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SPECIFICS OF ENTREPRENEURSHIP IN THE FIELD OF CULTURAL AND CREATIVE INDUSTRIES

Raya Madgerova¹ Vyara Kyurova²

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Abstract

The paper explains the role of the cultural and creative industries and entrepreneurship in this area for the development of the economy and society. The views of various authors on the definition of cultural entrepreneurship are presented. Particular attention is paid to existing classifications of the cultural and creative industries. The following are the most important specific features of entrepreneurship in the cultural and creative industries: it unites the economic system (business) and the spiritual (culture and creativity) as a whole; in the center is always the artist and his/her product; it is innovative; one of the main sources of funding for culture and art; availability of a wide variety of individual artists and cultural institutions, depending on the type of products created; depending on the goals, it manifests itself as business and social entrepreneurship. It is pointed out that entrepreneurship in the sector is particularly strong in small and medium-sized enterprises and their integration into entrepreneurial networks is of great importance for their competitiveness.

Keywords: cultural and creative industries, business, cultural entrepreneurship, features

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INTRODUCTION

The modern development of society is unthinkable without the cultural and creative industries. In this context, the European Economic and Social Committee underlines their role in supporting pluralism and cultural diversity, as a tool for promoting European identity, enhancing quality of life, tolerance and prevention of human dignity, integration and hospitality (Opinion of the European Economic and Social Committee on the Green Paper "Unlocking the potential of the cultural and creative industries" COM (2010) 183, p. 5). At the same time, the report on

¹ Faculty of Economics, SWU "Neofit Rilski, Blagoevgrad, Bulgaria, Professor, PhD, raya_madgerova@abv.bg

² Faculty of Economics, SWU "Neofit Rilski, Blagoevgrad, Bulgaria, Associate Professor, PhD, verivasileva@abv.bg

a coherent EU policy on the cultural and creative industries (2016) outlines not only the role of the cultural and creative industries in protecting and promoting European cultural and linguistic diversity, but also in the transfer of knowledge and values and safeguarding the European Union's tangible and intangible heritage for present and future generations. The cultural and creative industries are becoming increasingly important in the economy. In this context, it should be borne in mind that these are industries that, based on cultural values, individual creativity, skills and talent, have the potential to create wealth and jobs by generating intellectual property value (Report on a coherent EU policy for cultural and creative industries (2016/2072 (INI)), Committee on Industry, Research and Energy, Committee on Culture and Education, Rapporteurs: Christian Ehler, Luigi Morgan, [http://www.europarl.europa.eu / doceo / document / A-8-2016-0357_EN.html? r edirect](http://www.europarl.europa.eu/doceo/document/A-8-2016-0357_EN.html?redirect)).

In addition, the Opinion of the European Economic and Social Committee points out their central role for the growth, competitiveness and future of the EU and its citizens, for the creation of innovation and jobs and as a point of contact between different industrial activities, generators of comparative advantage, local development and the driving force of industrial change (Opinion of the European Economic and Social Committee on the Green Paper "Unlocking the potential of the cultural and creative industries", COM (2010) 183, p. 5).

In the cultural and creative industries, there is an interconnectedness between culture and the arts, business and technology. A distinction must be drawn between 'culture' and 'creativity', since 'culture' is the collection of knowledge, applications and degrees of creative and scientific development in a given age or within a social group (EESC opinion on "The cultural industries in Europe", OJ C 108, 30.4.2004, p. 68), and 'creativity' is specifically the ability to think innovatively or to come up with new ideas that combine elements of reality (Opinion of the European Economic and Social Committee on the o Green Paper "Unlocking the potential of the cultural and creative industries", COM (2010) 183, p. 5). Similarly, there is a difference between the cultural and creative industries. Cultural industries are seen as industries that “combine the creation, production and commercialization of contents that are intangible and cultural in nature. These contents are typically copyrighted and they may take the form of goods or services ”(CREATIVE ECONOMY REPORT 2010, UNCTAD, p. 5). In the report on a coherent EU policy on the cultural and creative industries (2016), the creative industries are defined as "industries that use culture as input and have a cultural dimension, although their outputs are mainly functional".

Surveys show that these industries are massively represented in the SME category. Operating in a dynamic and unpredictable global business environment, there is a need to continually seek and innovate, to apply modern business models, to be more responsive to market needs. One of these contemporary business models is entrepreneurship. It has a proven role in the development of the economy and social life of society and is characterized by an inexhaustible potential, the deployment of which is a powerful factor for the creation of new enterprises, the transfer of new technologies and the introduction of scientific development, employment growth and resolution a number of other important social and economic problems (Madgerova, 2013, p. 5). Its existence and effective functioning contributes to "enhancing the material and spiritual potential of society, creating favorable ground for the practical realization of the abilities and talents of each individual" (Yakovlev, 2010, p. 3).

In view of this socio-economic importance, clarifying the nature and features of cultural entrepreneurship is both scientifically and practically important.

LITERATURE REVIEW

A review of the scientific literature shows that cultural entrepreneurship is a relatively new scientific field. In this regard, Hausmann and Heinze (2016) find that cultural entrepreneurship is a relatively young research field within entrepreneurship research. Some authors' views on cultural entrepreneurship are that it is a crucially organizational philosophy in the 21st century (Hagoort, 2003), whose main aim is a combination of art and economy (Toghraee and Monjezi, 2017). At the same time, Lange (2008) believes that cultural entrepreneurship is a relatively new concept in the academic field and the world of art: A concept playing a crucial role in the growth and development of cultural and creative industries.

The concept of cultural entrepreneurship was first introduced by R. Dimaggio (1982) in his work "Cultural Entrepreneurship in Nineteenth-Century Boston: The Creation of an Organizational Base for High Culture in America" in 1982. Although the author uses the term 'cultural capitalist' rather than 'entrepreneur' to denote the economic entity, he reveals the role of individuals who invest part of their own funds in the creation and management of cultural organizations (Dimaggio, 1982, p. 43). At the same time, based on the overall social responsibility of entrepreneurs, cultural entrepreneurship is defined as the concept of running a cultural or creative organization; driven by an explicit

strategic cultural mission; taking risks in balancing creative and management values; and contributing to a vital infrastructure in its direct environment (HKU, 2010, p. 14). Acheson, Maule and Filleul have a particular understanding of cultural entrepreneurship. They state that "cultural entrepreneurship involves a conception, an initial launch, and a transition to an established event" (Acheson, Maule and Filleul, 1996, p. 321).

There are many definitions of cultural entrepreneurship, but they lack a single approach. The basic idea of cultural entrepreneurship in the theoretical formulations of some authors is that it is a process. For example, Lounsbury and Glynn (2001, p. 545) view cultural entrepreneurship as "as the process of storytelling that mediates between extant stocks of entrepreneurial resources and subsequent capital acquisition and wealth creation". In contrast, Sinapi and Ballereau (2016, p. 337) believe that cultural entrepreneurship is a process that may emerge an organization favoring the possibility and sustainability of culture and arts production, at the macro, social and micro- level. Another view of the definition of cultural entrepreneurship is that it is a process for converting means to desirable ends through a mediating structure or organization that may be called a "firm" (Essig, 2015, p. 227). In addition to these views, Hagoort introduces another touch - the integration of artistic and entrepreneurial freedom, which has a definite significance in shaping the understanding of cultural entrepreneurship. As cultural entrepreneurship, the author sees "the process of integrating two freedoms: artistic freedom as immaterial content oriented value, and entrepreneurial freedom as material value, supportive to immaterial (cultural) values" (Hagoort, 2007). Based on the combination of the two freedoms considered and the social responsibility of the entrepreneur, the above cited author adds that cultural entrepreneurship can run a cultural and creative organization, carry out a strategic cultural mission, face risks to the creation of balance between managerial values and creativity and make a contribution to critical infrastructure (Hagoort, 2003). At the same time, however, Kabakov's attitude towards cultural entrepreneurship is of interest. He stresses that it should be perceived as an integrated management system based on new technologies and media in the search and finding of unused and unoccupied market niches through the use of creativity and innovation for social development (Kabakov, 2017, p. 118).

In clarifying the problem of the essence of cultural entrepreneurship, some authors consider it from the point of view of innovation, which in our view is a key function of the entrepreneurial process. For example, Swedberg (2006, p. 260) defines cultural entrepreneurship as the realization of an innovative

combination that leads to something new and appreciated in the cultural sphere. According to the theoretical views of Wilson and Stokes (2006), cultural entrepreneurship consists in creating creative ideas and pursuing them within the business path for profitability.

Essential to understanding cultural entrepreneurship are the works of Uvarova, Shekova, Rudich and Dobрева, who view it as an activity. For example, according to Uvarova (2015, p. 15), cultural entrepreneurship is a specific area of human activity arising from the integration of the two spheres - culture and business. Shekova has a particular understanding of cultural entrepreneurship. She argues that cultural entrepreneurship is the activity of the owner or persons authorized by him/her to organize the development, production and marketing of cultural products in order to achieve social impact and increase the income from different types of activities (Shekova, 2014, p. 2). Rudic has a similar opinion, and views it as a type of risky professional activity, which on the one hand is an initiative, independent activity of professionals and their associations, aimed at achieving the best economic result and profit, and on the other - serves to meet the sociocultural needs of the individual and solve social problems in society (Rudic, 2011, p. 213). The position of Dobрева (2018, pp. 104-105) is that cultural entrepreneurship is the activity of creating and bringing to the market a cultural product or service (bearing cultural value), which can be measured through economic indicators as well as the use of innovative decisions to create cultural products and services, new business models, new ways to reach audiences and add value that lead to the market success of an organization or its independence from public subsidies.

In revealing the views of some authors on the nature of cultural entrepreneurship, particular attention should be paid to raising the idea of personal involvement of the cultural entrepreneur in the activity being pursued. It plays a decisive role in understanding cultural entrepreneurship. In this regard, Hagoort (2000, p. 215) views cultural entrepreneurship as "based on passion and attachment to cultural vision, orientation towards the external market with an emphasis on innovation and social responsibility. A cultural entrepreneur stands for radical and personal involvement in creative processes and programs". At the same time, Klamer (2011, p. 154) emphasizes that "cultural entrepreneurship has more involvement than marketing skills and sensitivity to the artistic process; it also defines the economy as a cultural entrepreneur's tool for the realization of cultural values. It also defines the persuasive power to induce a candidate for art into appropriate conversation and to realize it as a common good. For his part, Hausmann (2010, p. 19) draws attention to the fact that cultural entrepreneurs

discover and evaluate opportunities in the arts and leisure markets and create a (micro) business to pursue them. Nevertheless, Scott (2012, p. 243) concludes that cultural entrepreneurs are those individuals who create new cultural products, are oriented toward accessing opportunities, and need to find innovative ways of doing. In addition, Kavousy, Shahosseini, Kiasi, and Ardahaey (2010, p. 228) emphasize that they are “resourceful visionaries, generating revenues from culturally embedded knowledge systems and activities; their innovative applications of traditions to markets result in economically sustainable cultural enterprises”.

As evidenced, the study of literary sources makes it possible to conclude that there is a multidimensionality in the views on the essence of cultural entrepreneurship, which allows to distinguish its characteristic aspects.

CULTURAL AND CREATIVE INDUSTRIES AND ENTREPRENEURSHIP

The sphere of culture and art is represented by a number of cultural institutions, organizations of different ownership (public and private) - public organizations, non-governmental organizations, commercial and non-profit organizations for private or public benefit, cultural foundations and industry organizations, individuals, performing various cultural and creative activities. In their totality, these entities are at the heart of the development of the cultural and creative industries and at the same time form the market for the values they have created.

The cultural and creative industries are characterized by a wide variety of activities in different fields. The sector is generally accepted to include: Advertising, Architecture, Book & Press, Design, Fashion, Film & Video, Music, Performing Arts, Radio & Television, Software Pub. & Games, Visual Arts. The diversity of the sector stands out in the existing classifications of the cultural and creative industries, which differentiate them according to their specificity and types. For example, according to the classification made in connection with a study prepared for the European Commission on the Economy of Culture in Europe (2006, p. 3), the sector includes:

- Core arts field - Visual arts with sub-sectors Crafts, Paintings – Sculpture – Photography, Performing arts, Heritage with the following characteristics: non industrial activities, output are prototypes and “potentially copyrighted works” (i.e. these works have a high density of creation that would be eligible to copyright but they are however not systematically copyrighted, as

it is the case for most craft works, some performing arts productions and visual arts, etc).

- Cultural industries, including Film and Video, Television and radio, Video games, Music (with sub-sectors: Recorded music market – Live music performances – revenues of collecting societies in the music sector), Books and press (with sub-sectors Book publishing - Magazine and press publishing).

- Creative industries and activities – Design (Fashion design, graphic design, interior design, product design, Architecture, Advertising with the following characteristics: Activities are not necessarily industrial, and may be prototypes, Although outputs are based on copyright, they may include other intellectual property inputs (trademark for instance), The use of creativity (creative skills and creative people originating in the arts field and in the field of cultural industries) is essential to the performances of these non cultural sectors).

- Related industries - PC manufacturers, MP3 player, manufacturers, mobile industry, etc... „This category is loose and impossible to circumscribe on the basis of clear criteria. It involves many other economic sectors that are dependent on the previous “circles”, such as the ICT sector“ (The Economy of Culture in Europe, 2006, p. 3).

In the "Green Paper. Unlocking the potential of the cultural and creative industries" (EU Green Paper, 2010) there is a distinction between the cultural and creative industries. The document states that, based on the statistics framework at European level, established in 2000, the cultural sector statistically includes "eight areas (artistic and monumental heritage, archives, libraries, books and the press, visual arts, architecture, performing arts, audio and audiovisual media/multimedia) and six functions (conservation, creation, production, distribution, marketing/sales and education)". It is also revealed that, in addition to "the traditional arts (performing arts, visual arts, cultural heritage - including the public sector)" it includes movies, DVDs and videos, television and radio, video games, new media, music, books and the press. According to this document, "Creative Industries" "include architecture and design that integrate creative elements into broader processes, as well as subsectors such as graphic design, fashion design and advertising" (Green Paper. Unlocking the potential of the cultural and creative industries, COM (2010) 183, p. 5).

The classification presented in Creative Economy Report 2010 (UNCTAD, 2010) divides the creative industries "into four broad groups: heritage, arts, media and functional creations". In it, cultural heritage is subdivided into two subgroups: art crafts, festivals and celebrations; Cultural sites: archaeological sites, museums, libraries, exhibitions, etc. The arts group includes: Visual arts:

painting, sculpture, photography and antiques; Performing arts: live music, theater, dance, opera, circus, puppetry, etc. The media group includes: Publishing and printed media: books, press and other publications; Audiovisuals: film, television, radio and other broadcasting. The following subgroups are included in functional creations: Design: interior, graphic, fashion, jewelery, toys; New media: architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services creative services consist of: architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services (Creative Economy Report 2010, UNCTAD, 2010, pp. 8-9).

The classification of the cultural and creative industries is also presented in a report on a coherent EU policy on the cultural and creative industries (2016). According to this classification, cultural industries include the artistic and monumental heritage, archives, libraries, books, publications and printing, the visual arts, architecture, performing arts, multimedia and audio-visual services, and the creative industries - the architecture, design, sectors of the luxury goods and fashion (Report on a coherent EU policy on the cultural and creative industries (2016/2072 (INI)).

As it can be seen from the commented sources, the sector covers a wide range of cultural and creative activities. Uncovering the diverse range of cultural and creative industries, the classifications examined show that there are ample opportunities for entrepreneurial business in this area. The activities presented in it occupy an increasingly important place in the modern economy and on the basis of their "unique nature" allow "the development of specific investment and business models and socio-cultural policies" (Tomova, Andreeva, 2011).

Through entrepreneurship, cultural goods enter the market and reach and their consumers. Entrepreneurship in culture and the arts today has an important economic and social role, especially given that with the advent of new technologies in the creation of cultural products, opportunities for mass reproduction and reach a wide range of the population are provided. It contributes not only to the creation of cultural goods of a tangible and intangible nature and to the creative expression of their authors, but also to the growth of the national and regional economy, job creation, development and application of new technologies and more. Along with its products, it has a strong influence on the mass audience, forming spiritual values and nurturing an attitude towards culture and art.

