
- Perform duties by informing in mass layoffs and teams participate in the drafting of the necessary measures in mass layoffs;
- Carry out an information exchange with other LOD for the announced jobs;
- Provide the Agency for Persons with Disabilities with the received from employers information about jobs for people with disabilities on the grounds of the Implementing Regulations of the Law for the integration of people with disabilities;
- Prepare opinions on applications for issuance of work permits to foreign nationals in the Republic of Bulgaria;
- Record short-term employment of foreign nationals, according to the Ordinance on the terms and conditions of the issuance, denial and revocation of work permits to foreigners in the Republic of Bulgaria;
- Participate in the development of regional and sectoral programs for employment and training in the part containing actions in the active employment policy;

- Participate in the implementation of national, regional and sectoral programs for employment and training;
- Gives opinions and propose for approval by the Minister of Labour and Social Policy of regional programs for training and employment, including literacy programs, training and employment;
- Carry out activities for the organization and implementation of vocational guidance and training for adults;
- Operate programs and projects funded by the European Union and other international sources;
- Carry out activities and programs addressing the Social Investment Fund to provide employment services, training for acquiring qualification, support for small business, local communities, etc.;
- Prepare a draft Action Plan;
- Implement the approved Action Plan;
- Prepare periodic and annual reports on implementation of the Action Plan;
- Develop forecast performance, and if necessary make a proposal to adjust the approved Action Plan;
- Develop, where appropriate, action plans for the implementation of specific tasks;
- Participate in the preparation of the annual activity plan of the Employment Agency, as a member of the network EURES;
- Prepare periodic and annual reports on the implementation of those included in the approved Action Plan programs and measures to promote employment and training, vocational guidance and training for adults;
- Collect, process, store and provide statistical information on the state of employment and unemployment on the territory they serve. Exchange information with other administrations;
- Perform duties in accordance with signed agreements and protocols on cooperation with agencies, organizations and social partners related to the provision of employment services;
- interact with the "District Labour Inspectorate" in connection with the Agreement signed for coordination, cooperation and collaboration between the Executive Agency "General Labour Inspectorate" and Employment Agency;
- Participate in the operation and development of the automated information system of the Employment Agency;
- Prepare analyses on the status and trends in the local labour market and unemployment projections;
- Engage in research and observation of the labour market;
- Organize reception of citizens and provide answers on applications, complaints and reports of citizens within the framework of their competences;
- Organize, coordinate and participate in the implementation of activities in service of job seekers and employers to the Labour Office revealed outsourced jobs;
- Perform quality delivery of services;

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- Support the organization of workshops, information days, job fairs and events related to the tasks of EURES;
- Organize regular press conferences to inform the public about the activities of the Labour Offices;
- Apply measures to prevent and combat corruption.

In response to the priorities of the social policy of the country, expressed in the activities in competent institutions, is the need for new approaches and actions for effective management of social processes tailored to the dynamic social environment on the basis of economical, effective, efficient transformation of extremely limited budgetary resources in social skills for active social policy.

3. Application of a process model in the work of the Directorates "Labour office"

The introduction of a process model of service provision in the Labour Office is a versatile tool for better management of activities in different LOD by providing the necessary human resources and its use in the most efficient manner. The model is created in electronic form (Excel-tables), which allows developing of various scenarios based on different starting conditions and assumptions in different LOD [6].

The main processes (Table 1) [3]:

1. Information;
2. Registration;
3. Placement;

3.1. Placement - working with job seekers;

3.2. Placement - selection and selection;

3.3. Placement - working with employers;

4. Vocational education and training;
5. Implementation of programs and measures;
6. Termination and renewal of registration;
7. Management of suggestions, complaints and signals;
8. Psychological support

- Describe one or more activities in all the main processes - in this sense technology to work around the process or individual activity in the process;
- Contain applied to each activity or whole process forms, questionnaires, etc.;
- Guidance technology work and sequence of activities and operations;
- Visualize customer service;
- Assist the interaction between experts in different processes or workers in various activities of the same process;
- Provide space for creativity when working with clients;
- Assist to avoid duplication of data collection and duplication of additional activities and forms;
- Create conditions for regulating service time;

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- Support the creation of knowledge and expectations for uniformity of service to different customer characteristics;
- Create confidence of specialists;
- Clients learn mode of operation, which improves relations (reduced stress);
- Place on a standardized service, which is the first condition for providing quality services.

Table 1. Basic processes in the Directorate "Labour Office"

Process	Goals
Information provision	• Ensure equal access to information and services and provide different access channels. • Fast and quality customer service by providing a clear, easy to understand, complete and accurate information and explanations. • Uniform flow distribution os persons seeking for a job and directing them to obtain services to staff competence. • Fostering independent work habits and search of useful information through various information sources. • Directing the attention of customers to use alternative sources of information (web-site, e-mail, kiosks, town halls, libraries, etc.).
Registration	• Registration of the individual for the subsequent use of services by LOD. • Fast and quality service by providing a clear, easily understood, complete and accurate information, explanations and forms necessary for the registration of persons. • Collecting complete and accurate information about the persons seeking for jobs and storage with a view on its repeated use and updating. • Faster inclusion of seeking jobs on the labour market, by offering suitable vacancies on the day of registration. • Reduce unevenness of the flow through even distribution of the various contingents for subsequent visits to labour brokers.
Placement – working with job seekers	• Provide information on available vacancies in order to quickly realize on the labour market. • Display the characteristics of the seeking jobs in order to improve and facilitate the selection and recruitment vacancies. • Increase the number of hired throughout unemployed persons by encouraging them to participate actively in the labour market. • Supporting employment of the unemployed, by assessing the shortage of skills, counseling and referral to training for acquiring professional qualification, technical or social skills, and skills for independent job search. • Supporting young people under 29 years of age for employment and / or inclusion in the training. • Development of an individual plan for finding work for the unemployed in an optimally short term.
Placement - working with employers	• Expanding the scope of employers using the services of directorates "Labour" by: ○ Implementation of active, personalized service to each employer and the grounds that providing employment for job seekers;

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	○ Preliminary analysis of business performance and segmentation, depending on their economic activity and capacity for announcement of vacancies in the LOD. • Increasing vacancies in order to more opportunities for job seekers through: ○ Active contacts with employers announcing vacancies; ○ Proactive contacts with employers and proposing appropriate profiles of job seekers, even without the vacant job. • Achieving full specification of vacancies for subsequent fast and qualitative selection and recruitment of job seekers.
Psychological support	• Applying individual approach to job-seekers to overcome the psychological obstacles in search of employment. • Adapting to the demands of the labour market of job seekers by increasing their motivation to actively search for employment and the formation of presentation skills when applying for vacancies. • Supporting employment intermediaries for quality service to employers in the selection for appointment to vacant jobs. • Support communicative competence consulting the employees of the LOD.
Implementation of programs / projects for employment and training	• Provide employment to unemployed persons in an disadvantaged position on the labour market. • Increasing the employability of unemployed people by involving them in programs for employment and training. • Increasing the number of the hired among unemployed persons through their inclusion in existing employment programs and training. • Helping the unemployed to start their own business. • Encouraging employers to participate in existing programs / projects for employment. • Acquisition of permanent work habits by job seekers, reducing their dependence on the social assistance system and their return to the labour market.
Implementation of measures for employment and training	• Methodological and technological unification of LOD's activity related to the implementation of active employment measures: • Inclusion of employers in training measures and employment; • Increasing the employability of the unemployed through participation in active measures for training and employment; • Providing employment to unemployed persons disadvantaged on the labour market; • Encouraging entrepreneurship among the unemployed; • Promoting mobility of unemployed persons with a view to finding a job in another place. • Promoting unemployed, subject to monthly social assistance, who start work • Improving the organization of activities. • Improving the quality and efficiency of services for the unemployed and employers.
Termination of registration	• Fast and quality service to job seekers by providing a clear, easily understood, complete and accurate information, explanations and forms. • Correct application of the provisions of the Law on Employment Promotion and the Implementing Regulations of the Law on Employment Promotion.
Management of proposals, alerts and	• Responsibility of the administration to the public and the proposals and signals, legality and appropriateness of decisions.

