



Posting of workers during  
the COVID-19 pandemic,  
current challenges,  
and future prospects

# LITERATURE REVIEW

## ON POSTING OF WORKERS

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## IN BULGARIA



Co-funded by  
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## Introduction

The posting of workers has become an increasingly important issue for the European Union (EU) member states in recent years. The phenomenon refers to the temporary provision of services by a company in one EU country to another country while retaining the employment contract in the home country. The aim is to promote the freedom to provide services and to facilitate the free movement of workers within the EU. However, the posting of workers has also raised concerns about potential exploitation, wage dumping, and unfair competition.

Bulgaria, as an EU member state, is no exception to these concerns. The posting of workers in Bulgaria has been a topic of concern due to its impact on labor markets, working conditions, and social welfare. The country has experienced significant inflows of posted workers in recent years, mostly from other EU countries. This has led to debates on the impact of posted workers on the Bulgarian economy, labor market, and society.

In this literature review, we will examine the current situation with posted workers in Bulgaria, and identify the main controversies surrounding this issue in different scientific fields. We will focus on the dynamics of the labor market, working conditions, and social welfare, as well as the legal aspects of posting workers in Bulgaria.

In terms of the dynamics of the labor market, the literature has highlighted concerns about the potential exploitation of posted workers and wage differentials. There are also debates on the impact of the posting of workers on the efficiency and competitiveness of the labor market. The issue of working conditions is also a source of controversy, as posted workers may face language and cultural barriers, leading to poor working conditions and limited access to social protection. Finally, the impact of posting of workers on social welfare has been a topic of concern, as posted workers may face difficulties in accessing social security benefits, such as healthcare and pension rights.

At the national level, Bulgaria has specific legislation governing the posting of workers, including the Labor Code and the Ordinance on the Terms and Procedure for Posting and Sending of Workers and Employees in the Framework of the Provision of Services.

However, there have been criticisms that the existing national regulations do not adequately protect the rights of posted workers in Bulgaria.

Overall, this literature review aims to provide a comprehensive understanding of the current situation with posting of workers in Bulgaria, and to identify the main controversies surrounding this issue in different scientific fields. The findings of this review may help policymakers, researchers, and stakeholders to develop strategies and policies that promote fair and sustainable labor mobility in Bulgaria and the wider EU.

### **Minimum Keywords:**

To search for relevant literature on posting of workers in Bulgaria, the minimum keywords to use are: posted work, posting work, posted labor, posted workers, Bulgaria, EU, labor market, working conditions, social welfare, migrant workers, and cross-border workers. These keywords are essential to identify the most relevant articles and studies on the topic.

### **Analysis of Main Concepts and Keywords:**

The main concepts and keywords used in the literature on posting of workers in Bulgaria revolve around four main themes: labor market, working conditions, social welfare, and cross-border mobility. The labor market theme includes issues such as wage differentials, employment patterns, and the impact of posting on local workers. The working conditions theme covers topics such as health and safety, working hours, and employment protection. The social welfare theme includes aspects such as social security, access to healthcare, and pension rights. The cross-border mobility theme encompasses issues such as language barriers, cultural differences, and the integration of migrant workers.

## **Labor Market Dynamics**

The impact of posting workers on labor markets has been the subject of much debate in the literature. According to a study by ILO (International Labor Organization) and Eurofound, the number of posted workers in Bulgaria has increased significantly over the last decade, with the majority coming from other EU countries. This trend has led to concerns about wage differentials, as posted workers are often paid less than local workers, leading to potential exploitation and social dumping.

According to a study on posted workers in Bulgaria, the extent of the phenomenon is limited in Bulgaria, which has been interpreted as posting not being an attractive option for Bulgarian companies. However, the study also notes that there may be cases of posting that have not been declared to the competent authorities. (Sakellaropoulos & Stergiou, 2011).

This limited extent of posting of workers in Bulgaria can be attributed to various factors. One possible explanation is that Bulgaria is not an attractive destination for foreign companies to provide services due to its relatively low economic development and wages compared to other EU countries. Additionally, the administrative and legal procedures for posting workers may be seen as cumbersome and time-consuming, which may discourage companies from choosing Bulgaria as a destination for posting workers.

Concerning workers from outside of the EU, according to International Migration Outlook (2022) in Bulgaria, 5,000 new immigrants were granted a residence permit for more than a year in 2020, a 25.1% decrease from 2019. This number includes 55.4% other migrants, 8.6% students, 20.8% family members (including accompanying family), 15.2% labor migrants, and 20.8% family members. (Excluding migration within the EU) Around 600 short-term permits for international students and 1500 for temporary and seasonal workers were issued. Additionally, 6 015 intra-EU jobs were noted in 2020, a 57% drop from 2019. These employees that have been posted typically have short-term contracts.