Statistical data prove the place and importance of the cultural and creative industries. In the Republic of Bulgaria this area is monitored on the basis of the

statistics framework at European level since 2000 in respect of: publishing (books, newspapers and magazines), libraries, cinemas, film production, radio programming, television programming, performing arts, museums, community centers. The cultural and creative industries are studied in terms of such characteristics as the number of cultural and creative institutions and organizations by type, performed activities, products and services, number of persons employed.

According to the methodology of the National Statistical Institute, enterprises in the sector are divided into two groups according to their economic activity:

1. Creation and dissemination of information and creative products, and telecommunications;
2. Culture, sports and entertainment.

According to the latest data, in 2018 the enterprises of these two groups represent 5.01% of all non-financial enterprises in the country (NSI, 2018)¹. Their number by economic activities and by number of employees for 2018 is presented in Table 1.

Table 1. Number of cultural and creative industries by economic activities and persons employed in 2018

Economic activities	Total	Number of enterprises according to their size on the basis of persons employed			
		Micro (up to 9 persons employed)	Small (from 10 to 49 persons employed)	Medium (from 50 to 249 persons employed)	Large (250 + persons employed)
Creation and dissemination of information and creative products; telecommunications	14 496	13 282	952	218	44

¹ The total number of non-financial enterprises in the country in 2018 according to data of NSI is 413 162 (www.nsi.bg)

Culture, sport and entertainment	6 208	5 832	296	69	11
Total	20704	19114	1248	287	55

Source: NSI, Business statistics, Other annual data, Non-financial enterprises, <https://www.nsi.bg>

Table 1 shows that 99.73% of enterprises are from the group of small and medium-sized enterprises, with micro-enterprises with up to 9 employees predominating - 92.3% of all enterprises in the sector. This fact reveals the prevailing presence of entrepreneurs in the small business sector. It is also confirmed by the European Economic and Social Committee's conclusion regarding the development of the cultural and creative industries within the European Union that the sector is dominated by small and medium-sized enterprises, which continue to play a major role. "It is these entrepreneurs who are taking the 'risk' of non-technological innovation, investing in new talents and new aesthetic forms, and trying to provide a rich and diverse offering for consumers" (Opinion of the European Economic and Social Committee on the Green Paper on Unlocking the potential of the cultural and creative industries' COM (2010) 183, p. 7; 11).

Details of the cultural and creative industries in 2018 include the following number of entities (enterprises and organizations) by type and activity performed (Table 2):

Table 2. Cultural and creative industry entities by type and activity performed in 2018

Enterprises - type	Number of subjects	Activity carried out in a relevant unit of measure
Publishing activity		
- Published books		8650 pcs., 9007,8 thousand pcs. circulation
- Published brochures		1192 pcs., 2254,0 thousand pcs. circulation
- Digital editions		61 6p.

- Issued newspapers		239 titles, 21 205 pcs. issues, 216 037 annual circulation
- Magazines and newsletters published		607 pcs., 14 786 thousand pcs. annual circulation
- - Periodicals published		98 titles, 130 pcs. issues, 18 thousand circulation
- Original and translated literature published		9842 titles, 11 262 thousand circulation
Libraries	47	6676 thousand units borrow from the library fund
Cinemas	69	348959 movie screenings
Film industry		77 produced films
Radio operators	83	727001 hours broadcasts
TV operators	116	742841 hours broadcast
Theatres	75	15 155 performances
- drama	36	6 360 performances
- opera and ballet	7	1 022 performances
- operetta	2	363 performances
- puppet	23	5 216 performances
- dramatic-puppetry	7	2 194 performances
Music groups	51	2380 performances
Museums	174	5 084 thousand visits
Community centres	3321	
In them:		
Schools/groups		
- Music and singing	4 607	37118 appearances
- Dance art	3 178	20807 appearances
- Clubs, circles of interest (applied arts, fine arts, historical, theatrical, other)	3 077	7985 appearances
- Sports schools, teams and groups	231	836 appearances
- Other schools, teams and groups	898	3504 appearances

Source: NSI, Demographic and Social Statistics, Culture, <https://www.nsi.bg>

NB: NSI does not provide information on the number of enterprises operating in the publishing and film industries.

From the data presented in the table, the role of folk community centers, which are not only the most numerous but also distinguished by the most and diverse socially significant appearances, stands out. As a special form, existing only in Bulgaria¹, with their activities according to data of the National Statistical Institute in 2018 they cover the population in 266 settlements (cities and villages), and in the smaller settlements with their cultural and art forms they reach to each of their inhabitants.

An important characteristic of cultural enterprises is the number of persons employed in the cultural sector. For the two types of economic activities related to culture and the creative industries, it is divided as follows (Table 3):

Table 3. Employees of cultural and creative industries by economic activity and enterprise size in 2018

Economic activities	Total number of persons employed	Persons employed by the size of the enterprise			
		Micro (up to 9 persons employed)	Small (from 10 to 49 persons employed)	Medium (from 50 to 249 persons employed)	Large (250 + persons employed)
Creation and dissemination of information and creative products; telecommunications	105 328	21 699	19 789	24 594	39 246

¹ According to the Act for Folk Community Centres, they are non-profit legal entities, traditional self-governing Bulgarian cultural and educational associations in the settlements, which also carry out state cultural and educational tasks. The first Bulgarian community center was established at the end of 1856 in the town of Svishtov. They maintain libraries, reading rooms, photo, phono, film and video libraries, electronic information networks, develop and support amateur art, organize schools, clubs, courses, film and video screenings, celebrations, concerts and youth activities, create and store museum collections. Although they may also develop additional business activities related to the subject matter of their principal activity, using their income to achieve the statutory goals, they do not distribute profits.

Culture, sport and entertainment	26 615	9 243	6 317	6 552	4 503
Total	131943	30942	26106 – 19,79	31146 – 23,6	43749 – 33,15

Source: Business statistics, Other annual data, Non-financial enterprises, <https://www.nsi.bg>

The share of employees in the economic activities under consideration is 5.97% of all employees in non-financial enterprises in the country¹. The employment structure of the two economic activities under consideration shows that a significant share of the jobs in the sector are provided by small and medium-sized enterprises - 66.85%, with a considerable share of employment in micro-enterprises - 23.45%. The latter in terms of relative share are close to that of medium-sized enterprises - 23.6%. These data reveal the significant potential of the cultural and creative industries in employment and the importance of small business and small entrepreneurship within it in relation to this indicator.

SPECIFIC FEATURES OF ENTREPRENEURSHIP IN THE FIELD OF CULTURAL AND CREATIVE INDUSTRIES

The characterization of entrepreneurship in the cultural and creative industries is also facilitated by the clarification of its specific features. The defining feature is that this type of entrepreneurship unites two systems different in character and role, but with equal weight in the entrepreneurial process - the economic system (business) and the spiritual (culture and creativity). It combines organically the interests related to business on the one hand and on the other, the interests of creators of culture and art and their needs for expression.

On this basis, its essential feature is the connection with the creator of cultural and spiritual values. At the heart of cultural entrepreneurship is always the creator and his product, which must be presented to the audience in order to receive its market valuation and realization. Without the products they create, business cannot exist, no matter who is the proponent of the entrepreneurial idea. This conclusion is necessary because "the main factors of the production process

¹ The total number of persons employed in the non-financial enterprises in the country in 2018 according to data of NSI is 2207549 (www.nsi.bg)

in the sphere of culture and art are individual creativity, skills, talent" (Tomova, Andreeva, 2011).

We believe that in this sense, there are two opportunities for entrepreneurship to be implemented. The first opportunity is for the artist to be an entrepreneur at the same time. It provides a shortcut to reaching the product to consumers. However, in a number of cases, a cultural institution / organization (public or private ownership, non-governmental organization, foundation, community center, etc.) participates in the marketing process, which through its managers performs the functions of an entrepreneur and offers the product of the interested audience - a consumer of cultural values, realizing social and / or business goals. In our view, depending on the respective organization of the entrepreneurial process, on the basis of the two alternatives, we can speak of two models of entrepreneurship that exist simultaneously in practice.

The first model we propose is related to the shortcut in which the cultural and creative product reaches the consumers. In this model, the main figure is the creator-entrepreneur, who creates cultural and spiritual values and himself organizes and manages the process of their market realization. In this case, there are three main elements - the creator of cultural and spiritual goods / values, the product he created in the creative process and business (Figure 1).

Figure 1. Entrepreneurship model: creator-entrepreneur (Three-element model)

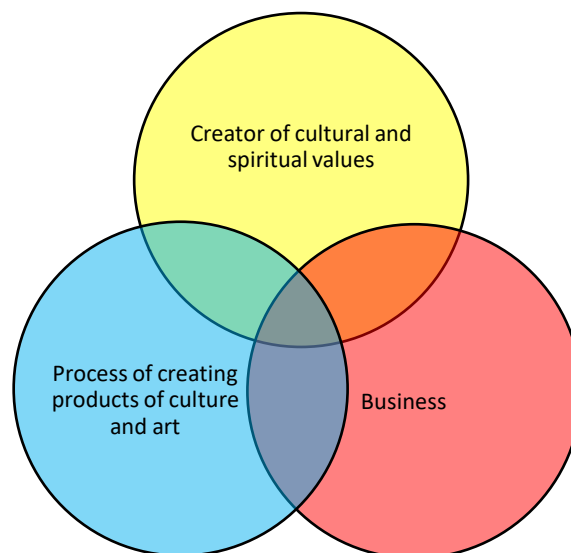


Figure 2. Entrepreneurship model: creator of cultural and spiritual values - cultural institution (Four-element model)



An essential feature of entrepreneurship in the cultural and creative industries is its innovative nature. It is closely dependent on the interests of consumers. For this reason, in order to be able to meet their requirements, entrepreneurs in the sector need to innovate both in the technologies used to create products with high-tech characteristics and to reach the relevant target groups. At the same time, every newly created work of culture and art is also new to the market, and in many cases unrepeatable and unique. It is precisely because of the high proportion of innovation that the arts and culture are considered to belong to a group of industries and services that are characterized by the intensity of knowledge and register "the highest share of innovation driven by the interests of the consumer - 58.7%" (Cited by: Koleva, Tomova, Varbanova, Andreeva, 2013, pp. 13-14). It is important to note that by introducing innovations and satisfying the very specific requirements of consumers, creators of cultural products are sure to improve their creative skills. And as entrepreneurs interested in the final result of their business, they apply specific marketing approaches.

An important aspect of entrepreneurship in the conditions of a market economy is that it is one of the main sources of funding for culture and art. It generates income for the owners, but at the same time as a source of financial resources is a factor for the development of this field of activity. In the context of globalization, creativity crosses borders, as a result of which entrepreneurship is a significant source of foreign exchange earnings and thus contributes significantly to the economy. In reference to this role of entrepreneurship in the cultural field, it is noted in the literature: "Non-profit organizations in the cultural sector rely mainly on external financial support and do not pursue profit-making activities, but a positive financial result at the end of the year is a prerequisite for reinvestment in future development. Trade organizations rely mainly on revenue from sales of creative products and services. From these revenues and from the development and supply of peripheral commercial activities, they invest in competitive advantages" (Koleva, Tomova, Varbanova, Andreeva, 2013, p. 72).

The entrepreneurial activity in the sector has its specifics stemming from "industry affiliation (theaters, film studios, publishers, television)", the status of the organization (commercial or non-commercial) and the development of market relations (Dymnikova, www.culture29.ru). It is characterized by a huge variety of individual artists and cultural institutions in different types of culture and art, offering a wide range of cultural products. This specificity depends on the type of products created and determines the specificity of the organization of the

market of the cultural industry products and the orientation towards individual individual users or given groups of such.

Depending on the goals set, entrepreneurship can manifest itself as business entrepreneurship - aimed at profit-making and social entrepreneurship, aimed at providing cultural goods with the aim of promoting them and reaching a wide range of society without pursuing profit-related goals. Social entrepreneurship is practiced by cultural organizations and institutions in organizing various events, creative workshops, festivals, fairs and other forms.

The integration of enterprises and organizations in this field into entrepreneurial networks and clusters is essential for the development of entrepreneurship in the cultural and creative industries as well as for the cultural and economic development of the regions. It is pointed out in the scientific literature that "the Essential feature of the modern economy is the cluster existence as an integration form of economic entities based on their geographical proximity and their mutual coherence and complementarity" and that clusters are a way to achieve competitive advantages (Atanasova, 2014, p. 44; 45). These forms of integration are considered to play a central role in the process of regional development, so "it would be appropriate to take specific measures to support and assist the promotion of "local SME systems", the development of regional clusters" and "savings from agglomerations" (Opinion of the European Economic and Social Committee on the Green Paper 'Unlocking the potential of the cultural and creative industries' COM (2010) 183, p. 8).

The specific features outlined above are important for the organization and management of the entrepreneurial activity in the cultural and creative industries and for the implementation of effective marketing strategies in order to reach a wide range of consumers and the realization of the created products on the market of cultural and artistic values.

CONCLUSION

The analysis of the literature sources shows that there is no uniform approach in clarifying the nature of the cultural and creative industries, and this includes the field of cultural entrepreneurship.

On the basis of clarifying the characteristics of cultural entrepreneurship, it should be noted that it is important that it integrates culture and business. In addition to the business goals, entrepreneurship in the cultural and creative industries also realizes social goals, promoting its products through various

forms, reaching a broad population, meeting their spiritual needs and forming an attitude towards the arts and culture.

The cultural and creative industries, with their diversity, offer wide opportunities for entrepreneurship in all their fields. Products created by the cultural and creative industries can be marketed both directly by their creators and by specific organizations that are subject of entrepreneurship.

Entrepreneurship in the sector is particularly strong in small and medium-sized enterprises. In order for them to gain competitive advantage, especially in global markets, they need to be innovative. Another important factor for their competitiveness is their integration into entrepreneurial networks.

Due to its important socio-economic role, it is necessary to create conditions for its development at national and regional level.

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THE ROLE OF INNOVATION AND CREATIVITY AS KEY FACTORS FOR THE DEVELOPMENT OF SOCIAL ENTREPRENEURSHIP IN BULGARIA

Nadezhda Petkova¹

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Abstract

Social entrepreneurship is a comparatively new phenomenon in the sphere of economics not only in Bulgaria, but in the world as a whole. This is the reason why the research on its development in time as well as the problems connected to it are of a great importance. Innovation and creativity are one of those terms that are often related to entrepreneurship as a whole and moreover with social entrepreneurship. In actuality the aim of this paper is to track and evaluate in certain terms the relationship between innovation and creativity as key factors needed for the development of social entrepreneurship in the future. Some of the used methods include: comparative and theoretical method; adaptive methodology, deductive-empirical method and statistical-analytical method.

Keywords: social entrepreneurship, innovation, creativity

JEL Codes: A10

INTRODUCTION

The development of entrepreneurship plays an indispensable role in achieving economic success of the individual enterprises, as well as the high growth of the economy as a whole (Yordanov, 2019, p.14). The concept of an entrepreneur is refined when principles and terms from a business, managerial, and personal perspective are considered (Stamevska, Stamevski and Stankovska, 2018, p. 174). In order to stand steadily on the market, the enterprises should position themselves in a way enabling them to obtain a competitive advantage as compared to the other participants on the market in the particular branch (Logodashki, 2019, p.20). An important condition for achieving market success, retaining market share, conquering new markets, taking the lead in the industry, and enhancing the competitiveness of entrepreneurial business is innovation in

¹ South-West University "Neofit Rilski", Faculty of Economics, Department of Economics, PhD Student, nadya.petkova@swu.bg

entrepreneurial activity (Kyurova, 2015, p. 195). Innovation is a process that needs to have a structured and organized approach and this process to be managed. Assuming the innovation process is cyclical and there is some link in successive innovation intentions and projects in the context of the company's complex marketing mix, the analysis and evaluation of the results are extremely important (Filipova and Yuleva, 2018, p. 216).