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complaints	• Fast and quality customer service by providing information, explanations and advice. • Establishing mechanisms for customer feedback and changes in accordance with those comments. • Encouraging customers to improve administrative services.

Initial conditions are bound by the policies and objectives of the Employment Agency. To allow maximum fine, the prerequisite to use the model input data is to comply with the National Employment Plan for the current year. Assumptions related to changes in how the Labour Office and the implementation of the new process model. Much of the planned implementation activities require additional time and effort. In order to achieve better performance of the LOD, the new process model should be provided with the necessary capacity.

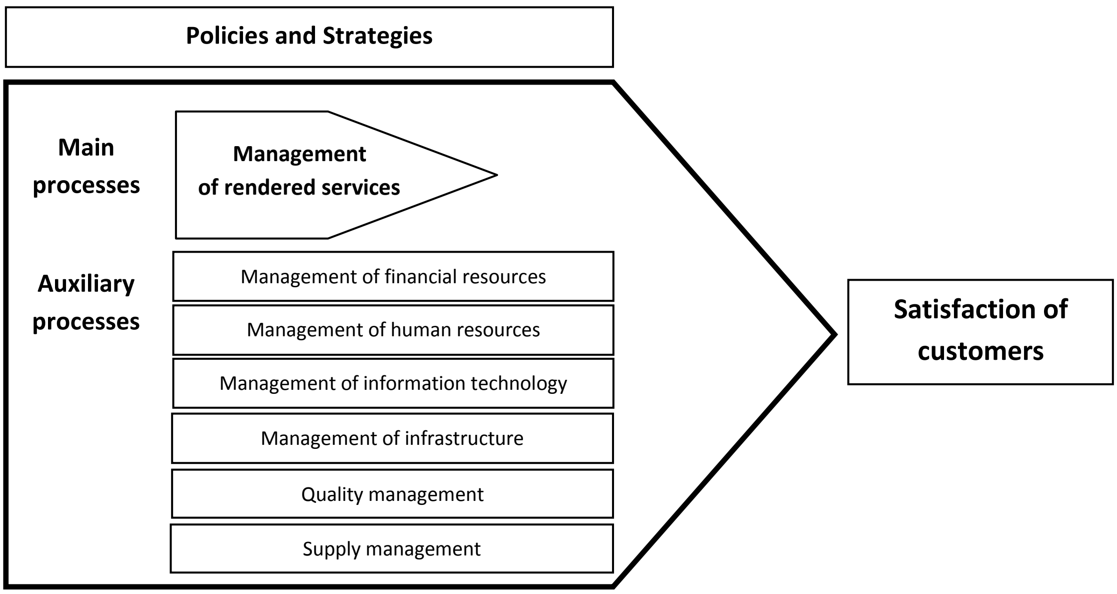

Figure 1. The new process model [3]

The processes outlined above, can develop and be improved to varying degrees. In order to achieve results as quickly as possible, however, it makes sense to focus on the following four specific areas called "four levers of change".

The change embraces:

- Improving the key processes;
- Feedback;
- Public Relations;
- Interior design;
- Location of access.

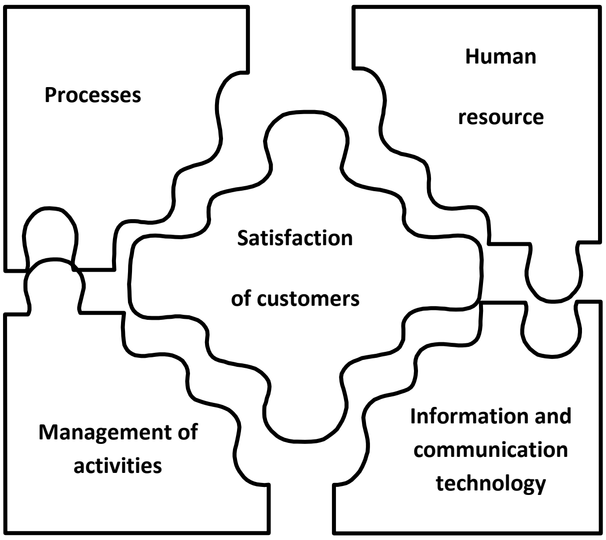

Figure 2. The four levers of change [3]

During the creation of the algorithm the following logical framework is used [6]:

- Initial starting point for the created algorithm are the results to Employment Agency should achieve within the strategic plan or a budget year (Action Plan for Employment). These results represent the concretization of the agency's mission and its objectives, which are generally formulated as: reducing unemployment and increasing employability of the workforce to the requirements of the labour market; achieve financial sustainability in the provision of services by ensuring sufficient resources and proper timing and regions; achieving the correct and proper balance between the benefits of services and for providing their costs; customer satisfaction of services rendered;
- These strategic objectives are defined with specific quantitative and qualitative indicators, which must be guaranteed output of the system such as achieving a certain amount of services rendered, number of clients served, limits used for the implementation of specific programs and measures for employment, etc.; achieve a certain amount of service through fixed amounts of expenditure in legislation and defined optimal costs;
- To achieve revenues from fixed fees paid services.

The created algorithm to determine the necessary resources, their costs and their allocation to the relevant processes is in the widespread Excel format, making it easy to implement and to simulate scenarios. This supports a reasonable budget preparation and flexible adaptation of resources to the LOD requirements of the labour market during the budget year.

The algorithm fully reflects the way the services are rendered. As services are realized through workflow organization, the algorithm is based entirely on the model for determining the current and future capacity. Information on the detailed operation of the algorithm is available in each table.

At the highest level created algorithm has the following main components:

- Human resources and costs; this includes direct expenditures of time and labour services-wage labour costs for administrative services and the cost of staff training;

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- Material resources and costs; It includes direct material costs for services and indirect material costs for services;
- Capital expenditure;
- Costs for financing programs, measures for employment, training and qualification of projects and business benefits.

Table 2. Model for determining the necessary resources [6]

Input	Process	Ouput	Result
1	**2**	**3**	**4**
Physical resources *quantity* *quality* *time schedule* *value*	**Productiveness** **Expenditures per service unit** **Coefficients**	**Quantity** **Quality** *services* *way of rendering* **Cost** **Price (fee)** **Satisfaction of customers**	**Fulfill the mission and achieve the objectives** **Financial sustainability** **Expenditures / Benefits** **Satisfaction of customers**
Financial resources *quantity* *time schedule*			

Logic scheme of the model to determine the resources is:
1. The results are determined (column 4).
2. Defined service quality and amount of estimated output of the system (column 3).
3. The processes by which services are rendered are described and measured (column 2).
4. Determine physical and financial resources with which services will be rendered at the parameters set (column 1).

The main objective of the developed algorithm is to create a means of allocating costs to the basic services of the agency. This makes it easy to justify the resources required at different starting points as available capacity, existing and expected period of service, available resources, and to determine the value of each service.