Since there were four separate parliaments and four different governments during the years 2020–21, significant long-term changes to immigration policy were not possible. During this time, some amendments to the Foreigners Act pertaining to migration were made, the majority of which aimed to enhance and streamline the processes linked to the access of

seasonal and highly trained foreign labor to the labor market. Other adjustments addressed the European Commission's (EC) criticism of non-compliance with EU regulations.

However, despite the limited extent of posting of workers in Bulgaria, there are still concerns about the potential impact on the labor market, working conditions, and social welfare. The literature suggests that even a small number of posted workers can have a significant impact on the labor market and working conditions. The issue of undeclared work is also a concern, as it may lead to unfair competition, lower wages, and poor working conditions for both posted and local workers.

Furthermore, the study by Sakellaropoulos and Stergiou (2011) highlights the need for effective monitoring and enforcement of the existing regulations on posting of workers in Bulgaria. This is particularly important to prevent cases of undeclared work and ensure that posted workers are protected and have access to social welfare benefits.

In conclusion, despite the limited extent of posting of workers in Bulgaria, the potential impact on the labor market, working conditions, and social welfare cannot be ignored. The literature suggests that even a small number of posted workers can have a significant impact, and concerns about wage differentials, potential exploitation, and social dumping remain. The administrative and legal procedures for posting workers may also discourage companies from choosing Bulgaria as a destination for posting workers. The need for effective monitoring and enforcement of existing regulations is paramount to prevent cases of undeclared work and ensure that posted workers are protected and have access to social welfare benefits. As Bulgaria continues to navigate its immigration policy in the coming years, it will be essential to balance the need for foreign labor with protecting the rights and welfare of both posted and local workers.

## **Controversies in Different Scientific Fields**

### *Social and political aspects*

According to Rasnača and Bernaciak's (2020) book, there have been no national debates on the posting of workers in Bulgaria, and legislative proposals concerning the posting of workers were brought for consultation with the social partners in the framework of the Tripartite Cooperation Council. These proposals were further deliberated by the Parliament, and all MEPs who spoke at the time of their adoption supported the introduction of the provisions on posted workers in the Labour Code and the SIC.

Furthermore, there have been no academic debates on the posting of workers in the EU, and the rules in question concern a very small number of workers in Bulgaria. This lack of interest is likely due to the fact that, in 2015, only 0.5% of Bulgaria's workforce was posted to other EU Member States, and the rules on inbound posted workers applied to only 3,300 citizens of other EU Member States. However, in 2018, an investigation by Bulgarian, Belgian, and Dutch journalists uncovered longstanding abusive practices in the posting of Bulgarian nationals to Belgium to work as social assistants. This unfortunate incident received broad media coverage and drew public attention to posted workers.

Despite the lack of national debate and academic discussion, Bulgaria participated actively in the discussions of the European Commission's (EC) proposal to amend Directive 96/71/EC. The Bulgarian position received support from all political parties represented in Parliament and from the public. However, there were strong concerns that the introduction of new requirements, such as equal pay for posted and local workers, would limit the competitive (cost) advantages of service providers from economically less-developed EU Member States, and, as a result, limit their access to the single market.

### *Economics*

In economics, the main controversies concern the impact on wage differentials, employment patterns, and the efficiency of labor markets. Some economists argue that posting workers can lead to a leveling of wages across borders and increase efficiency,

while others argue that it can lead to a distortion of labor markets and negative effects on local workers.

The practice of posting workers, which involves the temporary relocation of employees to work in another EU country on a temporary basis, can be subject to various abuses and violations of economic rights. The cases concerning the payment of salaries between outbound posted workers and their employers are classified depending on the type of the infringement that resulted in non-payment or incorrect calculation of the wages.

Various cases (Rasnača and Bernaciak, 2020) reveal a more refined form of abuse on the part of the employers posting workers, and solutions to this problem have been difficult to find. Posted workers in agriculture and workers providing care services to private individuals are probably frequently affected by abuse in the form of partial payment of their agreed earnings on account of deductions for accommodation. It can be reasonably assumed that most put up with the deductions when they are not excessive or when the living conditions are not completely intolerable.

Overall, the situation with economic rights for Bulgarian posted workers is complex and requires more attention from policymakers to ensure that workers are not subject to exploitation and abuse.