Social entrepreneurship contributes not only for the economy, but also for societies all over the world – a tendency, expected to continue and to lead to an increased interest from political forces. The research on the topic at an academic level is still in its beginning, and as some of the authors believe - a more specific scientific literature on social entrepreneurship in particular is needed (Hu, Frank and Cohen, 2011, pp. 466-475). At the same time, the constantly increasing number of the created social enterprises all over the world should be noted.

According to Moss, Lumpkin and Short (2009, pp. 161-194) in order for a theoretical basis related to social innovation to be created, having in mind the diverse economic and cultural environment for many enterprises, a great amount of effort aimed at qualitative and quantitative research and cases is necessary.

DEFINING SOCIAL ENTREPRENEURSHIP

Before we discuss the core values of social entrepreneurship and its relation to innovation and creativity, it is important to outline some definitions for entrepreneurship, as discussed in the work of Dees (1998), attributed to the French economist, Jean Baptiste Say, who in 19th century considers it to be consisting of the transformation of resources from one to the another, more favorable one, during which it is possible for a positive result to occur. Moreover, Joseph Schumpeter adds to this definition in 20th century the function of improving or totally changing the model of production at the time.

Social entrepreneurship appears at the end of the '70s of 20th century which coincides with an increase in unemployment and a drop of the levels of economic growth, which are noted at the time (Borzaga and Defourny, 2004, pp. 352-353). Certo and Miller (2008) argue that the strongest element that defines social entrepreneurship is the ability to combine traditional business elements with voluntary work, which at the same time, could also be the biggest issue for the very definition of the term.

Generally, the defining social entrepreneurship begins with the definition for commercial entrepreneurship, to which we should add the social mission and the balance between economic and social aspects (Dees, 1998).

Entrepreneurship has been the driving force behind business' growth for the last decades and social entrepreneurship plays its role in addressing social matters by enabling the solving of problems that are not addressed by governmental initiatives (Noruzi, Westover and Rahimi, 2010, pp. 6-10), by generating impact in a sustainable way (Dees, 2007) in areas such as healthcare, education or house building (Urban, 2008) as it causes changes in the prevailing governmental policies through protection of favorable job positions or proclamation of ethical actions (Davis, 2002).

The profile of the social entrepreneur, in addition to the typical characteristics of an entrepreneur (in terms of innovation, talent and looking for opportunities to create change through added value), is specific, having in mind the necessity of their mission to be a social one (Dees, Emerson and Economy, 2001, p. 330). We see that, in fact, a social entrepreneur can be described as an entrepreneur whose focus is directed at social goal and missions, and not just at profit as such.

INNOVATION, CREATIVITY AND SOCIAL ENTREPRENEURSHIP

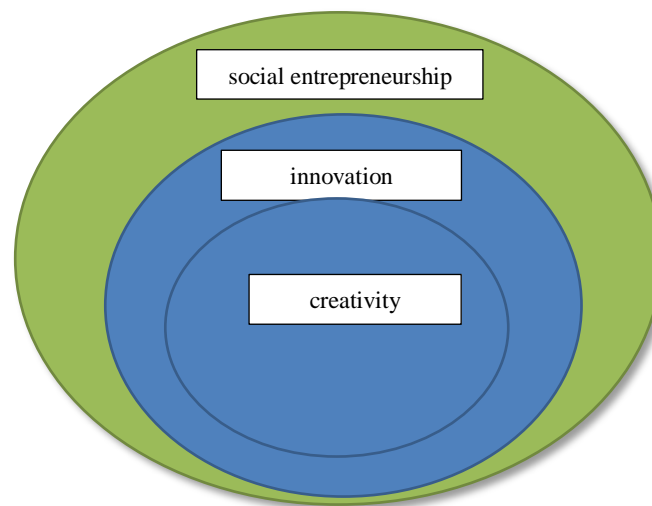
A social innovation is social both in terms of the means used and its aim as well, including new ideas which are better than the alternative when satisfying social needs and creating value (Hubert, 2010, pp. 21-34). By creating innovation and entrepreneurship, innovation can be regarded as a means, characteristic for entrepreneurs, allowing them to transform changes into opportunities for new businesses, products and services (Drucker, 2006, p. 16). Drucker (1987) drives attention to the need for managers to be more careful with social innovations and their effects.

The constantly growing number of the population and the lack of resources and infrastructure, characterizing developing countries, provide opportunities for social innovations (Wang, 2012, pp. 305-317). Social innovation occurs as a response to the transfer of responsibility onto communities (by governments such as the one of the United Kingdom) which are expected to solve their social problems themselves (Chalmers, 2013, pp. 17-34).

Clients are always looking for innovative products or services, which is the case for both social entrepreneurship or entrepreneurship in general. Some scientists, creators of policies and practices argue that social entrepreneurship requires innovative solutions and approaches due to the fact that the social issues it is aimed at would not exist in the first place, in case generally accepted approaches could be applied for them.

Fig.1 below clearly shows the relationship between creativity, innovation and entrepreneurship. When there is an idea, which is new and unknown at the moment for the group of consumers it is aimed at and also for the providers of the services and/or products, then it would be a working ground for a person or people who would take advantage of it i.e. the innovators. The presence of an innovation, under good management, quickly leads to the creation of a new enterprise whether it being a social one or not. If we look at social entrepreneurship as a recipe, then the main and most important ingredients would be creativity and abundance of new ideas.

Figure 1. Interconnection between social entrepreneurship, innovation and creativity



Source: Own Source

Innovation and entrepreneurship are two very tightly connected concepts. New businesses break the status quo of the market through the process of “creative destruction” when they introduce new combinations in terms of the relation between a product and a market, which henceforth create greater value for consumers and/or take advantage of resources in a more effective way. The competitiveness of the national economy depends on the level of the innovative activity support of the business entities of all forms of ownership and size and primarily those related to the small and medium-sized entrepreneurship sector, which currently requires the maintenance of the state (Kolisnichenko, 2018, p.

157). What drives innovation to success is not only the creative nature of the entrepreneur, but also their ability to position and sell their products/services on the market. Consequently, innovation is an instrument enabling the success of all new business endeavors. Innovation in business is also an instrument that helps build competitive advantages and increases competitiveness as a whole (Madgerova, Kyurova, Atanasova and Koyundzhiyska-Davidkova, 2016, p. 195). These statements apply to both commercial and social entrepreneurs, with the difference being the willingness of the social entrepreneur to focus their attention on the social mission of the enterprise and not just on its turnover or profit.

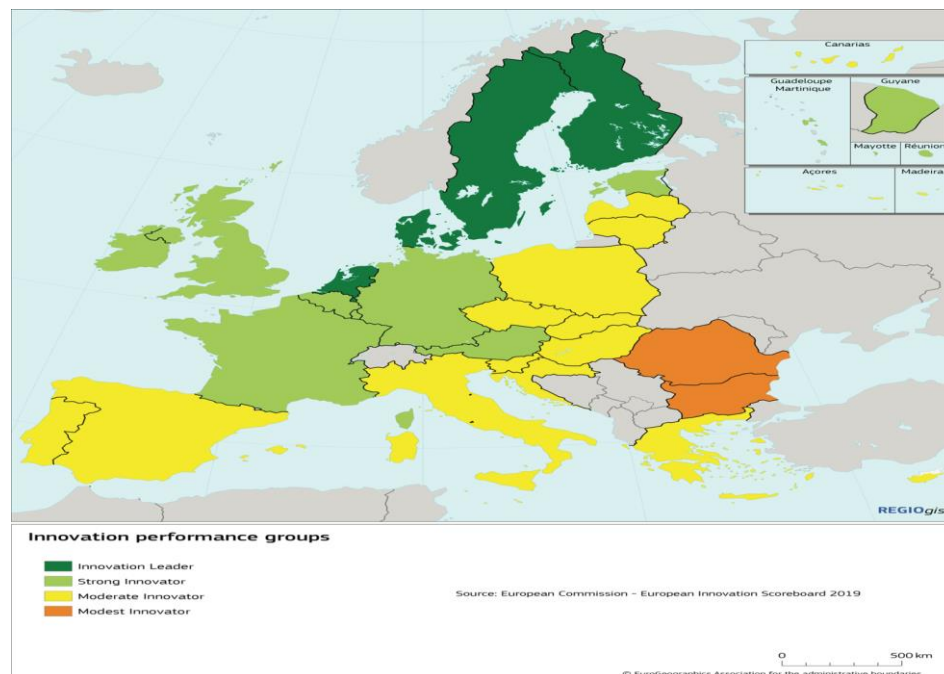
GEM (Global Entrepreneurship Monitor) measure the innovativeness of the social entrepreneur according to a positive self-assessment answer (i.e. to a certain degree agree or strongly agree) to the following statements: “My organization offers a new product or service” and “My organization offers a new way of producing a service or a product” in their report on social entrepreneurship. The data from 2018 shows that the average innovation level is 1.6%, varying from 0.1% for Bulgaria and Iran and reaching 4% for the Philippines and Israel. A further research shows that social entrepreneurs who classify as creating added value are inclined to define themselves as more innovative than the ones who can call themselves catching value opportunities.

GEM’s data also shows a comparison between the level of innovation in Bulgaria among entrepreneurs in their early stages of development and the corresponding groups, considered to be a standard at a European level. They show that only 17.5 % (14.5% in 2015) of Bulgarian entrepreneurs consider their products to be new for all or for some of their clients. In terms of the innovativeness criterion, Bulgaria falls in the group of economies with a low rate of innovative activity at the early stages of their endeavors. More specifically, Bulgaria ranks the 52nd place out of 65 world economies in GEM’s ranking for innovativeness at an early stage of development. This actually shows that there are very few businesses that work towards innovative activities in the beginning. This is a major restriction for the competitiveness of new businesses in Bulgaria that has to be urgently addressed as it limits competitiveness of the whole national economy. We should, of course, keep in mind that achievements in the innovative field do not solely depend on emerging entrepreneurial activity and according to the index of the World Economic Forum for global innovation in 2017, Bulgaria is among the best achievers, when it comes to efficiency of innovative activity, in the group that it is in (countries with an average level of income). One of the explanations for this phenomenon is that there is a small, but energetic group of businesses in Bulgaria oriented towards innovation where the level of innovative

efficiency is at a quite high level. Actually, this model of “elite” innovators supposes the existence of a two-tier group of innovators - a small group that introduces innovation at an early stage and a significantly larger group of businesses that does not engage in such activity.

In this case, one of the challenges before the state policy would be the distribution of a culture of innovation among the second group of businesses and thus expanding the basis upon which lays the competitiveness of Bulgaria’s national economy. It is also important to note that in comparison to the standard for the group in which the country falls the self-defining innovative companies at an early stage are very few. We must not also exclude the possibility for biased responses in the research which would explain the negative prognosis for the economics growth in short-term perspective. However, there is already evidence in Bulgaria for the shift of attitude towards a positive direction of innovative entrepreneurial activities. The figure below shows that Bulgaria and Romania fall into the group of moderate innovators as compared to other three groups of countries in the European Union.

Figure 2. Innovation performance groups



Source: European Commission – European Innovation Scoreboard 2019

As far as internationalization, to which innovation activity is undoubtedly connected, GEM report that with 25% or more of the entrepreneurial sales come beyond the boundaries of the national economy. According to previous statistics the development, driven by innovativeness shows higher levels of internationalization that somehow decreases for economies based on efficiency and decreases even more for economies, driven by production factors.

CONCLUSION

Following the research goals of this paper, we can conclude the following: social entrepreneurship is a comparatively new phenomenon on the economic scene and further research is important to understanding the mechanisms of the concept in general. However, there is a growing interest to both research and establishment of social enterprises all over the world. Previous research and the following one show that one of the most important building blocks for success when it comes to entrepreneurship, and social one in particular, is the innovation activity of the enterprise. Innovation and entrepreneurship are inseparable key factors for the success of an individual who wants to work in the sphere of social entrepreneurship. The presence of an innovation, under good management, quickly leads to the creation of a new enterprise whether it being a social one or not. The more innovative an enterprise is, the higher the chances of its success are. Innovation drives forward growth and competitiveness.

Moreover, when we compare Bulgaria to other European countries research shows that we are still at the end of the rankings in general. Despite, when it comes to the efficiency of innovation activity of those who have decided to participate in such endeavors, Bulgaria's performance is high in comparison to other countries in similar positions. There is a small, but energetic group of businesses in Bulgaria oriented towards innovation. Their level of innovative efficiency is at a quite high level. Yet, entrepreneurs as a whole in Bulgaria should focus more of their attention to undertaking innovative practices, as this will inevitably lead to the increase of the competitiveness of both businesses and the national economy as a whole. The government should also be more involved with encouraging commercial and social entrepreneurs through different policies and programs, specific legal framework for social enterprises, transparency and visibility when it comes to providing additional funds for young entrepreneurs. One of the challenges before the state policy would be the distribution of a culture of innovation among all stages and sizes of businesses in the country.

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ANALYSIS OF THE STATE OF FAMILY BUSINESS IN BULGARIA

Anny Atanasova¹, Blagovesta Koyundzhyska-Davidkova²

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Abstract

The present article is focused on the state of family business in Bulgaria. The aim is to analyze and evaluate the state of family enterprises in comparison with the total number of enterprises in Bulgaria for the period from 2015 to 2017. In order this to be made, statistical data from the National Statistical Institute and in particular from Infostat is used. The methodology of the study includes the use of statistical methods, such as observation, comparison and grouping, analysis and synthesis. Tabular and graphical methods are used for the illustrative visualization of the results. The role and importance of the family business in the country's economy are also presented in the article. On the basis of the analysis and evaluation of the results obtained, conclusions are made.

Keywords: family business, analysis, evaluation, role, importance

JEL Codes: M21, M29

ROLE AND IMPORTANCE OF THE FAMILY BUSINESS

The family business is a particular form of business organization characterized by some differences from the other economic entities. In this regard, the family relationships between the employees are important for the family businesses. Exactly these relationships increase the company's internal trust and create preconditions for successful business ventures. Investments in the creation, support and development of more family-type enterprises will contribute to higher level of added value and stability in crisis situations in the economics.

In the scientific literature, family business is considered to be the oldest and the most widespread form of business in the world. According to Gabbs,

¹ Faculty of Economics, SWU "Neofit Rilski", Blagoevgrad, Bulgaria, Chief Assistant Professor, PhD, anny.atanasova@gmail.com

² Faculty of Economics, SWU "Neofit Rilski", Blagoevgrad, Bulgaria, Assistant Professor, PhD, vesi_8808@abv.bg

family companies are "as old as the world". However, "they have given us countless examples of success stories and to this day they continue to prove their exceptional economic strength" (Gabbs, 2007, p. 9).

Family business is a major source of economic growth and prosperity in every society. Its role and significance stems from the fact that this business holds an essential place in all sectors of the economics. It is even defined as a "vital force", mainly because of the high share of family-owned businesses (Family-Owned Businesses, <http://www.referenceforbusiness.com>).

This business also contributes to the socio-economic and social development at local, regional and national level. The opinion of D. Yaneva is that the family business, including hotel industry, supports the development of the local labor markets creating employment for the local population (Yaneva, 2013, p. 34). In this regard, the family business plays an important role for the formation of the gross domestic product. At the same time, it contributes significantly to the employment growth and the opening of working places. Also, according to the researches the small business, including the family business, are identified by the United Nations and the International Labor Organization as one of the strategic directions to fight poverty (<http://www.budgetrf.ru/Publications/Magazines/VestnikSF/2005/vestniksf278-26/vestniksf278-26130.htm>). At the same time, family business is also one of the main priorities in the policy of the European Union. Moreover, thanks to this business more than 60 million working places have been opened in the European Union. Furthermore, employment of 40% - 50% of all employees has been provided (Standpoint of the European Economic and Social Committee on "Family businesses as a source of renewed growth and better jobs", 2015, p. 3, <http://www.europeanfamilybusinesses.eu/>).