By created algorithm can define and justify the following processes:

- To justify the necessary human, material, financial and information resources to provide services and objectives of the Agency;
- Identify factors for performance, economy and efficiency of activity of the Agency as clients served per time unit, unit cost of service, number of employees of 1,000 registered unemployed persons, number of employees to 100 in a job, etc., To serve as a set norms for the implementation of activities in the Agency;
- Monitor and control costs against services rendered to the Agency and undertake adjustments in case of market equilibrium between supply and demand of labour.

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Table 3. Main differences between past and new work model [3]

Process	Before	After
Registration	• Segmentation of job seekers is an isolated case; • Triple input of registration data; • Availability of duplicate attributes in the registration documents; • Unable to direct the reopening of the file in the case of re-registration; • Loss of traceability for prior work with job seekers.	• Primary segmentation/ prioritization of the contingent - integration with the process "Placement"; • Immediately supply of available vacancies at registration and each subsequent visit; • Optimizing introduced-net information by reducing the number of data sets and repetitive details.
Training and qualification	• Mismatch between available skills of job seekers and sought those of employers; • Campaign promoting the limits on topics and allocation; • Non-related to labour intermediation forming groups for training; • Lack of specific commitments of job seekers in connection with new skills and qualifications; • A separate tender procedure for each theme - a waste of time.	• Focus on shortage of skills in the labour market; • Dynamic planning and organizing the trainings; • Diversification of forms and training opportunities; • Greater freedom and regional diversity of the training; • Monitoring the implementation of the commitments of the person in connection with newly acquired skills and qualifications.
Programs and measures	• Variety of measures and programs can not effectively serve the existing available capacity; • Premature financial support of established strategic programs; • The development and launch of new measures and programs is not accompanied by the closure or change in such with a weak social impact.	• Participation of experts from labour offices in the development of new programs; • Preliminary testing programs; • Timely financial, informational and methodological provision of programs; • Optimizing existing portfolio of measures and programs to focus on those with the greatest social impact; • Dynamic management and change of the existing portfolio of measures and programs to reflect changes in the contingent.
Placement	• Lack of proactive search for other sources of vacancies advertised outside in the LOD; • Lack of segmentation of employers; • Lack of proactive management of relationships with employers; • Lack of active management and detailed specification of registered	• Better knowledge and specifying the needs and requirements of employers; • Offered vacancies available whenever a visit of a job seekers; • Secondary segmentation of the contingent; • Better knowledge and specification of owned and missing qualities of each

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	vacancies; • Recruitment and selection of appropriate job seekers on formal grounds; • Lack of opportunity to sort candidates on key characteristics; • Outdated nomenclature of professions and levels of education; • Establish and maintain relationships with employers only in relation to their activity; • Formal and mechanical preparation of the action plan of the job seekers.	job seeker; • Segmentation and active work with employers; • Actively seeking alternative sources of job vacancies; • More efficient selection of job seekers respecting not only formal, but also the specific requirements of employers.
Administrative processes	• Weak discretion of the LOD; • Existing culture of dependency in the organization of work of the EA; • A large number of informal inquiries; • Excessive detail of the package standard reports; • Insufficient active advertising and information activities of the LO level.	• Reduce the document turnover in the system; • Establish a culture of responsibility and decision-making; • Clearly specified the powers of the directors of the LOD; • Stimulating a certain discretion; • Creating optimal management processes to improve decision making.

It should be noticed however that there are a number of risks that may impede the proper definition of the capacity and use of the model in the Employment Agency. Among them the attention deserve the following [6]:

- Inefficient use of the model due to a misunderstanding of its basic parameters;
- Estimated capacity concerns only activities engaged in the fundamental processes of LOD. Some of them - participation in the development of new programs and measures, employee participation in the "import" and "export" of labour force participation in cooperation councils, etc., are not included and should be taken into account when calculating the total human resources needed for a LOD.
- Because of its specificity, activities associated with the implementation of resource processes of a LOD are not possible to be included in the scope of the model. Although decentralization initiative taken, outside the scope of the model remain the processes for managing information resources, supply management and all management activities of planning, communication, control and others.

Knowledge of risk situations is the basis of possible solutions for risk management in the implementation of the model and effective action for their prevention, or in case of failing - to bring them to reasonable limits.

Summarizing, the model to determine the required capacity as presented in the current paper is flexible tool for better management of activities in public employment services by providing the necessary human resources and their use in the most efficient manner. It provides the opportunity to develop different scenarios based on different starting conditions and assumptions in different labour offices in

Bulgaria. Initial conditions are bound by the policies and objectives of the Employment Agency. Rationalization of management decisions to improve the effectiveness of social policy pursued by the directorates "Labour Office" created by a process model is based on defined processes, detailed metric measurement activities in the Employment Agency with a view to their standardization and determining necessary resource security processes, developing a model for determining the current and future capacity, an updated balance of time for each of the directorates "Labour Office" and algorithm for allocation of costs on basic processes of the Employment Agency. The algorithm fully reflects the way the services are functining. It is convenient to implement and simulate scenarios, thus supporting a reasonable budget preparation and flexible adaptation of resources to the requirements of the labour market during the budget year.

4. Conclusion

The dynamic changes of the social environment that determine the changes in attitudes and actions on labour markets and public service providers face policymaking in the field of employment in the coming years with serious challenges. Particular importance is assigned to the ability of the public employment services for vigorous action aimed at ensuring the maximum impact of policy on the labour market. Public employment services are expected to handle both current and future challenges. Rapid response to changing conditions and the combination of short-term interventions with sustainable solutions require flexibility, organizational response capability and creativity. Evolution from bureaucratic oriented organizations to more flexible, open, market-oriented networks and structures requires intellectual and cultural change as the business model and management, and individual ways of working.

Efficiency - economic and social, of functioning and developing social system is the result of the actions of all the factors of the system as a whole. Results of the creation of a model for effective social policy conducted on the labour market and employment define the basic processes in the implementation of the activities of the directorates "Labour Office". For this purpose, the activities and the steps contained in each of the processes carried out by the Labour Office should be carefully defines and specified. Optimizing and improving the quality of administrative services to improve the effectiveness of social policy pursued by the directorates "Labour Office" can be accomplished with the use of complex and systematic approaches that take into account available resources and capacity needed in the construction and improvement of new tools to streamline decisions, effective management and control.

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The Private Rented Sectors in the North and South of Ireland: A Case Study in Convergence Analysis

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Abstract. *The theme of this paper centres on the convergence and divergence of housing policy between two regimes inhabiting the same geographical space on the island of Ireland, as reflected in the development of the private rented sector (PRS) in both jurisdictions. Using a historical comparative analysis of key indicators, this paper aims not just to present an accurate picture of the state of policy towards the sector in both jurisdictions today, but to place this analysis within a framework which looks at the backdrop of overall housing systems. The paper postulates that while Northern Ireland and the South of Ireland are reflective of the Anglo Saxon tradition in housing, major historical differences in their pathways have brought clearly identifiable policy outcomes indicative of their differing status in comparative welfare analysis. While both jurisdictions have diverged significantly during the course of the twentieth century in the profile of policy and housing tenure mix, showing examples of path dependency at work, there is clear evidence of more recent convergence. More recent changes in housing policy in both jurisdictions away from direct social housing provision and the changing role of the private rented sector are also examined and a convergence theory is proposed.*

Keywords: private rented sector, social housing, convergence, regulation, Northern Ireland, Southern Ireland

JEL Codes: R21, R28, R31, R38

1. Introduction

This paper presents a comparative historical analysis of the development of the private rented sectors (PRS) in the North and South of Ireland from the beginning of the twentieth century to the present time. The historical pathway and key features of both sectors are compared. The evolution of government policies in both jurisdictions is also examined and conclusions drawn on the role played by the private rented sectors in overall housing policy terms. The intention is not, as Kemeny puts it when critiquing

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comparative analysis (Kemeny, 1992), to present a 'simplistic inventory of differences' but to look at the variations as reflective of differences in the overall housing systems in both cases.