### *Legal Aspects*

In terms of legal aspects, the main controversies revolve around the interpretation and implementation of EU law, particularly the Posted Workers Directive. In addition to the EU regulations, at the national level, Bulgaria has specific legislation governing the posting of workers. The main legal instruments in this regard are the Labor Code and the Ordinance on the Terms and Procedure for Posting and Sending of Workers and Employees in the Framework of the Provision of Services. The Labor Code sets out the general rules for employment relationships, including those related to posted workers, while the Ordinance provides specific rules and procedures for the posting of workers in the context of the provision of services.

The trend of legal labor migration of third-country nationals in Bulgaria has been gaining attention in recent years. In response, the Bulgarian government has made several amendments to the legislation aimed at easing the access of third-country nationals to the labor market while preserving the rights of Bulgarian and EU citizens. One such trend is the presentation of market access legislation, which aims to reduce bureaucratic obstacles and to balance the workforce needs of Bulgarian businesses with the interests of Bulgarian and EU citizens. The settled authority of the Minister of Labor and Social Policy to react to amendments and to limit or allow the access of third-country nationals to the labor market is a flexible permission of the Bulgarian legislator. However, the requirement of the prior market study is perceived as highly bureaucratic, which could discourage employers from complying even at the risk of not providing the necessary workforce (Ilieva, 2015).

In addition to these legislative amendments, increased consultation with national employers' organizations and non-profit persons involved in the labor market is essential for reasonable and rational regulation of the labor market. Furthermore, the trend towards increased obligations for the official collection of employer information by the Employment Agency aims to reduce the bureaucratic burden for employers and is considered a positive step. The provisions facilitating market access for the labor of third-country nationals of Bulgarian origin are also welcomed, although it should be noted that despite long-standing efforts to attract these people to Bulgaria, none of the measures has produced significant results so far.

Bulgarian law was updated in February 2021 to comply with EU Directives on a single application process and intra-company transfers. The right to enter and continue their studies in Bulgaria was granted to foreign students from third-country nationalities who live in and attend school in another EU member state. This adjustment is intended to improve student mobility and have a favorable effect on the educational system in Bulgaria. After completing their studies in Bulgaria, international students are no longer required to apply for a residence visa in their home countries. High-skilled foreign nationals who received their education in Bulgaria should find it easier to integrate as a result of this reform (IMO, 2022).

The Council of Ministers approved a new employment strategy for the period of 2021 to 2030 in 2021. It also covers labor migration, where policy will primarily be focused on maintaining a balanced welcome of foreign nationals in Bulgaria, including enabling access for qualified foreign nationals and promoting bilateral intergovernmental agreements.

Overall, the legislation on legal labor migration of third-country nationals in Bulgaria is continuously evolving to strike a balance between the interests of all parties involved. Nevertheless, further research is needed to examine the effectiveness of these legislative changes and their impact on the labor market in Bulgaria.

## Conclusion

In conclusion, the posting of workers in Bulgaria is a complex issue that raises important questions about labor market dynamics, working conditions, social welfare, and cross-border mobility. After reviewing the literature on posted workers in Bulgaria, it is clear that this issue has not been the subject of significant political or academic debate in the country. While legislative proposals related to the posting of workers were brought for consultation with social partners in the Tripartite Cooperation Council, and then deliberated by Parliament, there has been no national debate on the subject. In fact, the rules concerning posted workers are applicable to a very small number of workers in Bulgaria, which may explain the general lack of interest.

Bulgaria has participated actively in discussions at the European Union level regarding the amendment of Directive 96/71/EC on the posting of workers. The Bulgarian position has received support from all political parties represented in Parliament, as well as from the public. However, concerns have been raised that new requirements, such as equal pay for posted and local workers, could limit the competitive advantages of service providers from economically less-developed EU Member States and, as a result, limit their access to the single market.

Additionally, there have been efforts to improve the situation for both Bulgarian workers abroad and foreign nationals working in Bulgaria. The Bulgarian government updated its laws in February 2021 to align with EU Directives on a single application process and intra-company transfers.

The literature on posted workers in Bulgaria suggests that this is not a highly contentious issue in the country, but it is not entirely without controversy. While there has been no national debate or significant academic discourse, there have been some incidents related to abusive practices that have drawn attention to the issue. As the European Union continues to debate and revise its rules on the posting of workers, it remains to be seen whether this issue will become more significant in Bulgaria or other member states.

In conclusion, the topic of posted workers in Bulgaria remains relatively under-researched and under-documented. While there have been a few notable cases and legal developments in recent years, there is still a lack of comprehensive data and analysis on the experiences and conditions of posted workers in Bulgaria. As such, it is difficult to draw broader conclusions about the economic rights and working conditions of these workers in Bulgaria. Further research and data collection efforts are needed to gain a more complete understanding of this issue and to inform policy and advocacy efforts aimed at improving the situation for posted workers in Bulgaria.

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