Clarifying the issue of the status of the family business has both scientific and practical significance. In support of this is the opinion of A. Crosby who states that family companies are at least 70% of all companies in the world, and in the East this figure reaches 90% (Crosby, 2004, p. 27). K. Allen's opinion also emphasizes the importance of family business and adds that family companies are important for the communities and regions where they operate because:

- » focus the attention to the formation of loyal users;
- » participate more actively in the public life than other types of business;
- » have a culture of shared values in the community;
- » focus on long-term goals, and this in turn leads to greater stability for the whole community (Allen, 2007).

In addition, it is important to emphasize that the role and importance of the family business is also determined by the fact that it is regarded as an essential basis for training successful entrepreneurs. This importance is due to the fact that the family business develops an entrepreneurial spirit and a new business culture. This is also the point of view of Panikkos, Smyrnios and Klein, who argue that "earlier definitions of family business refer to ownership and continuity, while more recent ones focus specifically on family business culture" (Panikkos, Smyrnios, Klein, 2006, p. 167). In support of this is the opinion of Popova that family business as a form of organization and implementation of product decisions has one strong advantage - the strength of family values, spirit and culture, which interacts with the members of a family in their circle (Popova, 2018, page 1-2, https://ejournal.vfu.bg/pdfs/D.%20Popova_2018-e-journal.pdf).

The contribution of the Bulgarian family business to the development of economic processes in the country is significant. Proof of this is a study by the National Statistical Institute, which shows that the added value that the family business in Bulgaria adds to the GDP for the country is 10.5%. Also, the family business in Bulgaria has a significant share in the turnover of all companies in the country, and namely 12.42%. The result of the operation of this business is the relative share of the investments made, which represents 16% of all investments in the country. In addition, the family business provides employment for more than 1/5 of the working people in Bulgaria (www.nsi.bg).

At the same time, opportunities for quick decision making, flexibility, and thinking for the business in a long-term perspective are very important for the progress of the family business. A distinguishing feature of family businesses, such as the mastership, is one of the conditions for maintaining high quality, which is also a guarantee for business success (Madgerova & Kyurova, 2014, p. 6). Moreover, for the future development of the family business, especially in the sector of small and medium enterprises, it is necessary to ensure the effective solution of one of its most complex problems - the interweaving of economic and family interests and the achievement of a balance in family-business relations in regard to the fulfillment of the economic role of the company and the social role of the family (Madgerova & Kyurova, 2014, p. 8).

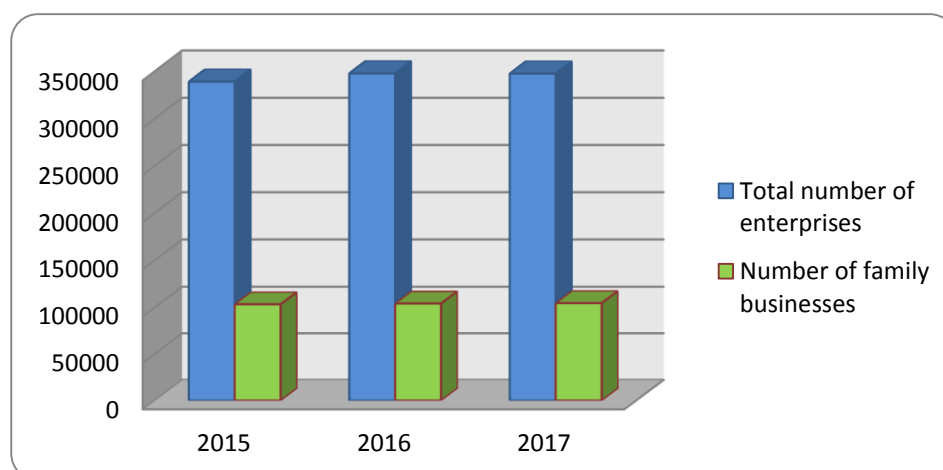
MATERIAL AND METHODS

Statistical data from the National Statistical Institute, and in particular from Infostat, are used to achieve this objective in the development. Data processing, analysis and evaluation were performed using statistical methods.

ANALYSIS AND DISCUSSION

For the purpose of achieving a more profound and precise discussion of the issue, we consider it important to outline the profile of family business. According to the latest data from the National Statistical Institute (through the INFOSTAT program) in 2017, about 105 thousand family-type enterprises operate in Bulgaria, and compared to 2015 they have increased by 1219 companies (Figure 1). Family companies represent 30.5% of all companies in the country in 2015. There is almost no noticeable change in the ratio between the number of family-type companies and the total number of enterprises in the country over the next two years. During the mentioned period, the companies in the country have grown by 8555. Of these, 14% are family businesses.

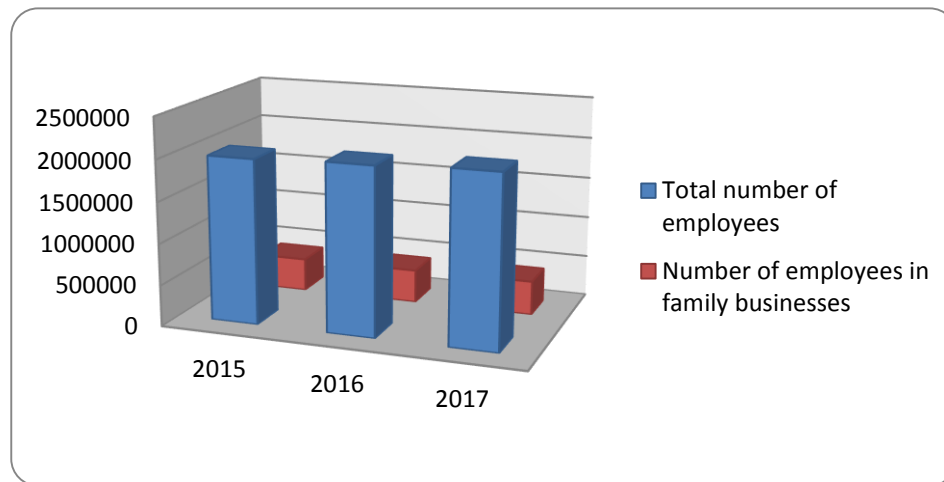
Figure 1. Number of enterprises in the Republic of Bulgaria for the period 2015-2017 - total and family-type enterprises



Source: composited by the author according to NSI, 2019 (www.nsi.bg)

According to the research done by the authors, it shall be noted that in 2017, the family business provides employment to almost 415 thousand working persons. Their number increased by 15 417 between 2015 and 2017, which is an increase of 3.8%. In 2017, 21% of those employed persons in the family business are owners and members of their families. The absolute number of workers and employees for the period from 2015 to 2017 increased by 7720 (Figure 2).

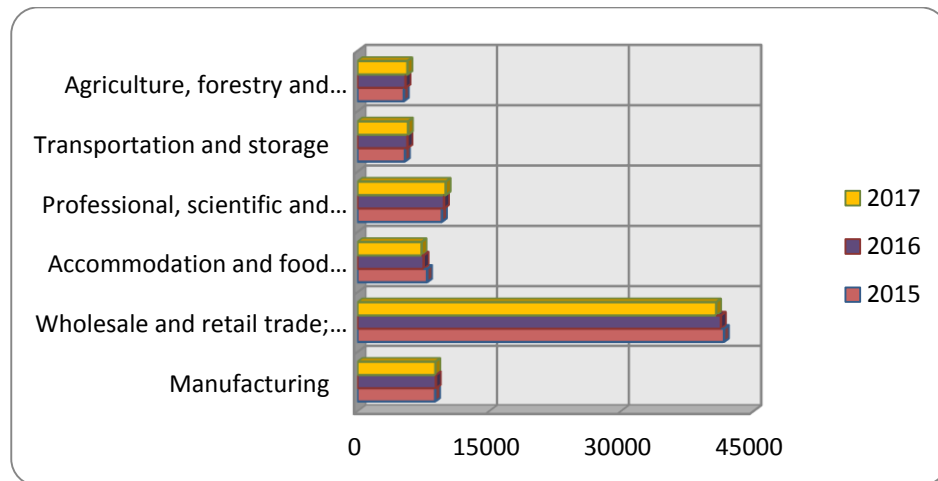
Figure 2. Number of employed persons in Bulgaria for the period 2015-2017 - total and by family companies



Source: composited by the author according to NSI, 2019 (www.nsi.bg)

The empirical study made by the authors regarding the structure of family business by economic sectors in Bulgaria is of interest. There is a positive trend in the presence of family business in all economic activities and sectors of the economics. After a survey of family business by fields for 2017, it was found that almost 40% of companies are in the field "Trade; repair of cars and motorcycles" (Figure 3). The opportunities for entry into this market sector are high, but the risks to a small family business are quite high. Large points of sale take a big share of the market, and accordingly, the majority of the consumers prefer to shop everything they need from one place. Although new family companies are being created constantly, for the research period, the enterprises in the sector "Trade; repair of cars and motorcycles" are decreased by 885. The number of employees in the trade is over 126 thousand (39%), which shows a serious share in the family business (Figure 4). For the period under review, the number of employed persons has increased by 1.1% or exactly by 1396 persons.

Figure 3. Structure of the family business of the six economic sectors with the largest number of enterprises for the period 2015-2017

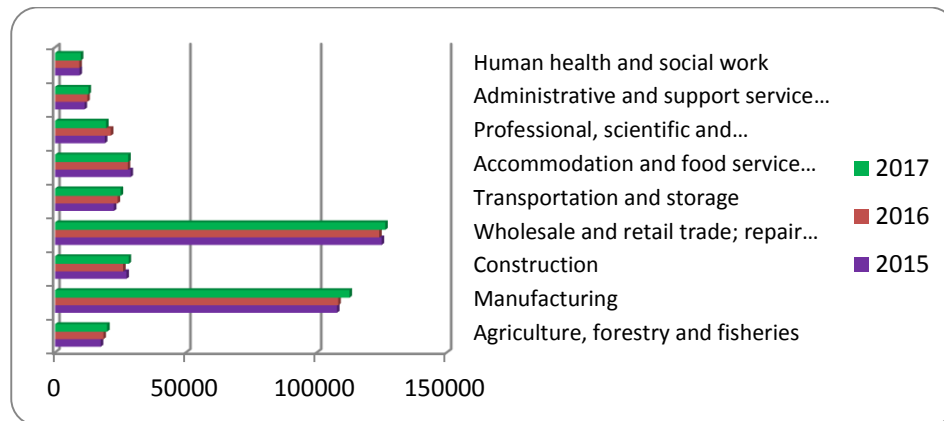


Source: composited by the author according to NSI, 2019 (www.nsi.bg)

The survey results show that the companies in the field of research and professional activities are in the second place in the sectoral structure of the family business. In 2017, they were 10 045 in number or 9.6% of family businesses. They include family micro enterprises of artificers and craftsmen. The employed persons in this field are 4.7% or almost 20 thousand persons.

Third in proportion are ranked family-type companies operating in the processing industry, or exactly 8879 enterprises. It is interesting to note that their employment exceeds 112 thousand persons, which represents 27.14% of all employed persons. This means that there are more medium and large family enterprises in this sector. Family business in economic sector “Hotel and restaurant industry” is ranked only fourth, with only 7% of active companies. This sector, together with the Construction sector, shares the third place regarding the number of employees for the survey period (Figure 4).

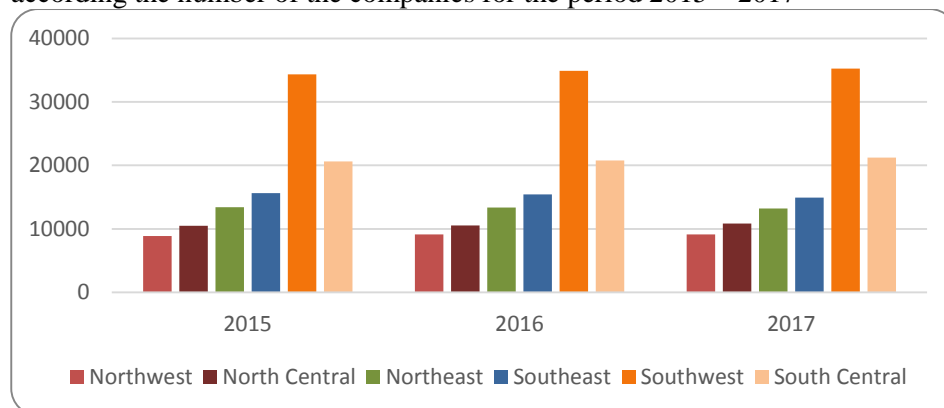
Figure 4. Number of employees in the family business structure by economic sectors



Source: composited by the author according to NSI, 2019 (www.nsi.bg)

Of interest is the distribution of family business by region in Bulgaria. In this regard, the data in Figure 5 show that in 2017, most family companies operate in the Southwest region, followed by South Central, and at least in the Northwest. The study conducted by the authors found that during the examined period between 2015 and 2017, more than 700 family-type companies were closed in the Southeast region, while in the Southwest region they were 2.7% more than at the beginning of the period.

Figure 5. Distribution of the family business by statistical regions (NUTS 2) according the number of the companies for the period 2015 – 2017



Source: composited by the author according to NSI, 2019 (www.nsi.bg)

In respect of the number of employed in family business by economic regions, it is necessary to be noted that their number is highest in the Southwest region but the highest share of increase during the examined period belongs to the employed in the South Central region. There the absolute amount of the increased number is equal to 6030 persons. In the Southeast region there is a tendency for dismissal of employees with more than 4000 (see table 1 in details).

Table 1. Distribution of the number of employed in the family business by statistical regions (NUTS 2)

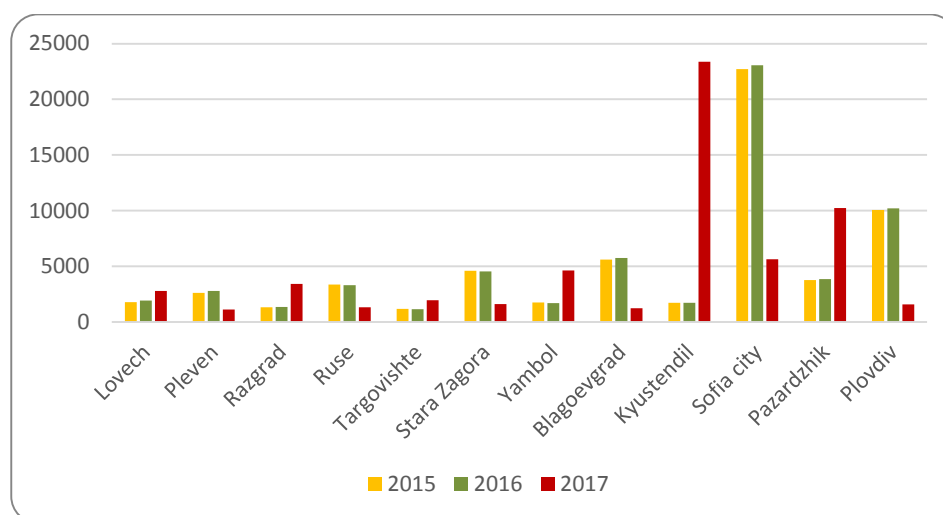
Year	2015	2016	2017
Total for the country	399414	402852	414831
Northwest	35175	37015	39036
North Central	44292	44852	47512
Northeast	53281	53202	55799
Southwest	59703	57276	55616
South Central	124999	127923	128874
Southeast	81964	82584	87994

Source: NSI, 2019 (www.nsi.bg)

Figure 6 illustrates the distribution of the family companies by regions in Bulgaria and in which regions it is noticed significant dynamics of the number of enterprises during the examined period. The comparative analysis for the same period in comparison with the other regions and in the same time the relatively unchanged number by regions in the country shows that the family business has changed its address registration. It is very interesting the increase of employees in the same dynamics and regional direction.

According to the authors, the significant dynamics in the number of companies in nearby regional towns, such as Kyustendil and Sofia-city, Pazardzhik and Plovdiv, Yambol and Stara Zagora, and other towns, is caused by the fact that in the small towns the employees have lower standard of life, respectively lower salaries and lower costs which attracts the companies. In this way they reduce the costs and decrease the unemployment in the smaller towns. On their part, the family enterprises support the prosperity of the small towns thanks to the examined mobility between the nearby regional centers. They open new working places, develop different economic activities and encourage competitiveness in the regions.