Ireland is a unique island within a European Union context (the island of Cyprus is only partly within the EU) in that it contains two distinct political jurisdictions which have shared identities and historical and administrative roots. Both countries were part of the United Kingdom until the Republic of Ireland/Free State gained its political independence in 1922. Northern Ireland at the time of separation, though smaller in size and population, was a more economically developed country with an advanced industrial base while the Republic was a distinctly agricultural country with a weak industrial sector. Since that time, the Republic has developed its economy to a point where it has exceeded the average GDP per head of the EU, while the North's economy has failed to grow at the same rate, in large part due to three decades of violent political conflict.

The comparison is guided by two key concepts which arguably work counter to each other in shaping the development of social systems, namely Globalisation and Path Dependency. While Globalisation is seen as a common force exerting similar pressures on all national systems, Path Dependency on the contrary emphasises the influence played by each country's unique history.

"Globalisation is often viewed as a prior element that provides a lead and a context to change in all countries and in all areas of their economies and societies. . . it can also be seen as engendering convergence; hence the common view that, across countries, health systems, eating habits, clothes, employment patterns, birth rates and so on are becoming more alike. Housing is no exception" (Doling et al, 2003:1)

Globalisation generates uncertainty or risk in an age where capital is footloose, creating unpredictability and uncertainty for states, institutions, markets or households with respect to, for example, permanence of employment. It is this facet of globalisation that creates the potential for various parties to seek to mediate the risks and hence to mitigate the impact a series of processes and opportunities denoted by the term "risk society" (Giddens, 1991). A number of writers have identified and discussed the growth of a "risk society" (Giddens, 1992 and Beck, 1992) and link this in particular with the retreat of collective provision by the state, and the individualisation of responsibilities, for needs such as housing.

While this intensified impact of capital and labour mobility, and therefore global economic competition, is a common force for change, individual countries have different starting points. Esping-Andersen (1990) developed a typology based on the nature of class conflict in western industrialised countries and the extent to which access to welfare goods is separate from labour market position. The US epitomises the minimalist position where welfare is a last resort, generally means tested, whereas the opposite end of the spectrum is epitomised by Sweden where there is a broad consensus across social classes, with universalist principles aimed at achieving high levels of de-comodification and equality; the state is the first, not the last, resort.

History, culture and political ideologies are key influences to how states respond in mediating the effects of globalisation. Doling and Ford (2003) argue that that states and individuals retain the capacity to

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make constrained but nevertheless significant choices and are not powerless in the face of globalisation but can moderate its effects. Traditions of welfare provision are important determinants in the manner in which countries will respond. Those with the strongest neo-liberal ideology appear to accept the dominance of market forces and support its dominance through policy measures.

Path dependency theory has been utilised to provide an understanding of differences in the way in which forces such as globalisation are mediated by individual governments. "The past constrains the present, not by determining outcomes, but by setting limits to what is possible, or perhaps a better way of putting it, by making it easier for the streams of policy to flow one way rather than another" (Kleinman, 1996:19) The point is that policymakers are rarely starting with a blank sheet of paper and there may be *social, political and economic costs* of deviating from what exists (see Pierson 2000).

Within housing policy, this perspective can be illuminated by the typologies of national systems of housing provision as set out by authors such as Esping Andersen (1990), Liebfried (1993), Castels and Mitchell (1993) and Cousins (1997).

Within overall welfare theory as espoused by Esping-Andersen (Esping-Andersen 1990) Northern Ireland, by definition a region of the UK, comes within the overall analysis of the UK as being a liberal regime within the Anglo-Saxon tradition, based on a residual rather than universal model of welfare provision. Esping-Andersen, in so far as he gives any attention to the Republic of Ireland at all, places it with the Anglo-Saxon countries, although within the conservative family where catholic political parties are strong. Northern Ireland does not receive a separate analysis within the classical literature - largely due to its position as a region within the UK - and this hides some of the complexities of the unique experience of Northern Ireland. Northern Ireland's political system is not primarily based on class issues but rather on religious and ethnic identities as reflected in either a Unionist/Protestant or Nationalist/Catholic perspective. It can also be argued that Northern Ireland, because it remains part of the UK, benefits from a welfare system more reflective of the overall UK mix than one more typical of its stage of development. These considerations must be taken into account when examining the housing policies of both jurisdictions.

O'Sullivan and De Decker, drawing on the typologies of Esping-Andersen and Liebfried, situate Ireland and the UK within Liberal Regimes that have sought to stimulate the growth of the private rented sector in order to address a shortage of social housing and the alternatives for those who cannot afford home ownership. They also note that most common approach adopted by EU states to stimulate the growth of the private rented sector has been deregulation and the use of rent control measures, characterised in the last decade by 'third generation controls' that control rent within a tenancy rather than between tenancies. While the overall shift has been towards deregulation, they also point out that countries including Ireland and Belgium have introduced new regulations to deal with distinct issues including accommodation standards and to provide dispute resolution mechanisms for landlords and tenants.

While both the Republic of Ireland and the UK are mostly placed within the same model of welfare provision more broadly, some authors such as Liebfried (1993) and Cousins (1997) also emphasise the distinctive Catholic and nationalist traditions of Ireland, more dominant in the Republic than in the North. As can be seen below, such differences have had an identifiable impact in shaping the different paths of the housing systems in Northern Ireland and the Republic of Ireland.

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2. Development of the Private Rented Sector in the North and South of Ireland

It is proposed here that if one examines the development of the PRS within the context of overall housing policy in both parts of Ireland, a path can be identified which demonstrates long term convergence towards similar outcomes for the sector. Both countries experienced convergence of policy in housing until 1922 while both were part of the United Kingdom. Following the South of Ireland's independence from the UK however both jurisdictions followed clearly different and divergent paths. The South developed one of the highest rates of home ownership in the world aided by a robust privatisation policy. The North experienced much slower growth in home ownership and a much stronger role for the social rented sector, more in line with the size and commitment to that sector within overall UK policy. The following sections examine in detail the evolution of the private rented sectors North and South. Both can be clearly described in terms of two phases: a) a period of continuous decline in size and overall share of the housing market and neglect in government policy – at a faster rate in the North than in the South - and b) a more recent period of increased growth in supply and closer attention in government policy.

2.1. History of Decline of the PRS in the South of Ireland

The PRS in the South of Ireland, in common with the other parts of the UK and indeed the rest of Europe, was the majority tenure at the turn of the twentieth century. On the eve of the First World War it is estimated that 88 per cent of the total housing stock in the UK including Ireland (North and South) was private rented. The sector had come to epitomise poverty, with the majority of tenants living in overcrowded and appalling sanitary conditions (see generally, Daly 1981, Daly 1985, Aalen 1985, and Aalen 1987).

Rent control, in common with the rest of the UK, was introduced in Ireland during the 1914-1918 periods to control rapid rental inflation during the war years and was successively renewed in the years to come. Government intervention however was slow to bring about substantial change and the plight of those in rented housing and the treatment of the working classes contrasted starkly with its treatment of the rural labourers, for whom local authority housing was built decades earlier than for low-income urban families. Social housing in urban areas was first developed on a larger scale from the 1930s.

The 1960s brought economic prosperity to the South for the first time and the Government saw an increasing potential for homeownership to make a bigger contribution to the country's housing needs, as articulated in a White Paper published in 1971 (DOE, 1967). The strong sales of agricultural social housing units to sitting tenants in the 1940s, 1950s and 1960s ensured that homeownership rates by 1971 were already high. Sales to urban tenants of social housing in the 1970s and 1980s driven by significant incentives were to ensure the further shrinkage of that sector. The residualisation of social housing in the South of Ireland was well underway long before 'Right to buy policy' became an issue in the UK. In essence therefore homeownership was established as the 'normal' tenure in the South of Ireland with social housing occupying an increasingly residual role by the late 1980s. The role of social housing in the South has historically been one of growth in response to crisis such as the slum clearance programmes of the 1930s and 1960s. An increase in social housing building in the late 1990s, which halted the decline in the tenure's share of total housing stock, resulted from the crisis of affordability which limited access to

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homeownership for groups traditionally able to access this tenure. The South of Ireland therefore fits into the framework postulated by Harloe (1995) which says that extensive state involvement in housing provision is largely driven by crisis.

The PRS, termed the 'forgotten sector' (O'Brien and Dillon, 1982) on the other hand suffered a dramatic and consistent decline in the South which can be attributed to public attitude coupled with political neglect. The sector since independence in 1922 became increasingly residualised as a home for those who could not access public housing, the latter being allocated on a needs basis and favouring families at the expense of the single and the elderly. Legislatively, little or no change was effected to address the difficulties which existed in the sector around security of tenure and quality of accommodation, particularly in what were mainly run-down units in what are termed 'houses in multiple occupancy' (HMOs). Rent levels and retaliatory eviction were also significant problems (O'Brien and Dillon, 1982). Ultimately the sector had little public sympathy particularly due to its association with a past of slum landlordism and British rule. Furthermore it housed either those passing through as students or saving to buy, but particularly those who were the marginalised in Irish society, and was not viewed as a priority in policy terms.

As the end of the twentieth century approached, the PRS had declined to 7 per cent of the housing market. This mirrored a similar decline in the PRS in the UK. The decline of the sector in addition to the factors listed above is also linked to push factors - Government policy in supporting home-ownership, rising real incomes and consequent savings, the development of the building societies and other means of accessing money - all of which influenced a trend towards owner occupation. On the negative side, the impact of rent control has been given as the principal reason for the reduction in supply and stimulating the decline of the sector, although this ceased to be a factor after a High Court case in 1982 resulted in rent control being declared unconstitutional.

2.2. Development of PRS in the South of Ireland Since 1997- a reversal of fortunes

The development of the PRS post-1997 must be set against a backdrop of the South of Ireland's dramatic reversal of economic fortune in this period. With growth rates well exceeding the European Union average the countries economic performance earned it the title 'Celtic Tiger' after the so called Asian Tiger economies. The rise in real incomes coupled with falling European Central Bank interest rates led to a sharp rise in demand for housing. This was exacerbated by the carryover of suppressed demand from previous decades, overall population growth, inward migration and the rise in single person households (NESC, 2004). Ireland as result experienced unprecedented growth in housing supply. Construction grew dramatically with 633,000 private houses built between 1997 and 2007 for a population of just over four million people.

However in spite of the growth in construction, house prices rose dramatically. Between 1994 and 2004, the average price for a new house nationally increased by 243 per cent, while the average price for a second hand house increased by 322 per cent (Drudy and Punch, 2005). Excess demand for housing both from owner occupiers and investors coupled with rising prices led to affordability problems for many groups who traditionally would have accessed home ownership with ease. The increase in demand for private rented accommodation from this group placed pressure on the sector and resulted in a 'crowding out effect' (Downey, 1998), putting upward pressure on rents across the board.

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The widespread sale of social housing to tenants, particularly in the 1980s and 1990s at levels far exceeding that under the UK Right to Buy policy (Hayden, forthcoming), coupled with the abandonment of any significant social housing build in this period to ensure the decline of the social housing sector to 7 per cent of the housing stock by 2006 and its marginalisation as a tenure (Murray and Norris, 2004). In the face of a significant increase in demand for housing, the Irish state was left with little choice but to seek options in the PRS for housing marginal groups. The discourse of Government policy which had focussed on homeownership began initially to speak of the PRS in the context of its part in ensuring the success of the economy by contribution to mobility, rather than on its role in meeting housing need (Programme for Prosperity and Fairness, 2000)

From 1997 onwards the sector expanded both in absolute and in comparative size so that by 2006 it constituted 13 per cent of all households. Moreover the numbers in receipt of state benefit for housing purposes increased proportionately, so much so that by 2005 those in receipt of rent supplement, an income support payment for low-income tenants, rose to 40 per cent of the PRS market.

The increase in size of the sector, its developing role in housing low income groups, in the face of a lack of alternative accommodation and pressures around the adequacy of security of tenure, led to the establishment of a Commission to examine the future of the sector in 1999. In its report, published in 2000, the Commission recommended widespread reform of the sector. This process led to significant legislative change in the form of the Residential Tenancies Act 2004 which significantly improved security of tenure, introduced rent certainty, provided a clear statement of the obligations of landlords and tenants, and a cheap and quick dispute resolution service outside of the courts system.

In more recent times this has been followed by Regulations to improve minimum standards of accommodation (DEHLG, 2008; DEHLG, 2009), the introduction of innovative tenures which have incorporated elements of the security more often attached to social housing including the Rental Accommodation Scheme introduced in 2004 and Section 19 of the Housing (Miscellaneous Provisions) Act 2009 which permits housing authorities to provide social housing supports in a wide variety of ways including entering into rental accommodation availability agreements. Similarly in Northern Ireland the Northern Ireland Housing Executive has piloted leasing schemes with private landlords.

In conclusion, in the period after 1997 the PRS in the South emerged from the shadows of neglect in housing policy terms. A new role for the sector emerged which coincided with the abandonment of an ideology which sought to provide adequate social housing solely through state-built housing (Blackwell, 1988). In policy terms movement has been to extend the provision of social housing and housing support via the market generally and the PRS in particular. The outcome of this policy change is the most significant development to occur in the PRS since that time and coincided with a reversal of its fortunes in the late twentieth century.

2.3. History of Decline of the PRS in Northern Ireland

When Northern Ireland was established as a separate political entity under the Government of Ireland Act 1920, the majority of people rented their accommodation as in the South. The devolved Northern Ireland government had considerable autonomy regarding policy and expenditure in housing (Connolly,

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1990). This resulted in divergent public policies and housing market relations between Northern Ireland and other parts of the UK (Paris, 2001) and with the South of Ireland.

Much of the PRS in Northern Ireland was covered by Rent Restriction legislation introduced during the First World War to mitigate hardship resulting from scarcity of housing. Following the war Northern Ireland, like the rest of the United Kingdom and Ireland experienced a decline in private landlordism. A complex system of rent control developed, based on amendments and additions to existing legislation, which required a detailed knowledge of the history of the dwelling and its rateable value at key dates. In 1956 the Northern Ireland government attempted to introduce new legislation to decontrol wide sections of the market but faced considerable opposition and this issue was not addressed again until the 1970s.