Figure 6. Distribution of the number of companies from the family business by statistical regions (NUTS 3) for the period 2015 – 2017



Source: composited by the author according to NSI, 2019 (www.nsi.bg)

It can be also paid attention to the fact that Kyustendil is closer to the frontier region in comparison with Sofia which predetermines the connection and the relations with the neighbouring countries and the European projects in a purely economic aspect. In the same train of thoughts, Plovdiv and Pazardzhik are defined as future industrial regions for the country. The fact that the employees in Pazardzhik receive lower salaries than those in Plovdiv again suggests the reason for the change of the address registrations of the companies of family type.

The results of the survey show that in order the national economy to function successfully, it is important the share of family companies in the country, as well as the significant number of employees in these enterprises. In connection with this, the stimulation of the family companies is of great importance because the family business has a great quality relating to the combination of its three basic directions – ownership, family and business.

CONCLUSION

The thorough study of the analysis and the evaluation of the status of the family business in Bulgaria furthers for the right determination of the direction of development of business. The dynamic and unexpected changes of market

environment impose the optimal using of the available resources in business, creation of added value and last but not least is the achievement of competitive advantages.

On the basis of the analysis and the evaluation of the status of family business in Bulgaria, the following conclusions can be made:

» during the examined period it is noticed a tendency relating to the increase of the number of family companies which on the background of the dynamic changes in the economic life and in the same time the number of bankrupted family enterprises is brought as a positive trend;

» it is proved the increase of the number of employed people, hired workers and employees in family enterprises;

» there is a positive dynamics in the structure of the family business by economic activities and sectors;

» in respect of the distribution of the family companies by regions, it is proved the unprecedented change of the address registration.

The importance of the family business relates to the provision of employment, market flexibility, acceleration of the local, regional and national development, entrepreneurial spirit and new business culture, as well as provision of development of civil society. The family business is accepted as a foundation of the middle class and it represents a traditional way for the carrying out of economic activity.

Although that the Bulgarian family business functions in almost all sectors of economy, it is necessary to be understood the need of support on behalf of the country for the development of this business. Unconditionally, without the state assistance the formation of economy in which the role and the importance of family business are analogical to those in the countries from the European Union is impossible.

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PHILANTHROPY OF THE BUSINESS SECTOR IN ISRAEL

Tamir Rozental¹

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Abstract

The article describes the patterns of social responsibility in Israel based on two elements: one element is obedience to the law and the other is philanthropic activity. Ma'aleh is a non-profit organization that ranks leading companies in social responsibility and surveys philanthropic activity.

Keywords: social responsibility, Maala Organization, Israel, philanthropic, Business, contribution, Non-Profit, Companies

JEL Codes: A 130

THE PATTERNS OF CORPORATE SOCIAL RESPONSIBILITY IN ISRAEL

According to the research study of Dr. Abu Inbal from 2013, the fact that the Israeli field is not a product of social struggles and that its channels of import are characterized by a market orientation shaped to a great extent, according to Barkai (2008), its character. In the global space and in Israel, there is a wide variety of models of social responsibility, which are almost all based on two elements:

1. The obedience of the law of the state and the adherence to the agreed-upon international standards in the fields of work relations, human rights, and environmental protection.
2. Philanthropic activity that includes financial donations and involvement of the workers in the community (Carasco, Singh, 2003).

However, work relations and environmental protection obligated them to adopt and to develop models that directly address the implications of their business activity on these issues. The corporations in Israel adopted less complicated models of social responsibility that emphasize the philanthropic component of social responsibility and ignore almost completely the components

¹ SWU “Neofit Rilski” – Blagoevgrad, Faculty of Economics, Management and Marketing Department, PhD Student, tamirroz@gmail.com

that pertain to the intra-organizational practices and moral social implications of their business activity (Barkai, 2008).

The few research studies performed in Israel support these conclusions and indicate that the development of the field of social responsibility in Israel focuses on the methodical translation of the concept into philanthropic practice and the formation of the idea of the social responsibility of corporations as a marketing device (Barkai, 2003, 2008; Kreizler, 2005; Shamir, 2007; Toledano, 2003). Reichel, Gidron, and Shani (2000), who examined the relationship between the indications of social responsibility and the firm's organizational characteristics and different dimensions of social responsibility found that the pattern of social responsibility of the business sector in Israel is characterized for the most part by randomness and lack of method and that for the most part social responsibility is still not perceived as an integral part of the business activity (Reichel et al., 2000). Toledano (2003), who followed up in her research study after the processes of the development of a strategy of social responsibility in a large Israeli corporation in the food industry, found that the process of the construction of the organization's social strategy is very similar to that of the construction of a commercial brand and that the goal was not social change or improvement of the organization's social and environmental performances but improvement of the organizational image. Toledano also found, in the practices and in the discourse of the social responsibility accepted by the organization she researched, the identification of the concept with actions of contribution and involvement in the community, with the avoidance of the relationship between the organization's social performances and its main business activity.

The research of Kreizler (2005), which examined the perception of the social responsibility among 65 firms traded on the stock market, found that social responsibility is perceived by the Israeli corporations as a primarily philanthropic action based on charity and community support. According to Kreizler (2005), all the expressions and references related to social responsibility found in the reviewed financial statements reflected the reduction of the idea of social responsibility to only philanthropy and the 'involvement in the community' was found to not be related to the corporation's main areas of occupation and to the topics that characterize its system of decision making. In her research study, Kreizler (2005) did not find evidence indicating that the corporations perceive the need to be more socially responsible as an integral part of their ongoing business activity.

Despite the broadening of the discourse in Israel that engages in social responsibility in recent years, as well as the broadening of the activity and

cooperation between businesses and mediating organizations in the field (for example, Maala, Zionism 2000 and Giving), findings that indicate a perceptual change regarding the social responsibility among the firms were not found. A comprehensive research study performed by the Ministry of Industry, Trade, and Employment in the year 2006 that examined the scope and dimensions of the involvement of the businesses in the community (Bar-Zuri, 2008) found that about 66% of the firms declared that they do not know or know only slightly the importance of the contribution of social involvement to their economic-business behavior. The research study of Sitbon et al. (2010) that examined the social performances of firms that participate in the Tel Aviv 25 Index in the year 2009 found that the philanthropy is perceived by the corporations as a more essential and important than their policy of social responsibility and that most of the large Israeli corporations still think in terms of the 'first generation' of social responsibility.

According to Barkai (2008), alongside the prominence of the signals of the global influences on the local field, there are differences between the model adopted in Israel and accepted models of social responsibility, which adopt an inclusive strategic approach of organizational practices both towards the inside and in relation to the community. The Israeli field tends to adopt the model of corporate citizenship, which extends the perception of the good citizen towards businesses and focuses on philanthropic activity. This argument is supported by the findings of the few research studies conducted in Israel that found that according to the model forming in Israel social responsibility is shaped as a part of the mechanism of the corporation's human resources and as a part of the mechanism of the marketing of its image (Kreizler, 2005) and not as an investment that yields future revenues and as a strategy with business worthwhileness (Bar-Zuri, 2008).

In essence, according to the few research studies performed, social responsibility in Israel focuses on two main areas of social responsibility – management and policy of social responsibility and involvement in the community (Barkai, 2003; Bar-Zuri, 2008; Kreizler, 2005; Reichel et al., 2000; Shamir, 2007). These research studies show that in the past decade there has been almost no change in the perception of the business firms of the social responsibility, although more and more Israeli firms assimilate social commitment through the institutionalization of an organizational function responsible for the field, charity programs, different types of social projects, fundraising, and/or volunteer work, and their declarations of tasks that include social commitment. The level of institutionalization of the social responsibility

in the Israeli firms is low, and their practices of activity are mainly philanthropic (Shamir, 2007).

MAALA ORGANIZATION

In Israel, as in other countries, there is a considerable number of organizations that work in the 'new profession' – consulting for social responsibility. Most of the organizations do this not for profit, but some are business organizations in all respects. Advertising offices have joined the effort, and they launch campaigns for the community.

One of the main organizations active in Israel in the field of social responsibility of the business sector is the Maala¹ Organization. This is a nonprofit organization established in the year 1998 that helps businesses in Israel develop and implement a business strategy approach of social responsibility that contributes to their business success and to the improvement of society in Israel.

The Maala Organization provides the business sector with services of consulting, support, and direction throughout the entire cycle of social activity: initiation, analysis of alternatives, performance in actuality, evaluation of the results, and ongoing update on what is happening in the field in Israel and around the world for the purpose of the formation of future policy. The organization's services are provided for a fee.

Every year the Maala Organization publishes the Maala ranking for the companies leading in social responsibility. The ranking expresses many variables that enable the examination of the social responsibility of the businesses ranked at a comprehensive and in-depth level.

The businesses included in the Maala ranking are public companies included in the Tel Aviv 100 Index of the Tel Aviv Stock Exchange and the public and private companies whose revenue cycle is at least one hundred million dollars in the fields of services and trade, industry, construction, and infrastructure. A total of 66 companies participate in the ranking (47 public companies, 16 private companies, and 3 government companies).

PHILANTHROPY OF THE BUSINESS SECTOR IN ISRAEL

One of the most developed areas in Israel from among the fields of social responsibility in Israel is the involvement in the community and especially

¹ <http://en.maala.org.il/maala/about-us/>. The word 'maala' in Hebrew is an acronym standing for the commitment of businesses to society in Israel.

philanthropic activity in the business sector for the good of the third sector. Philanthropy is the donation of monies, grants, donations in kind, time, and volunteers, and it can be done by individuals, public and business organizations, philanthropic institutions, and non-governmental organizations. A research study of the Administration of Research and Economics in the Ministry of Industry, Trade, and Employment in the year 2008 found that about 8.9% of the businesses and about 20% of the workers in the business sector in Israel were involved at the time of the performance of the survey in activity for the community. About 60.9% of the businesses provided donation in kind, about 17.7% provide financial donation, and about 21.4% combined the two patterns.

Data on the contributions of the business sector for the year 2013 are presented here according to the reports of income tax and donations of the public companies traded on the stock exchange collected by the Maalah Index.

Table 1 presents the data of the income tax on the donations to non-profit organizations reported for the purpose of receiving a tax credit in the year 2013.

Table 1. Data of Income Tax on the Contribution of Non-Profit Organizations that were Reported for the Purpose of Tax Credit in the Year 2013

Levels of Donation	Total Donations Businesses & Households	Donations - Employers		Donations – Households	
		Total Donations	Number Donors	Total Donations	Number Donors
Donation Sum in Millions of Shekels	1,483	772	13,287	711	80,104
In percentage:					
Up to 2,000	3	1	36	5	59
2,000-10,000	9	3	33	15	29
10,000-50,000	16	8	20	24	11
50,000-100,000	7	6	5	8	1
100,000-500,000	15	18	5	11	1
500,000-1,000,000	7	10	1	5	0.1
1,000,000 and above	44	55	1	32	0.1
Total Percentage	100	100	100	100	100

Source: Maalah index (2014)

The table indicates that in the year 2013 the total of the donations reported to the non-profit institutions for taxation purposes was 1.48 billion shekels, of which about 772 million shekels were donated by about 12, 287 businesses (52% of the reported donations) and about 711 million shekels by households (48%). However, there is a difference in the sums of the donations. Thus, 55% of the business donations were received from the donations of more than one million shekels and were donated by 1% of the business donors, as opposed to 32% of the donations of households and 0.1% of the private donors.

We will note that in the years 2011-2013 there was an increase in all the measures of the donation to non-profit institutions that were repeated for the purpose of taxation, an increase in the total donations, total donations from businesses, and general number of donors and businesses.

As aforementioned, the Maala Organization has operated since the year 1998. It is an umbrella organization of about 110 companies that work to promote issues of corporate responsibility and the development of standards of responsible management in Israel.

The organization has a number of instruments, including the ranking of Maala for the companies leading in social responsibility, the Maala Index in the Stock Exchange, and a database of donations of public companies:

- **Maala Ranking:** This measures from the year 2006 companies in the economy according to different criteria in areas of corporate responsibility: ethical aspects in business processes; health, safety, and balance; responsibility in acquisition; diversification and inclusion; contribution to the community; social involvement of workers; management and environmental quality strategy; climate and atmosphere; garbage, recycling, and water; corporate governance; management and social environment reporting. The companies included in the ranking are traded on the Tel Aviv Stock Exchange with an annual turnover of more than 320 million shekels or are included in the rankings of the leading companies in the economy.
- **Maala Index:** This has been traded on the stock exchange from February 2005 and is a financial instrument that represents the public companies that participate in the Maala Ranking, from the intention to create the possibility of investing in the stocks of companies on the basis of the extent of their social responsibility and not only on the basis of their financial performances.

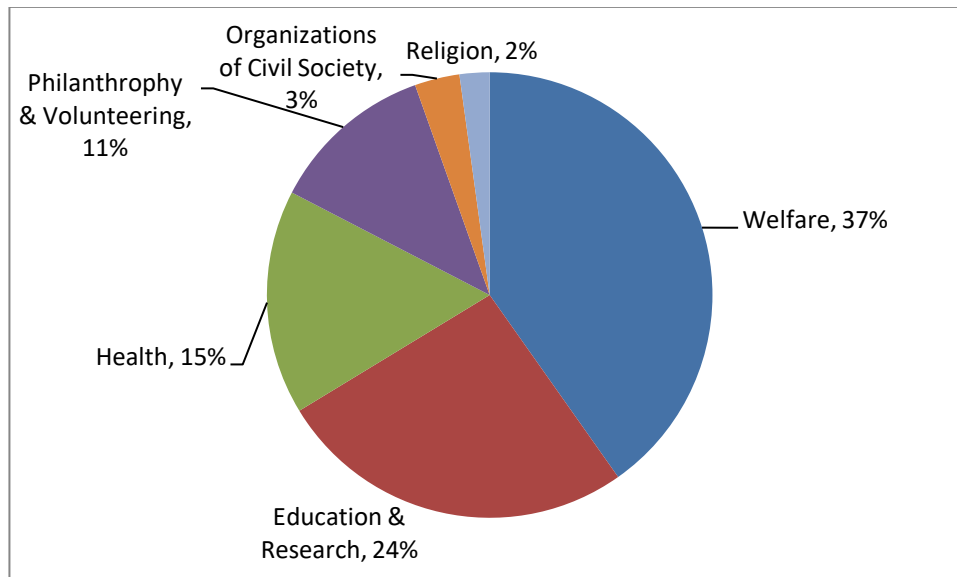
- **Database:** This is a database of the donations of the public companies in Israel, when this database is a collaboration among the Maala Organization, Tel Aviv University, and the Institute for Law and Philanthropy. It includes multi-year data on the donations of the public companies for the years 2013-2015.

Data on the contribution of public companies and workers' volunteering in the years 2015 and 2016 are presented as follows. As of the year 2015, approximately 500 public companies were traded on the Israeli stock exchange, and about 450 public companies were included in the database of donations, when of them about 218 companies reported donations in actuality.

In the year 2015 about 946.2 million shekels were donated by the public companies. This is an increase of about 28.4% as opposed to the year 2014, in which the total sum of the contributions was about 736.7 million shekels.

The following figure presents the segmentation of the areas of donation from the companies that reported the content of donation (public companies).

Figure 1. Areas of Contribution, Public Companies in Israel, 2015



Source: Maala Organization, 2016

From the companies that reported the content of the contribution, about 37% contributed to the areas of welfare, 24% to the areas of education and research, 15% to health, 11% to support of organizations philanthropy and volunteering, 8% to culture, entertainment, and sport, 3% to civil society organizations, and 2% to religion.