In the period 1919-1939, when 4 million houses were being built by private enterprise and local authorities during a housing boom in England and Wales, many fewer houses proportionately were built in Northern Ireland. Only 50,000 houses, or an average of 2,500 per annum, were built in Northern Ireland between the wars. This was largely due to reluctance on the part of local councils to engage in house-building (Birrell, Hillyard et al. 1971; O'Brien, 1953).

The extensive provision of social housing by local councils was a prominent feature of housing provision in the UK after the end of the Second World War (Balchin, 1996) but not in Northern Ireland largely due to a reluctance to engage in slum clearance (Murie, 2001). In essence this failure to address housing need was to add significantly to the part housing had to play as one of the root causes of the Northern Irish conflict which commenced in 1969.

Social housing administration and allocation was different in Northern Ireland than in any other part of the UK. Conflicts over allocations based on religious and ethnic background were a prominent feature of the civil rights campaigns of the late 1960s. In response to this conflict, housing and planning powers were removed from local councils (Murtagh 2001) and in 1971 a new body, the Northern Ireland Housing Executive was created, which took on the role of public sector landlord and began major programmes of public housing construction, slum clearance and redevelopment (McPeake, 2001).

Housing supply and conditions were transformed during the 1970s. Major slum clearance programmes removed the worst private rented housing. Over 120,000 new public sector dwellings were built between 1970 and 1978, compared with just 35,000 private sector completions during the same period (Paris, 2008). The Housing Executive gained a reputation for absolute fairness in the allocation and treatment of housing applicants regardless of religious or ethnic background (Gray & Campbell, 2001). This combination of slum clearance, new public sector construction and a low level of private house building transformed the tenure system (Murie, 2001).

A new system of rent control introduced in the 1970s was credited with the demise of the PRS. Rejecting the English model of fair rents, the Northern Ireland government amended the existing system by raising the rateable value at which a dwelling was subject to rent regulation. The Rent Order (Northern Ireland) 1978 introduced two types of tenancies: restricted and regulated. Restricted tenancies applied to certain dwellings with a specified value which had not been inspected or registered and to dwellings above that annual value which had been issued with a Restricted Rent Certificate. This change in essence created two forms of tenancies. Rent increases were not permitted for restricted tenancies (similar to controlled tenancies in the South of Ireland) while rent increases of a specified amount were permitted for regulated tenancies which fulfilled certain registration requirements (there was no equivalent provision in the South at the time for controlling rent increases for the rest of the PRS).

During the 1980s, housing policies in Northern Ireland followed housing initiatives driven by the Westminster government which promoted private sector housing construction. Between 1986 and 1990, the private sector completed over twice as many new dwellings (91,000) as the public housing sector (36,000), representing a reversal of the public housing boom of the 1970s (Paris, 2008). The introduction of the right-to-buy House Sales Scheme led to significant sales of Housing Executive homes to sitting tenants. Public sector housing construction declined further in the 1990s and a housing policy review in the mid-90s brought an end to Housing Executive house-building programmes and a shift towards construction by housing associations.

2.4. Development of PRS in Northern Ireland Since 1997 – a reversal of fortunes

The PRS in Northern Ireland experienced a renaissance in the late 1990s and by 2006 the sector comprised over 80,000 occupied dwellings compared with less than 30,000 in 1991. Factors contributing to the increase were the emergence of buy-to-let investors, demand from groups that would have traditionally accessed home ownership, inward migration, the importance of housing benefit and not least the decline in social housing build. The latter point is linked to policy initiatives that have sought to regulate and promote the PRS as a housing solution for low income households who would have previously accessed social housing.

Rapid house price growth in the decade to mid-2007 can be attributed to a number of factors, including increased political stability in the region, proximity to the booming South of Ireland, low interest rates and strong wage increases. This led to affordability problems for many groups who would have previously been able to access home ownership such as young professionals. First-time buyer mortgage costs rose to 37 per cent of average individual earnings in 2007 which was far higher than the peak level of 32 per cent recorded in 1989 (NIHE, 2008). Many first-time buyers had therefore no choice but to rent for longer periods until they could afford to purchase a home, or defer entering the owner occupied sector until market conditions changed.

Housing Benefit has also played a vital role in supporting the PRS and enabling its expansion. Approximately 40,000 tenants in the PRS are on Housing Benefit and the annual budget is approximately £150 million (NIHE, 2008). The growth in social housing waiting lists meant that access to social housing was blocked for many low income households who then relied on the PRS to meet their housing needs. Housing waiting lists grew by almost 60 per cent from 23,000 in 1997 to 36,000 in 2007, while social housing completions fell from an average of 1,500 in 1997-1998 to 1,300 in 2006-2007. The growing number of migrant workers in Northern Ireland also increased demand significantly, for example, migration added almost 10,000 residents to the Northern Ireland population in the year to June 2007 (NISRA, 2008).

The pace of developments in the housing and economic market prompted a review of existing policies and the development of a new strategy for the PRS. The 2004 joint DSD/NIHE Strategy for the PRS in Northern Ireland stated that the role of the sector was to promote ‘choice’ and ‘flexibility’, in a similar vein to policy statements in the South. This was followed by the Private Tenancies (Northern Ireland) Order 2006 which introduced requirements for landlords to provide rent books and a written statement of tenancy terms, as well as seeking to target unfitness and encourage landlords to improve unfit properties, in a similar way that Minimum Standards Regulations have been strengthened in the South.

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The preliminary findings emerging from the Northern Ireland House Condition Survey show that there are now approximately 125,000 dwellings in the private rented sector – around one in six of all dwellings (a higher proportion than in England, Wales or Scotland).

Rising waiting lists for social housing, affordability issues for first time buyers as a result of the ongoing caution by lenders, together with changing labour markets, has ensured that the private rented sector continues to play an increasingly important role in Northern Ireland's housing market, and indeed is increasingly meeting the needs of households, who in the 1980s and 1990s have had their housing needs met by the social housing sector.

In May 2010 the DSD issued Building Sound Foundations: A Strategy for the Private Rented Sector. The strategy focuses on proposals to tackle aspects of the private rented sector which currently make it less attractive to people in housing need, thereby offering greater choice in particular to households who traditionally would have entered the social housing sector. From the point of view of landlords, perhaps the most important change will be the requirement for all landlords to be registered. However, from the standpoint of the market as a whole there is no doubt that this represents a commitment by Government to further promote the private rented sector, thereby ensuring its viability and indeed probable expansion into the foreseeable future, similar to the policy direction in the South of Ireland.

3. Comparison of Key PRS Indicators in North and South of Ireland

This section of the paper picks out key indicators within the PRS and carries out a comparative analysis using these indicators. These include the size and overall share of the PRS within the housing market, and the regulatory framework.

The most notable aspect of Figure 1 above is the different paths taken by the social housing sectors North and South. While the proportion of social housing in the South fell by a third between 1961 and 1981 (from 18 per cent to 12 per cent), the proportion of social housing in the North increased over the same period (from 21 per cent to 38 per cent). This was largely due to the social housing construction programmes undertaken by the Housing Executive in the 1970s.

The South has one of the highest home ownership rates in Europe at 75 per cent, comparable with Portugal at 76 per cent and slightly lower than Italy, Spain and Greece with rates of more than 80 per cent. As far back as 1946, the majority (53 per cent) of all households in the South owned their own home. By contrast, home ownership rates in Northern Ireland did not pass the 50 per cent mark until the mid-1970s and the current rate lags behind that of the South at 67%.