The data of the volunteering of workers for the year 2016 according to the Maala ranking for the leading companies traded on the stock exchange are as follows. About 7% of the workers in the companies that report regular volunteering and about 21% volunteered once. The highest percentage of regular volunteering was recorded in the sector of infrastructures in the reported companies (10%), and then hi-tech (9%), services (5%), banks, insurance companies, and investment companies (4%), and commerce (3%). The highest percentage of one-time volunteering was recorded among high-tech workers (43%), banks (32%), insurance and investment companies (21%), industry (19%), infrastructures (10%), and commerce (7%).

CONCLUSION AND OUTLOOK

In the second decade of the 21st century there was a significant improvement in the economic situation of the State of Israel. The rate of growth is high (3-4 percent per year), the rate of employment is high both relative to the past and in international comparisons, the unemployment rate is at a very low level, wages rise, the debt-to-GDP ratio is low, and Israel ranks high in the S & P index. These data will cause the extent of social responsibility, with an emphasis on the financial contributions of the business companies, to grow over the years, which is consistent with the global trend.

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LOCAL ADAPTATION VS. GLOBAL INTEGRATION OF PAY AND REWARDS PRACTICES AMONG MNCs

Anita Kyurova¹

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Abstract

In view of the opposition between integration and adaptation processes in Multinational Companies (MNCs) the article poses the question of how their relationship does influence the compensation policy in organizations. On the basis of two case studies, the BrazilCo and India's MNCs case study the article discusses the importance of their pay and rewards practices. The proposed illustrations finally emphasize the role of hybridization in view of the transfer of compensation strategies. In such a context, the concluding thoughts admit that cultural and institutional pressures influence MNCs when transferred in host countries which results in reformulation of their HRM strategies in order to be more adequate to the foreign business environment.

Keywords: multinational companies, pay and rewards, hybridization, business adaptation

JEL Codes: F42, M12

INTRODUCTION

During the last two decades, the debate of global integration vs local adaptation of HRM practices started to receive big attention (Festing et al., 2012; Pudelko and Harzing, 2007), whereas during the 1960s MNCs were mainly applying the different principles of international integration as a response to globalization (Pugh et al., 1969; Cray, 1984). Compensation practices support the strategies of MNCs, as they're "powerful tools for furthering the organization's strategic goals and impacts employee attitudes and behavior" (Noe et al., 2006, p. 462). This paper explores whether it's better for MNCs to globally integrate their practices, locally adapt them or blend both approaches, and illustrates how MNCs consider cultural and institutional influences (Chung, Sparrow, Bozkurt, 2014; Smale et al., 2013).

¹ Faculty of Business and Law, De Montfort University, UK, anita.kyurova2@dmu.ac.uk

DISTINCTION BETWEEN ADAPTATION AND INTEGRATION

Belizon et al. (2016) argue that integration and adaptation are two opposing concepts, as businesses adapt to only one in the different geographic areas. Local adaptation is preferred approach, when companies want to differentiate and adapt to the local regulations and institutions, as the national culture in some areas is deeply embedded (Belizon et al., 2016; Festing et al., 2012). Such relations can be observed to a high extent in organizations which have to operate on an international level, on the one hand, and to observe intercultural assets arising from the local features, on the other (Kiryakova-Dineva, Chankova, Hadzhipetrova-Lachova, 2017; Stoykova, 2016; Trompenaars, Bergh, 2016). Edwards et al. (2013) add that localization allows MNCs to acquire legitimacy in the local institutional environment and conform to the host socio-cultural environment and achieve competitive advantage. On the other hand, global integration is necessary when MNCs want to integrate their practices across borders, control their subsidiaries, transfer practices and have consistency and transparency in order to leverage capabilities (Cray, 1984; Rosenweig, Nohria, 1994). The main idea of centralization of HRM practices stems from the need for identical systems that organize knowledge, capabilities and people. This consistency facilitates MNCs to have common practices and objectives with their subsidiaries as well as equal and fair pay of their employees (Rosenweig, Nohria, 1994). This facilitates operational efficiencies and feeling for equality of employees (Bloom et al., 2002).

BrazilCo CASE STUDY

HRM was the area that was mainly influenced by the national differences and this is evident in the transfer of pay and rewards in host countries, where the socio-cultural context differs from the home country (Rosenweig, Nohria, 1994) and business require adaptation of their practices (Yahiaoui, 2014). This idea is presented in a case study of BrazilCo, which is a Brazilian company that transfers its operations in Canada, and didn't acknowledge the importance of the cross-cultural differences during the transfer of compensation practices (Geary, Aguzzoli, Lengler, 2017).

The subsidiaries relations with Brazilian MNCs are characterized as being integrated, where subsidiaries have limited local autonomy and respect Brazilian HRM policies (Muritiba et al., 2012). The transfer of compensation practices in Brazilian MNC is ethnocentric, where Brazilian MNCs give little autonomy on

their subsidiaries and the institutional environment creates economic dependence and high institutional power (Storgaard, 2014). This example illustrates the dominance effect of the US best practices, which are evident in German subsidiaries in Japan as well (Pudelko, Harzing, 2007), where businesses set their ‘best practices’ without the influence of the local context nor the country-of-origin context. However, even though Brazil sources its HR practices from American consultants, the institutional context of the management style in Canada had a direct impact on implementing the HR practices in the host countries (Geary, Aguzzoli, Lengler, 2017).

The company tried to integrate its pay and rewards in its subsidiaries, where it introduced pay-for-performance system, having an aggressive approach and not allowing local adaptation (Geary, Aguzzoli, Lengler, 2017). Even though the Brazilian company mimicked the best practices of the American HR model and those of other leading international companies (Ando, 2015), the challenge still remained as how to adapt them to the cultural settings. The problem that arose when implementing the pay system in Canada were the cultural impediments, creating distrust among managers and lack of confidence (Geary, Aguzzoli, Lengler, 2017).

Cultural artefacts play a major role in forming HRM practices (Laurent, 1986) and lead to hybridization of current and country-of-origin practices. Some of the structural factors that impact MNCS are related to individual performance, social benefits and employee ownership, that are more effective in particular countries compared to other (Schuler, Rogovsky, 1998).

BrazilCo aimed to create a new system that will allow 70% of the worker’s salary to be fixed, whereas 30% to be determined by the performance and 6% by the price of nickel (Geary, Aguzzoli, Lengler, 2017). Canadian workers rejected the introduction of the new compensation strategy due to the low levels of power distance and high levels of individualism, believing that the new payment and pension systems will lead to reduction in their earnings and retirement benefits as well as the management not being able to fairly evaluate the performance of the employees (Geary, Aguzzoli, Lengler, 2017). Individual incentives may not motivate employees in collectivist countries like Brazil but will influence employees in Canadian countries where there is high power distance and employees accept inequalities, and because of that MNCs need to think locally (Aguinis, Joo, Gottfredson, 2013). This example illustrates the need for a geocentric approach due to the high demand for adaptation and integration, due to the country-specific requirements and MNCs orientation (Perlmutter, 1969).

This example illustrates the hybridization method implemented, as BrazilCo amended the originally planned compensation policy to fit the Canadian subsidiary. They saved the current pay scheme by increasing the nickel price bonus from 6% to 8%, but they reduced the value of the pay-for-performance system from 24% to 22%, which was a fair approach for the Canadian subsidiaries (Geary, Aguzzoli, Lengler, 2017).

India's MNCs CASE STUDY

This case study illustrates the transfer of compensation practices from India to Australia and the impediments that Indian's MNCs face. Indian IT MNEs rely on the country-of-origin and local practices for pay and rewards of their employees in Australian subsidiaries (Patel et al., 2018). The research carried out identified that the payroll for employees is carried out in India, however, the Indian headquarters take into account the employment system, where the local wage is governed by the legal document settings (Patel et al., 2018). One of the managers in the Australian subsidiaries stated that: „The processing of payroll for our subsidiary staff happens in India; however, we take services from Australian payroll and taxation consultants to provide market intelligence regarding the payment of salaries and benefits” (Patel et al., 2018, p. 274), and this illustrates how pay and rewards are localized but managed centrally from the Indian headquarter (Patel et al., 2018) and initiates the benefits of hybridization. Indian MNCs stick to the wage awards of Australia, payment of salaries and condition for employment, however, they introduced pay-for-performance system, where salaries are affected by the individual performance.

Institutional factors influence the integration of compensation strategies when transferring to Australia, as labour legislation, pay of employees and minimum wage differ among countries (Hall, Soskice, 2001) as well as cultural artefacts like beliefs, behaviors, etc. influence the formation of practices (Laurent, 1986). Institutions create coercive pressures that affect businesses directly due to the different laws and government regulations that are imposed over MNCs. The combination of the institutions in the parent country and the environment of the host company create ‘institutional duality’, divergence in practices, which makes the transfer of HRM practices to the host country more difficult (Kostova, 1999; Solomon, Wu, 2012).

The country of origin is another aspect found in Indian transfer of compensation practices, where most of the practices of the home country are transferred to the host country (Yu, Park, Cho, 2007). This means that MNCs

transfer their best practices that led to their success in other countries, for example many US businesses transferred Taylorism systems and the formalized payment systems in the EU (Kogut, 1991).

THE CONCEPT OF HYBRIDIZATION

Both case studies illustrated the role of hybridization, where companies balanced the standardization and localization of HRM practices, creating a “culturally-animated universalism” (Bonache, Trullen, Sanchez, 2012) and resulting in global, multidomestic or multifocal strategies (Prahalad, Doz, 1987). Gamble (2010) proposed the concept of hybridization, involving the creation of new management practices through the simultaneous process of highly selective adoption, transfer and local adaptation. MNCs follow a hybrid model in order to achieve global integration, national responsiveness and worldwide innovation (Ghoshal, Bartlett, 1990), influencing the long-term competitive advantage of MNCs.

It's a preferred approach, as a mismatch between the host country environment and MNCs practices can lead to inappropriate employee behavior and difficulty in retaining staff (Chung et al., 2014; Gomez-Mejia, Welbourne, 1991). Hybridization is evident in the transfer of compensation strategies, as they aren't homogeneous in all countries and MNCs hybridize their operation to fit the environment (Grant, 1996). Hybridization has unpredictable results, as it may lead to the development of completely new and unexpected practices that resemble the transferred ones (Yahiaoui, 2014).

CONCLUSION

Standardization of pay and rewards practices is evident in limited cases between US and similar MNCs in foreign countries (Edwards et al., 2016). On the other hand, the variations of the context in different countries cannot be solved by adaptation of HRM practices, but can be seen as an opportunity for MNCs to come up with new take-up practices that will aid the operations of both the host and national MNCs (Edwards et al., 2016). The extent to which the different practices are adopted by the host country are dependent on the openness of the host institutions, as the transfer of practices is easy when the legal and cultural constraints are low (Whitley, 1992).

It's better for MNCs to hybridize their practices, bringing sustainable competitive advantage, strength and stability in the international network

(Kobrin, 1991). Cultural and institutional pressures influence MNCs transfer of practices to the host countries and force them to reformulate their HRM strategies to fit the foreign environment. The two examples illustrate that not all the time MNCs can integrate their practices, thus a notion of adaption is necessary to fit the environment.

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THE ISSUE OF INNOVATIONS IN THE AREA OF INDUSTRY

Gergana Yocheva¹

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Abstract

The increase of innovations and innovative solutions is of a significant importance for Bulgarian industrial enterprises. It is a prerequisite for the improvement and development of enterprises, as well as for their competitiveness on the market. The lack of a policy in the research and development area is a huge obstacle to their development, and puts a number of barriers before the organizational structure of the enterprises and their executive management. The major objective of this article is to analyze the issue of the development of innovations in the area of industry as the introduction of new methods and means in the production process shall bring to an improved quality of the manufactured products, smaller costs for the enterprises and increase in productivity. Various factors influencing the development of the innovation process are studied in details.

Keywords: innovation, innovation technologies, industry, enterprise, development
JEL Codes: O39

INTRODUCTION

According to the analysis made of the macroeconomic environment, labour market and state of the enterprises in the country, the reconstruction of enterprises in the working sector has been taking place at various rates in the different branches of economy in the post-recession period of Bulgarian business. The state of enterprises in Bulgaria during the recent years has been influenced by the impact of internal and external factors. This way, for example, approximately ten years ago, Bulgarian economy entered a period of recession and economic recovery began at slow rates. Investments showed a significant reduction in the post-global crisis period, and the decrease of employment rates brought to a retarded growth of consumption. On a global scale, political insecurity increased a lot, the Eurozone faced a debt crisis, while the newly occurring economies continued their market expansion. The branches of economy were differently

¹ SWU "Neofit Rilski" – Blagoevgrad, Faculty of Economics, Management and Marketing Department, PhD Student, geryiocheva@abv.bg

influenced by the changes of economic environment (Analysis of macroeconomic environment, labour market and situation of enterprises in Bulgaria with a view to the human resources development, the analysis was prepared under Project No. BG 051PO001 - 6.1.09 – 0001 „Development of a system for forecasting the demand for labour with particular characteristics” under OP HRD, pp. 2-25). On that basis it can be stated that the aspiration for building something new and better has always been the driving force for the development of society. Understanding the essence, the specificities and the mechanisms of transformation of such goals or new ideas into a product that shall meet certain needs, make profits and provide growth, matters a lot for the industrial enterprises. Obtaining and using knowledge in the area of innovations provides opportunities for precise handling of concepts and for developing a steady innovation culture (Pantaleeva, 2013, pp. 11-12).

During the recent years, innovation technologies have been accompanying the development of society and have become a particular characteristics of economy. For centuries scholars have been exploring their role and significance, but the beginning of the modern innovation concept was put some 100 years ago, as innovations are processes, activities or outcomes and the awareness of their specific parameters plays a very important role for the change of philosophy of the industrial enterprises, for opening new jobs, new sources and competitive advantages and for the formation of an innovative culture (Pantaleeva, 2013, p. 18).

ANALYSIS AND DISCUSSION

Innovations are the main driving force for productivity, as well as the increased energy and resource efficiency, the improved characteristics of goods and services and the creation of new markets. A policy in the area of innovations should stimulate the much faster development and offering of goods and services and to ensure that the EU enterprises are the first to take the market. Without innovations an industry cannot be competitive on the global market or in the area of traditional sectors (Communication from the Commission to the European Parliament, Council, European economic and social committee, and Committee of the regions, European Commission, Brussels, 28.10.2010, pp. 16-17).

Among the earliest formulations of the word “**innovation**” is that of the Austrian economist and political scientist Joseph Schumpeter. According to his economic theory, the economic development is due namely to innovations in a dynamic environment in which the old markets are destroyed and replaced by

new one – the so-called „*creative destruction*“. According to Schumpeter, it is the radical processes and not the incremental ones that are the reason for the destructive changes, which in fact drive economies. His theory emphasizes on five types of innovations:

- Launch of a new product;’
- Application of a new method of production;
- Opening new markets;
- Acquiring new sources of supply of raw materials;
- Creating a new market structure on a particular market.

In Manuel d’Oslo, **innovation** is defined as „the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations, which establish market advantages and at that increase the competitiveness of companies” (Manuel d’Oslo 3^eédition, OECD/EUROPEAN COMMUNITIES 2005).

W. Deming thinks that a new product that will perform better is introduced through innovation. “It is necessary to innovate, to predict needs of the customer, give him more. He that innovates will take the market.” (Deming, 2014, pp. 7-8). Kyurova states that the continuous development of new products and searching and taking new markets are essential characteristics of a new enterprise aiming at expanding its influence and taking leader’s positions not only on a local or national, but also on a global level (Kyurova, 2014, p. 59).

V. Iliev studies the processes of innovations that run in all the spheres of enterprises’ activities, and such spheres are to be identified and synchronized. Likening their dependencies is of a significant importance in decision making in an enterprise for stimulating innovations with a final goal and this, in fact, makes the entrepreneur’s profit. The quickly changing environment necessitates the allocation of resources for development with the purpose to undertake a timely response. In this case researchers identify four main factors determining the need for innovations and these are technological process, changing customers, strong competition and changing business environment (Iliev, 2016, pp. 5-6).