The social housing sector in the South has been in proportionate decline since the 1960s and today constitutes just 7 per cent of the overall housing stock. The number of dwellings rented from local authorities steadily increased until 1961, then fell consistently from 1961 until 2002 (from 125,000 to 88,000 units). Between 2002 and 2006, the number increased again to 106,000 units. While this stopped the decline in overall terms, this increase represented just 6 per cent of the 320,000 units built in the South of Ireland during this four-year period.

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Northern Ireland benefited from the UK boom in social house building in the 1960s and 1970s but in more recent times, the social housing sector in the North has declined in the same way as the South. The number and proportion of tenanted Housing Executive dwellings has fallen largely as a result of the sale of properties to sitting tenants (in 2001 there were 116,000 NIHE properties compared to 93,400 in 2006).

The PRS in both North and South have followed similar paths with both experiencing a comeback in the last decade after periods of continuous decline. The PRS constituted 36 per cent of Northern housing stock in 1961, compared with 17 per cent in the South. By 1991, the PRS had dwindled to 6 per cent in the North and 8 per cent of housing in the South. From 1991 onwards, the PRS in both the North and South began to grow again and both currently comprise around 12-13 per cent of the housing market (approx. 250,000 units in the ROI and 81,000 units in NI). Nevertheless the PRS in both jurisdictions remains small compared with Portugal and France with rates of 20 per cent or more and Germany with over 50 per cent.

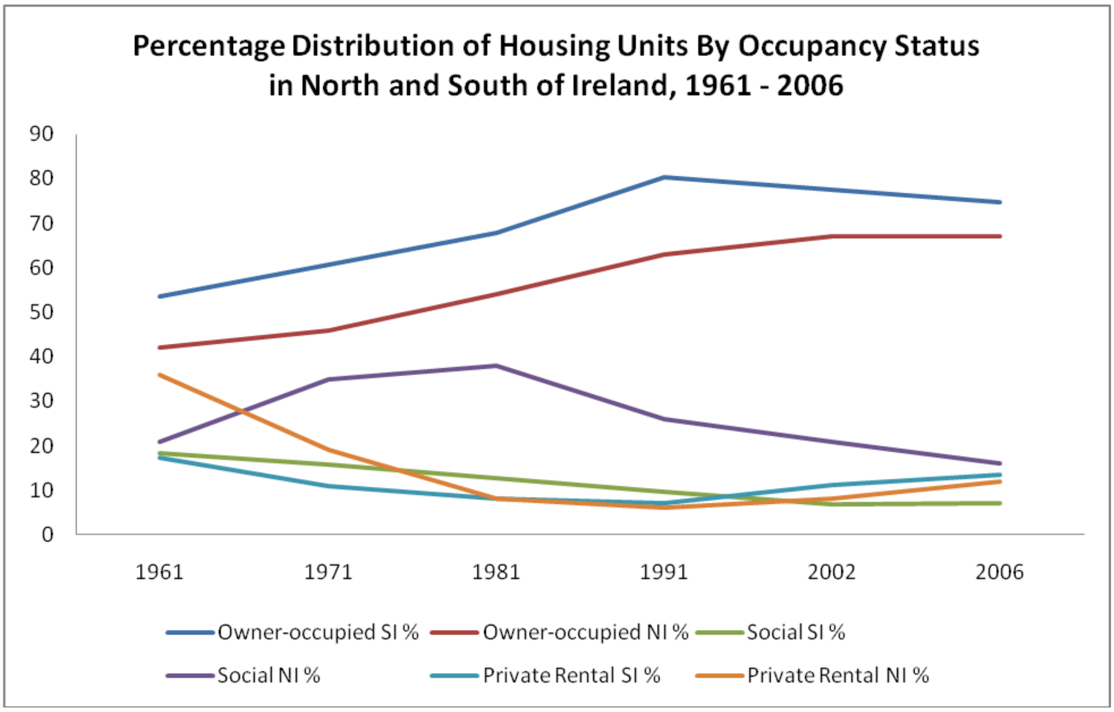

Fig. 1: Size and Overall Share of the Market, Source: CSO, Census 1961 – 2006 and CONI, Census 1961 – 2006

3.1. Support for Low Income Households

The growth in the number of Housing Benefit recipients in the North and rent supplement recipients in the South has contributed to the overall expansion of the PRS in both jurisdictions. A number of similarities and differences exist between the two systems of support and the profile of recipients:

Rent supplement, while not a housing benefit, has become the main means by which housing support is delivered in the South. The rapid growth in the number of recipients in the early part of this decade had

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brought about calls for rent supplement reform and the recognition of the long term housing needs of those in receipt for longer than 18 months. This led to the introduction of the Rental Accommodation Scheme in 2004, which involved a transfer of responsibility for long-term rent supplement recipients from the Department of Social and Family Affairs to the Department of the Environment, Heritage and Local Government. A new form of 'social housing' would be delivered in the PRS by means of long-term leases agreed between local authorities and private landlords. Most existing voluntary housing tenants were also transferred to the scheme.

The recently introduced Housing (Miscellaneous Provisions) Act 2009 has amended the definition of social housing to include 'social housing supports'. This provision was designed to include the Rental Accommodation Scheme and other initiatives to deliver social housing other than through traditional means. This again indicates a blurring of the distinctions between the social housing and private rented tenures. This trend towards market provision of 'social' housing in the South has continued with the introduction of the Social Housing Investment Programme which will source housing for those in need through the long term leasing of units from the private sector rather than through traditional buy and build.

3.2. Regulatory framework

The European Union (EU) synthesis report published in 2004 (Norris and Shields, 2004:6) noted a convergence in the approaches adopted by the older 15 EU member states to regulation of the private rented sector (Norris and Shield, 2004:p11-12). While newer countries including Slovenia, Poland and Estonia tackled the shortage of affordable housing brought about by the sale of State owned housing through deregulation of the private rented sector, older long-standing EU members including Denmark, Sweden and France have introduced incentives to encourage investment in the private rented sector. The report noted that Ireland also has followed this trend and a larger and better regulated rental sector is seen as part of the solution in addressing both a shortage of social housing and a ceiling of affordability in the private market.

The root of legislation governing the PRS in Ireland followed closely that of the UK until 1922. Rent control measures introduced during the 1914-1918 period were common to both jurisdictions. Rent control in the South was abolished as repugnant to the Constitution's protection of property rights, on foot of a High Court case brought by a landlord in 1982. With the exception of rent control and other minor changes, the PRS North and South remained largely unregulated until recently.

3.3. Regulation in the South of Ireland

The introduction of the Residential Tenancies Act 2004 was a landmark in the regulation of the PRS in the South. Prior to the introduction of the Residential Tenancies Act 2004 only minor changes were introduced to the legislative code with the intention of protecting vulnerable tenants. It is interesting to note that at the time of the introduction of Residential Tenancies Act 2004 the trend across Europe was to remove stringent protections and to move further on the path of deregulation. There have also been significant moves in recent years to improve the minimum standards of private rental housing and to improve the quality of private rental build and management.