The increase of productivity, efficiency and innovativeness of Bulgarian enterprises are fundamental internal factors able to compensate to a certain extent the consequences of the worsening demographic processes. In a relatively steady outer environment, the growth depends on the combination of reforms in key sectors with investments under OP IC 2014-2020 in support of an export-oriented economy based on knowledge, innovations and sectors of high added value (“Innovations and Competitiveness” OP 2014-2020). **The innovation strategy**

for smart specialization of the Republic of Bulgaria 2014-2020 is among the compulsory prerequisites (CoM Decision 668/2012, amended by CoM Decision 102/2013, amended by CoM Decision 597/2013) under the Partnership Agreement of the Republic of Bulgaria outlining the subsidy from the European structural and investment funds in accordance with the EU Common Strategic Framework, the Specific recommendations of the Council from July 2012. The strategy is developed in compliance with two guidelines of the European Commission (published in May 2012 and November 2012) and makes an integrated document of innovation policy, policy in the area of science and digital growth. This document is prepared in compliance with the two main priorities of Europe 2020 Strategy, and namely smart and sustainable development. The main objective of Bulgaria's Innovation Strategy is */quoting literally from the accessible version on the website of the Ministry of Economy and Energy of the Republic of Bulgaria/, „improvement of competitiveness of Bulgarian industry”*. It should be noted that only competitiveness of “industry” is defined within the objective (Rusev, 2007 p. 144). Further on, it is specified that “this means building a “knowledge-based” industry, i.e. implementing new products, materials and technologies of production, management and services based on modern scientific works, that shall bring to:

- A growth of the gross domestic product;
- An increase in added value created by Bulgarian industry;
- Increase of productivity;
- Export growth;
- Improvement of the balance of payments of the country;
- Attracting foreign investments.

RESULT AND DISCUSSION

The European experience, according to K. Kerchev, proves that a specific infrastructure is needed to support the relationship between science, research and innovative companies at every stage of their development (Kerchev, 2007, pp. 165-167). Such structures are the technological units in the forms of clusters, technology transfer centres, innovational business centres and incubators, technological centres and parks, etc. The implementation of competitive programme financing of research to activate the provision of research outcomes applicable to industry and the demand by the part of the business is a way to overcome the issues to that regard. Investments in novelties provide an

opportunity to increase competitiveness of companies on long-term perspective (Belomestnov, Shipoenko, 2017, pp. 21-30).

For example, V. Belomestnov and S. Shipoenko study the issue of demand for sources for development with the transition to innovational economy. They note that with the introduction of innovations with the help of various technologies of various generations, there exists an issue of the loss of material resources that could be partially compensated by the use of intangible resources, mainly human (Belomestnov, Shipoenko, 2017, pp. 21-30). Industrial change and industrial revival according to D. Jones-Evans shall be influenced by the research-technological development. They should be directed to promoting the development of a strong sector of small and medium enterprises and the provision of efficient technology-transfer systems (Jones-Evans, 1995, pp. 39-41).

Innovation is a process, and depending on the correctness of its use it could be an instrument bringing to prosperity or destruction. A number of innovations on a short-term basis, considering some unsustainable conjuncture on the market can be successful for a certain period, after which plusses will become minuses. Therefore, V. Kalaydzhieva reckons that many scientific discoveries and their application as innovations in practice can be deemed a success for a particular enterprise or production process bringing to a financial profit, but can also have an exceptionally negative effect on a global scale, and examples to that regard are the discoveries in the area of chemistry, nuclear energy and their implementation. It should be recognized that no progress of mankind can be expected without the aspiration for innovational activities and novelties (Kalaydzhieva, 2013, pp. 40-41).

V. Kalaydzhieva supports also the thesis that there exist methods for measuring innovativeness and competitiveness having regard to classification of innovations in product, technological and organizational, which supposes involvement of certain characteristics into their assessment (Kalaydzhieva, 2016, p. 353), such as:

- introduction of products featuring new properties;
- application of new technologies;
- implementation of new techniques;
- changes in the organization of production;
- changes in staff's qualification.

M. Filipova and R. Yuleva state that for the efficient management of innovations, a manager plays an important role as he/she is the one responsible of this function, of focusing the development and of reducing the time needed for the market launch of a new product or service, which on its part shall bring to

greater competitive advantages and economic benefits for the company. Innovation management is a mean influencing competitiveness together with innovational culture, innovative strategy, capacity and discipline that makes innovations working and sustainable for the organization. All these shall contribute to the improvement of technology and technique, of product or service characteristics, of the company organizational skills, as well as of to the formation of its “distinctive competence” with regard to its major competitors (Filipova, Yuleva, 2018, pp. 215-228).

The national strategies for the industry are aimed at re-industrialization and development of innovative industries not polluting the environment, being energy-saving and that shall serve as fundamentals for the development of modern industries. According to I. Hristova-Balkanska the processing industry in the country has gone through many and different stages of structural reconstruction that brought to changes into the correlation between heavy and light industry and to reduction of the numbers of employed in the branches of industry in Bulgaria (Hristova-Balkanska, 2017, p. 171).

G. Mateev focuses the attention on the modern innovation in production implemented mainly through information technologies. He emphasizes that during the industrial revolution era machines replaced human physical labour, and nowadays it is mainly the computers and telecommunication technologies that expand and facilitate intellectual activities related to the implementation of production in all the branches and businesses of an economy. It can be said that in the area of industry management modern technologies have brought to radical changes with regard to the scales and precision owing to which the information necessary for decision making is being processed (Mateev, 2015, pp. 52-53).

In K. Kercheva's opinion, the lack of adequate public and private sources of financing of novelties is a major problem faced by the innovational activities of Bulgarian enterprises, and for the most of them their internal resources are the main source of financing of such activities. Investments in novelties provide the opportunity to increase the companies' competitiveness on long-term basis (Kerchev, 2007, pp. 165-167).

According to the **Organization of Economic Cooperation and Development**, innovations can ensure sustainable prosperity of the country and industrial enterprises. Therefore, P. Kotler et al. state that innovations contribute to the development of many sectors of economy. Automation has not only increased productivity but has also given rise to fears related to the loss of jobs in the larger part of the branch industry (Kotler, Kartajaya, Setiawan, 2019, pp. 59-60).

According to V. Kyurova, in the situation of nowadays new products should be developed all the time, new markets should be sought and taken, and this proves to be the main characteristics of every enterprise in the industry, and all the enterprises should aim at expansion of their influence and taking leader positions not only on local or national levels, but on a global level, too. The author draws some summarized conclusions: the innovation potential exerts a significant influence on enterprises' competitiveness, and there exists a close dependence between the level of innovation potential and the competitiveness. The great significance of the innovation potential for the competitiveness of the enterprises necessitates continuous, purposeful managerial actions aimed at optimization of innovation activities and development and application of efficient, adequate and dynamic changes in the innovation strategy in a competitive environment (Kyurova, 2015, pp.195-196).

It could be stated that in modern society Bulgarian enterprises in the area of industry face many issues related to the organizational structure, marketing, management, opening new markets, and successful sales of goods, products and services. This issue is also analyzed by B. Koyundzhiyska-Davidkova who reckons that only a small number of enterprises allocate funds for innovations on annual basis. Most of the industrial enterprises do not implement marketing and organizational innovations, do not aim their efforts at the development of product innovations, do not implement technological or process innovations, and those spending money on research and development activities are also a small number (Koyundzhiyska-Davidkova, 2016, pp. 203-210). A. Sotirova also emphasizes that innovative development of industry has no alternative without the creation, mastering and use of new knowledge as it remains of major importance for the achievement of real economic and social outcomes, and its bearers – a major resource for development of innovation processes, a major resource for economic and social progress. In this case the human factor's role for the development of innovational processes is undisputed and this brings to the issue of its development, of its preparation and training for increasing its knowledge and capacities for the implementation of innovations. The significant backwardness of Bulgarian industry in terms of innovational development as compared to the other EU-member states, brings to the necessity for implementing a purposeful governmental and corporate policy for the increase of the human factor's role in innovational activities (Sotirova, 2015, p. 53).

During the recent years, regardless of the unfavourable surrounding environment and reported decrease in production capacities, innovations and investments in industry has shown an accelerated rate of increase related to the

growth achieved in a large part of the export-oriented businesses. Foreign demand remains suppressed and this influences adversely the entrepreneurs' assessments of business environment, level of industrial orders, as well as the expectations for dynamics of prices and number of employed in industry. Regardless of that economic activity in industry has increased as a result from the increased demand in a part of the export-oriented businesses and some recovery observed at the domestic market. The growth of industrial production was implemented in a situation of a retarded drop of prices of oil and non-energy raw materials, the negative dynamics of which continued its retarding impact on the change of economic activity indicator (Economic activity indicator in Bulgaria, Ministry of Finance, "Economic and Financial Policy" Directorate, 2013, pp. 2-4).

CONCLUSION

The issue of innovations in the area of industry has been a significant topic for discussion for many years. Within the period of transition from adjustment to new technologies, industrial enterprises need the introduction of new approaches and technologies, improvement of marketing productivity, implementation of new organizational and product innovations, new processes in the search of new markets. Enterprises in Bulgaria also require enhancement of entrepreneur's spirit, stimulation for the establishment of business by young people, and a growth of small and medium enterprises. The attraction of direct foreign investments, shall, for example, contribute to the implementation of new knowledge, experience, to the increase of production, which, on its part shall contribute to a more intensive competition between the enterprises themselves, to qualification and employment of manpower, to growth of people's standard of living. But, regretfully, only a small part of modern industrial entrepreneurs allocate the resources required for the implementation of such activities and this, as a whole, has its influence on their development and progress.

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THE THEORY OF “ECONOMIC COMPLEXITY AND PRODUCT SPACE”: WHAT IT MEANS FOR ECONOMIC DEVELOPMENT IN GENERAL, AND FOR BULGARIA IN SPECIFIC

Geert M.J. Termeer¹

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Abstract

Ricardo Hausmann (Harvard University) and Cesar Hidalgo (MIT) developed the “Economic Complexity and Product Space” theory, which is based on their findings that the cumulative amount of knowledge in a country is central to the overall economic development of that country. They found that highly developed countries produce and export many different products and services, and in addition produce products and services of a high complexity. Their theory is made concrete and visualized in the “Atlas of Economic Complexity”, also referred to as the “Observatory of Economic Complexity”, which offers useful tools like: the Economic Complexity Index (ECI), which expresses the quantity of complexity of a country; the Product Complexity Index (PCI), which expresses the complexity of a product; the Product Space, which visualizes how many different products a country exports, and in what complexity; the Complexity Outlook Index, which expresses the value of the option to move into more and more complex products, given how far they are from a country’s current position in the Product Space. The Atlas hence translates the theory in concrete tools, useful for countries, regions and companies, which want to speed up their economic development. In this article we present the theory; highlight the useful tools; mention some improvements the scholars still want to develop; and provide some recommendations based on the theory of Economic Complexity and Product Space in general, as well as for Bulgaria.

Keywords: *Economic Complexity (Index), Product Complexity (Index), Complexity Outlook (Index), Product Space, (tacit) knowledge, knowhow, capabilities, diversification, connectedness*

JEL Codes: *O20, O12, F61*

INTRODUCTION

Ricardo Hausmann, and Cesar Hidalgo developed the “**Economic Complexity and Product Space**” theory, which is based on their findings that

¹ MBA at IESE University, Barcelona; cum laude drs. (MA) at the University of Amsterdam in Slavic languages and literature; PhD student at South-West University, Blagoevgrad; career in organic consumer goods and trade, geerttermee1@gmail.com

the cumulative amount of knowledge in a country, expressed in its production, and especially in its exports, is central to the overall economic development of that country. They found that highly developed countries produce and are able to export many different products and services, and do so in different product clusters. But highly developed countries also produce and export products of a high complexity. For the production of the many different and complex products and services, big amounts of specialized knowledge and increasingly complex webs of organizations, institutions and markets are needed. The development path of a country is hence determined by its capacity to accumulate the capabilities that are required to produce varied and, in particular, more sophisticated goods. Therefore, the overall complexity of a country's productive structure is the key variable in order to explain growth and development: countries' different abilities to accumulate capabilities explain differences in their performance. In this theory of capabilities, economic development is not only a process of continuously improving upon the production of the same set of goods, but also more importantly, a process that requires acquiring more complex sets of capabilities to move towards new activities associated with higher levels of productivity.

THE THEORY OF “ECONOMIC COMPLEXITY AND PRODUCT SPACE”

Ricardo Hausmann of the Center of International Development (CID), Harvard University; Cesar Hidalgo of the Massachusetts Institute of Technology (MIT); and key assistants (hereafter “Hausmann et al.”) developed as from 2006 the theory of “Economic Complexity and Product Space”, and publish the online “Atlas of Economic Complexity”, also referred to as the “Observatory of Economic Complexity” (atlas.cid.harvard.edu; atlas.media.mit.edu (oec.world/en)) (hereafter “Atlas”) (The official references for the Atlases, 2011). The theory is based on their findings that the cumulative amount of knowledge in a country is central to the overall economic development of that country. The theory develops the following logic:

1) Hausmann, Hwang and Rodrik (2006) conclude that two facts related to the structure of exports drive the policy literature on export diversification: 1) As income per person rises, the range of export activities becomes more diverse; 2) Countries that export more sophisticated products (primarily manufactured by countries at higher income levels) tend to grow faster (Hausmann, Hwang, Rodrik, 2006, pp. 1-25). Sutton (2012) notes that a reason may be that more

diverse economies are better able to take advantage of opportunities in global markets (Sutton, 2012, pp.1-128). UNIDO (2009) also finds that differences in diversification and sophistication are strongly related to differences in long-run growth in developing countries (United Nations Industrial Development Organization, UNIDO, 2009, pp.1-143).

2) Hausmann et al. show that (highly) **developed countries produce many different products and services**, and do so in different product clusters. They use the term “**diversity**” as being a measure of how many different types of products a country is able to make and export. The production of a product requires a specific set of knowhow, and its export expresses global competitiveness; therefore, a country’s total diversity is another way of expressing the amount of collective knowhow held within that country in order to produce the diverse products it produces and exports. For the production of the diverse products, many different sorts of knowledge are needed.

3) **Highly developed countries also produce and export products of a high complexity**. For the production of complex products big amounts of specialized knowledge, and increasingly complex webs of organizations, institutions and markets are needed. **Complex economies** are those that can weave these vast quantities of relevant knowledge together, across large networks of people, to generate a diverse mix of knowledge-intensive products.

4) The cumulative amount (width and depth) of knowledge in a country (or e.g. region, cluster, city, company) is crucial for the overall **development** of a country (region, cluster, city, company). The “complexity literature” in effect implies that development is slow for countries with less developed (tacit) knowledge specialization, which hence have productive structures geared towards low-productivity and low-wage activities, producing mostly low valued commodities or agricultural products. But development is fast for countries with developed knowledge specialization, which hence can produce many, and complex products and form productive structures geared towards high-productivity and high-wage activities.

5) Individuals can only hold a limited amount of knowledge (“**personbyte**”). For an economy to develop through product diversity and complexity, it is hence crucial that many different individuals acquire a diversity of know-how (knowledge specialization), which then can be used and combined by companies to produce complex products (or e.g. for governments to create and manage complex institutions). The secret to **modernity** is that we collectively use large volumes of knowledge, while each one of us holds only a few bits of it. Societies function and develop because its members acquire that

knowledge (knowhow) and form webs that allow them to specialize and share their knowledge with others.

6) The crucial knowledge is **tacit knowledge**, which is acquired by a person by time-intensive processes of imitation and repetition, and hence only exists within brains. It is crucially needed knowledge within production, as it forms the base of the knowhow needed to produce a product or service. It requires costly and time-consuming efforts to be obtained, and is hard to transfer and hence normally constraints the process of growth and development. Ultimately differences in prosperity are related to the amount (depth and width) of tacit knowledge that societies hold, and to their ability to combine and share this knowledge. As obtaining tacit knowledge is a long and costly process, people (companies, clusters, regions, cities, or even countries) specialize. “Internally coherent” pieces of tacit knowledge, which can be put in productive practice, are referred to as “**capabilities**”. Some of these capabilities have been modularized at the level of individuals, while others have been grouped into organizations and even into networks of organizations (“clusters”).