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Table 3: Features of Regulatory Framework in South of Ireland

Main Aspects of Residential Tenancies Act 2004 • Security of tenure up to 4 years (after 6 month probationary period) • Rent certainty, rents can only be reviewed annually and cannot exceed market rates • Clearly defined rights and obligations for landlords & tenants • Dispute resolution via Private Residential Tenancies Board • Protection against illegal eviction • Means for landlord to repossess property, e.g. breach of covenant or if dwelling required for personal or family use • Mandatory registration of all rented dwellings
Enhanced Minimum Standards 2009 • Phasing out traditional 'bedsit' by 2013 • Significantly improved cooking, heating and laundry provisions • Minimum space and storage provisions to facilitate family living • Exteriors of dwellings to be maintained by landlord
Apartment Design Guidelines • Increased minimum sizes for apartments • Improved design to facilitate family living including play facilities for children
National Property Services Regulatory Authority • Established to regulate property professionals including letting agents

3.4. Regulation in the North of Ireland

Similarly in Northern Ireland, a number of measures have been introduced or proposed to improve regulation in the private rented sector (table 4):

What is most noticeable in both jurisdictions has been the manner in which governments have responded to changing housing needs. Policy in the South has moved quickly to improve the framework by which the PRS can meet the housing needs of both low income and higher income groups. While official discourse has highlighted the sector's role in broadening housing 'choice' (DEHLG, 2008), the impact has been to advance the sector's fulfilment of the housing needs of low income groups. The introduction of innovative hybrid tenures such as RAS (discussed above) grounded in the PRS, though incorporating aspects usually associated with social housing, confirm that market provision is the policy preference. The *ad hoc* development of such hybrid schemes has led to inconsistencies in the rights and obligations attaching to different tenures which have yet to be addressed.

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Table 4 Features of Regulatory Framework in North of Ireland

Private Tenancies Order 2006

- Requirement to provide rent books and statement of tenancy terms
- New rules for controlled rents
- Restricted and regulated tenancies protected (1 rather than 2 successor tenancies)
- No more protected tenancies

'Building Sound Foundations' 2009 – Future Regulation Proposals

4. Better inform landlords and tenants of their rights and responsibilities
5. Voluntary landlord accreditation
6. Encourage housing associations to buy and let private rented accommodation
7. Extend notice to quit period after 5 and 10 years of occupancy
8. Require compliance with Decent Homes Standards by 2015
9. Tenancy deposit scheme and associated disputes resolution service

In the North the discourse has been more transparent around the sector's role in meeting housing need. While 'choice' and 'flexibility' are strategic objectives (DSD/NIHE, 2004) a recent consultation document sets out how the Government seeks to secure the sector's role in meeting 'housing need' by means of improving security of tenure, housing quality, management standards, the resolution of disputes and using Housing Benefit to influence landlord behaviour (DSD, 2009). While some of these measures are less well developed than in the South, such as those to improve security of tenure, it is clear that the policies of both jurisdictions are converging around the private rented sector's role in meeting housing need.

Both jurisdictions have acted to improve conditions in the private rented sector in recent times though the process is more developed in the South of Ireland. While policy discourse centres on the provision of choice and flexibility, the reality is that no alternative to the private rented sector exists for most low income households dependent on welfare. The emergence of 'improved private rented' in the South via schemes which provide some of the advantages of social housing confirms the future long term role of the sector in housing this group.

It may appear on the surface that the strengthening of regulation of the PRS in both North and South runs counter to international trends towards de-regulation. However, it should be noted firstly that the countries moving towards looser regulation are mostly starting from a position of much stronger regulation of the PRS than had been the case in Ireland, North or South. Secondly, the stronger regulation of the PRS in both parts of Ireland must be positioned as part of a broader strategic shift by Government from reliance on public sector to private sector provision of low-income housing. As in the case of privatisation of telecoms and utility provision, privatisation has been accompanied by a stronger regime of regulation.

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4. Conclusion

The case study of Northern Ireland and the Republic of Ireland shows two housing systems whose paths diverged after the Irish Republic/Free State gained independence from the UK in 1922. The prime reasons for divergence include notably the continued link between Northern Ireland and the UK, the different economic starting points and growth trajectories between the two jurisdictions, as well as the specific political factors arising from the traditional political opposition between unionist and nationalist communities in the North and the response of the British Government to the conflict that this gave rise to. This divergence is clear evidence of Path Dependency at work.

In recent decades, by contrast, there are indications that the North and South of Ireland are moving towards policy convergence in terms of adopting similar approaches to housing policy (Paris 2008). While there is little or no evidence of policy makers in each part of Ireland overtly examining each other's policies or experience in relation to housing, the policy discourse in terms of choice and increasing reliance on the private sector to meet housing needs indicates a common direction in movement of policy thinking in principle, consistent with the impact of Globalisation in triggering a retreat in collective provision for needs such as housing as outlined by Giddens (1992) and Beck (1992).

The path towards convergence in the South of Ireland is set against the backdrop of a clear policy preference and Government support for homeownership and the associated decline of the social rented sector. This decline in the social housing sector has led to a growth in demand for private rented housing.

In Northern Ireland the emergence of the British welfare state and the development of a significant social housing sector is the backdrop against which the earlier decline of the PRS must be viewed. More recently the decline in the importance of the social housing sector and significant growth in homeownership have increased demand for private rented housing contributing towards its revival. In both jurisdictions the emerging role of the sector in fulfilling the housing needs of those on low incomes and welfare dependant has been a key development.

The developments in the South and North of Ireland can be placed in a wider convergence framework (Harloe, 1995, Clapham, 2002). The dominant approach in international literature remains one focussed on convergence but is according to Kemeny and Lowe heavily weighted around the Anglo Saxon paradigm (Kemeny and Lowe, 1996). It is accepted that both the South and North of Ireland fall clearly within the Anglo Saxon paradigm. However both jurisdictions have experienced significantly different pathways to similar housing policy outcomes in the course of the twentieth century. It is proposed here that both jurisdictions increasingly look to the PRS as a means to privatise the provision of 'social' housing through the market.

Both jurisdictions to a greater or lesser extent have constructed policy frameworks to support a privatised structure of social provision and there is convergence in the approaches adopted. There is no evidence that this outcome has resulted from any formal cooperation between the two jurisdictions. Indeed interviews conducted for this paper indicate that no formal cooperation between the policy makers in the North and South of Ireland takes place around housing. Though wider discussions take place regularly between both governments as part of the North South political settlement. It is therefore

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suggested that such developments should be seen in the wider international context of housing and not the particular political circumstances of the North and South of Ireland.

The dominant economic paradigm since the early 1980s has been neoliberalism (Kemeny, 2010). In spite of the different political experiences in both jurisdictions, and the distinct political framework in Northern Ireland in particular, the housing systems have shown a remarkable propensity for convergence both in style and substance. This convergence reflects the increasingly globalised and commodified nature of housing internationally.

At the same time it should be noted that the commitment to greater regulation of the PRS has been stronger in the Republic than in the North. The influence on the Republic's stance on this has, to the knowledge of one of the authors, through participation in the consultation on the legislation, come primarily from the example set in New South Wales. It is interesting therefore that geographic proximity has had little or no evident impact on policy convergence in itself, but rather it has been the impact of common global competitive forces on the willingness and capacity of states to offer social provision that has driven a common move towards greater reliance on the PRS.

The Good Friday Agreement of 1998, which currently structures the inter-governmental relationships between the Republic of Ireland and Northern Ireland, does not include housing policy within the framework of collaboration between both parts of Ireland, and given the political sensitivity of the overall relationship there has been little impetus to pursue official dialogue between the two jurisdictions in housing policy.

What we can see at work here is to some extent the interplay between the impact of common forces of globalisation and the consequent tendency towards convergence with differences that can largely be attributed to path dependency based on broader historical experience of the two jurisdictions in Ireland.

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