7) The main way for a society to **maintain** (and expand) its **tacit knowledge** base and capabilities is in the productive setting: **by producing products**. When not used, tacit knowledge tends to disappear.

8) **Specialization** allows societies to store more knowledge (personbytes), but even more crucial is how to put the different chunks of specialized knowledge to use, and that is translated in the diversity and complexity of products and services produced. **Economic Complexity** is thus a measure of how elaborated and complex this network of interactions is, and of how much productive knowledge a society is able to mobilize, and is therefore expressed in the composition of a country’s productive output, which reflects the structure that emerged to hold and combine knowledge.

9) Porter (1990) argues that productivity is the main factor for **international competitiveness**, and that the standard of living of a country’s population can be improved as a direct result of increases in productivity. (Porter, 1990, pp.1-857), Sölvell (Sölvell, 2008, pp.1-137), and Porter (2011, 2012), state that innovativeness is stimulated by competitiveness. Companies play a crucial, but not exclusive, role in thriving innovativeness and are especially triggered to innovate, when they have to compete in international markets. Fujita, Krugman and Venables (1999), and Ketels, Lindqvist and Sölvell (2013) find that companies and clusters with international trading opportunities and global competitive exposure are the most dynamic and form the crucial key drivers for innovation, and the creation of more secure and higher paid jobs (Fujita,

Krugman, Venables, 1999; Ketels, Lindqvist, Sölvell, 2013, pp. 1-55). Although there are more jobs in the local economy, the traded economy is the real fundamental economic driver. It provides the longer term dynamic and growth opportunities. Obviously the world's export and import market, with a size of USD 16,3 trillion in 2017 (atlas.media.mit.edu), provides countries, regions and companies with a far bigger market than a local market can, even more so if a country has a small local market (Yuleva, 2019, pp. 25-35). Export markets give countries therefore enormous opportunities in scale, turnover and jobs. Hausmann, Rodriguez and Wagner (2006) also find that economical crises will last shorter (than can be expected as the result of business-cycle dynamics), and the recovery from a crisis is faster when export flexibility is higher (Hausmann, Rodriguez, Wagner, 2006, pp. 1-40). Because of these reasons, Hausmann et al. **measure complexity by looking at the mix of products that countries are able to produce and sell in the competitive global market.**

10) The production of complex products, and hence the economic development of a country, can thus be measured by analyzing the product mix a country can successfully export to the world market, reflecting its competitiveness in the specific fields. For countries this quantity of complexity is expressed in the **Economic Complexity Index (ECI)**, and the complexity for products is expressed in the **Product Complexity Index (PCI)**.

11) Hausmann et al. also state to be **able to predict how an economy will develop**, by expressing in a regression line the GDP per capita versus the overall complexity. Doing so per country concludes that complexity and income per capita are very closely related ("on average the income of a country tends to reflect their embedded knowledge"), but also that some countries have a lower (or higher) income than explained by their complexity. This means that these countries have a relative easy (or difficult) path to growth and economic development. If on the other hand a country is richer than the regression line of complexity explains, it might stagnate, or grow slower over time, until it nears its value on the regression line.

12) Hausmann, Hwang, and Rodrik (2006) show that **not all products have the same consequences for economic development**: there are products whose capabilities can be easily redeployed into the production and export of other products (which facilitates development), while there are other products that embody capabilities that can hardly be used for the production of other goods. Based on these findings Hausmann et al. developed the **Product Space**, which is a representation of all products exported and imported in the world, where products are linked based on the similarity of their required capabilities.

When products similar in capability requirements are defined in clusters (“communities”), a world, country, region or even city Product Space can be elaborated and depicted, which explains how many different products are produced, and in what complexity.

13) Hausmann et al. evaluate a country’s overall position in the Product Space by calculating how far its products are from alternative products, and how complex these products are. This measure is called **the Complexity Outlook Index**, and it can be thought of as the value of the option to move into more and to more complex products, given how far they are from a country’s current position in the Product Space. Hidalgo, Klinger, Barabasi and Hausmann (2008) show that the Product Space indicates in how far a country can easily grow (“jump”) from one cluster community to another, where a product belongs to a product **community** if it is closer to the other members of the community than it is to products outside of the community, so: a product community consists of products, which are highly connected and use the same capabilities (Hidalgo, Klinger, Barabasi, Hausmann, 2008, pp.1-13).

The Product Space visualization shows that communities tend to have similar levels of complexity, but e.g. products in the Machinery, Electronics, or Health Related Chemicals communities tend to be much more complex than those in the peripheral communities such as Oil, or Tropical Agriculture. Hamidova (2012) e.g. finds that the simultaneous implementation of a policy of diversification of industry, and reducing the country's dependence on raw materials like oil, is a difficult task, also as e.g. the oil sector is very weakly linked to other export sectors in terms of technology and the skills used (Hamidova, 2018, pp. 2-13). Economic development in this theory is the growth path created by producing more complex products, and forming more complex communities “on the way” (“upgrading”; “climbing the ladder”). Countries are more likely to move into products that can make use of capabilities that the country already has, and will move into products that are similar in terms of the capabilities they already have available, which is influenced by the average proximity of a community’s products to all other products, where **proximity** is the measure of distance between two products used to construct the Products Space. Poorly connected communities such as Oil, Cotton, Rice and Soybeans tend to be low in complexity. Machinery, by contrast, is very complex and that part of the Product Space is highly connected. Communities of products such as Garments, Textiles and Food Processing are, on the other hand, in an intermediate position, being connected to many, but not very sophisticated products. Electronics and Health Related Chemicals are very complex, but not as connected as Machinery. This

suggests they use specific capabilities relevant within their communities, but not outside of them. The probability that a country will **produce a new product** (“jump”) is strongly related to how close that product is to other products the country already makes. So the location of a country in the Product Space captures information regarding both the productive knowledge that it possesses and the capacity to expand that knowledge by moving into other nearby products.

14) The ability of countries to diversify and to move into more complex products is crucially dependent on their **initial location** in the Product Space.

15) One implication of the Product Space is that the **lack of connectedness** between the products in the periphery (low-productivity products), and in the core (high-productivity products) **explains the difficulty of poor countries to converge** to the income level of the rich countries.

16) **What limits the speed of the complexity process?** There is a chicken and egg problem: On the one hand countries cannot create and produce products that require capabilities they do not have. On the other hand, there are little incentives to accumulate capabilities in places where the industries that demand them do not exist. Moreover, since capabilities are chunks of tacit knowledge, accumulating them in countries with few industries is difficult even when there is demand for them, because the country does not have many examples to copy. A country’s historical and actual position in the Product Space determines hence its opportunities to expand its productive knowledge and increase its level of economic complexity.

17) **The Atlas data base:** The Atlas contains trade data for 250 countries and territories, classified into 20 categories of goods and 5 categories of services (tourism, transport, ICT, finance and insurance, and others), resulting in a coverage of over 6000 products worldwide. The raw trade data on goods are derived from countries’ reporting to the United Nations Statistical Division (COMTRADE), and cleaned for CIF and FOB difference. The trade data on services are from the International Monetary Fund (IMF) Direction of Trade Statistics database, via the World Development Indicators.

FUTURE IMPROVEMENTS OF THE ATLAS

Harvard and MIT are both **publishing** and **updating** their complexity and Product Space information regularly (online), and plan to **improve their data bases further** e.g. by: - Adding numbers on a regional, and when possible also city level, in order to conclude how regions and cities developed, and can develop further in know how and (complex) product producing capabilities; - Adding

existing “skills and capabilities”, so that it can be concluded which skills are missing and what additions would contribute to diversity, ubiquity and complexity; - Including the Growth Diagnostic logic of Hausmann, Rodrik and Velasco (2005), in order to identify the binding constraints for growth of countries (regions, cities), in order for them to conclude on what to focus, where to invest, and be able to act more effectively; (Hausmann, Rodrik, Velasco, 2005, pp.1-31) - Including data on transfer of knowhow between countries (regions, cities), assisting them to understand what they can do in order to accelerate knowledge accumulation; - Elaborating a Product Gini Index (PGI) and improving a version of the Product Space, where products are colored according to their PGI, being the level of income inequality that is expected for the countries that export that product (see: atlas.media.mit.edu). Hartmann, Guevara, Jara-Figueroa, Aristaran and Hidalgo (2017) show that countries exporting complex products, as measured by the ECI, have lower levels of income inequality than countries exporting simpler products, and that a country’s productive structure thus may limit (or increase) its range of income inequality (Hartmann, Guevara, Jara-Figueroa, Aristaran, Hidalgo, 2017, pp. 75-93). Economic complexity is a significant (negative) predictor of income inequality, and that relationship is robust to controlling for aggregate measures of income, institutions, export concentration, and human capital.

SOME RECOMMENDATIONS FOR COUNTRIES, REGIONS AND COMPANIES, BASED ON THE THEORY OF ECONOMIC COMPLEXITY AND PRODUCT SPACE:

a) **Increase knowledge and knowhow** (capabilities): In this theory of capabilities, economic development is not only a process of continuously improving upon the production of the same set of goods, but even more importantly, a process that requires acquiring more complex sets of capabilities to move towards new and more complex activities associated with higher levels of productivity. Cheston (2017) finds that what faster growing countries share is a focus on expanding the capabilities of their workforce that leaves them well positioned to diversify into new products, and products of increasingly greater complexity (Cheston, Timothy, 2017);

b) **Increase the procurement, dissemination and optimal use of tacit knowledge**: As we saw Hausmann et al. believe that the slow transfer of tacit knowledge and know-how explains the slow, incomplete diffusion of technology and production around the world. Procurement, dissemination and making

optimal use of accumulated tacit knowledge, therefore stands at the heart of the economic growth process, and policies that aim to speed this up are important for the pace of economic growth, and development (e.g. by FDI, brain gain, educational programs, vocational education, exchange programs);

c) **Increase and smoothen (commercial and production) interactions and connectedness:** Most products require more knowledge than can be mastered by any individual. Those products require that individuals with different capabilities interact. Stimulating and improving this interaction is a crucial element in economic development (e.g. cluster policies, international exchanges, international student programs, infrastructural improvements);

d) **Explore different development paths:** The Product Space is highly heterogeneous, and therefore confronts countries with radically different opportunities to develop their productive knowledge, and their capabilities as embedded in society. Based on the theory there are **countries with different opportunities**: 1) Countries with too few productive capabilities to easily diversify into related products (e.g. Bangladesh, Ecuador, and Guinea). Countries with low levels of complexity tend to have few opportunities available. This is because the products they make tend to have few interesting connections; 2) Advanced countries that already produce nearly all existing products, so that “easy remaining opportunities” are basically lacking, and progress will require pushing “the world’s technological frontier” by inventing new products; a process that implies slower growth and higher innovation investments and efforts (e.g. Japan, Germany, and the United States);(Stanishev, 2018, pp. 111-119) 3) Countries with an intermediate level of complexity. This group differs greatly in their Complexity Outlook: a) Countries like Saudi Arabia, Jamaica and Chile are located in sparse parts of the Product Space, which implies that they have few easy diversification opportunities; b) Others like India, Turkey, Brazil, and Indonesia are located in parts of the product space, where opportunities are plentiful; c) Still other countries have acquired capabilities, but still have many and bigger jumps to make (e.g. Bulgaria). It shows that countries, often with similar incomes, face dramatically different opportunities and choices.

In their Atlas, Hausmann et al. visualize **how countries can move through the Product Space** and explore different development paths, by highlighting the products that each of these countries was exporting and importing with comparative advantages, at different points in time; by noting their actual situation; by showing interconnectedness in the Product Space; and show feasibility of (future) production diversification opportunities. As tools they offer: **A) Product Tree Maps**, displaying the breakdown of exports, or

imports by country, or by product in a given year (for product classes HS4 or SITC4, and with gross and net (exports minus imports) numbers); **B) Geo Maps**, displaying the shares of country trade with other countries, or by product, in a given year; **C) Stacked Charts**, displaying the breakdown of exports or imports, by country or product over time; **D) Product Spaces**, depicting the connectedness between products, based on the similarities of knowhow required to produce them; **E) Feasibility Charts**, displaying a country's opportunities for diversification based on what it currently exports (its current capabilities); **F) Rings Charts**, displaying selected product's nearby or related exports, or those products that are often co-exported by the same country. Products are co-exported based on their technological similarity, by relying on similar productive knowhow to produce them; **G) International Growth** Projections and rankings for the coming decade; **H) Country Complexity Rankings** (ECIs); **I) Product Complexity Rankings** (PCIs). In addition the MIT atlas provides: **J) PGI Spaces**, or Complexity and Income inequality Spaces, visualizing products according to their Product Gini Index (PGI), reflecting the level of income inequality that can be expected for the countries that export a product, and; **K) Overall Country Data** (e.g. GDP, and GDP per capita; top exports and imports products and destination rankings; and bordering);

e) **Define and implement a development path of diversification and complexity, based on the theory and data:** Diversification into more and more sophisticated products provides several advantages, like e.g. increasing employment, with higher salaries and bigger job security; entrance to the global economy, with higher export potential; positive spinoff effects; all supporting an overall upgrade of society. In addition the ability of companies in (lower-income) countries to export such goods indicates that they have mastered both the technology and the management practices required to be globally competitive in price and quality on that product, or in that sector. These are "high capability" companies, and economies with large numbers of high capability companies have a stronger base for productivity increase;

f) **Role for government and the public sector:** In general scholars see a stimulating and coordinating task for the public sector, but also indicate that there will always be a major role for "self-discovery" by the private sector in lifting an economy to a higher level of (export) diversification, sophistication and level of complexity.

SOME CONCLUSIONS AND RECOMMENDATIONS FOR BULGARIA, BASED ON THE ECONOMIC COMPLEXITY AND PRODUCT SPACE THEORY

1) **Bulgaria has not been very successful in improving its Economic Complexity Index (ECI) in between 1995-2017.** Its ECI went up from 0,368 in 1995, which also was its lowest point during the 22 years analyzed (e.g. in 1996 the ECI was 0,568), to 0,623 in 2017, with its highest point in 2011 (0,655). This is an improvement of 0,255, but from a low level (e.g. compared to 1996 the improvement is only 0,055). In the ECI ranking Bulgaria went up from country number 45 (1995) to 40 (2017). The **ECI of Slovakia** for instance went up from 1,32 in 1995 to 1,41 in 2017, an improvement of 0,09, but on an already relative high level. In the ECI ranking Slovakia went up from country number 16 (1995) to 15 (2017). The **ECI of Poland** went up from 0,758 in 1995 to 1,19 in 2017, or an improvement of 0,432. In the ECI ranking Poland went up from country number 27 (1995) to 21 (2017). And the **ECI of Romania** went up from 0,58 in 1995 to 1,16 in 2017, or doubling, with an improvement of 0,58. In the ECI ranking Romania went up from country number 32 (1995) to 24 (2017). Overall we can observe an improvement in complexity for all these Eastern European countries, but the progress of Bulgaria is lagging behind countries like Poland and Romania, and in absolute terms Bulgaria lags in 2017 quite significantly behind the 3 other Eastern European countries. As a reference: Japan is number one in ECI (2017), with 2,28; and Guinea is last (country number 133), with an ECI of -2,13.

2) **This lack of improvement in ECI results in a low growth projection for Bulgaria for the years 2017-2027** based on the single measure of Economic Complexity, **with a projected average yearly growth of 1,96%.** International growth projections were given during the press release by researchers of Harvard's Growth Lab at Harvard's Center for International Development (CID) in Cambridge, Massachusetts, on June 3rd 2019. The Bulgarian growth is the second lowest in Europe, with only Italy projected to grow at a slower rate during this decade (1,88%). To compare: Romania is projected to grow on average with a yearly 3,92%, Slovakia with 3,34%, and Poland with 3,14%.

3) **Bulgaria can follow the (6) practical recommendations mentioned above, making use of the Economic Complexity and Product Space theory and the Atlas data and tools, to develop a “faster path ahead” for the country, its regions, cities, and companies.**

CONCLUSION

The Economic Complexity and Product Space theory is based on findings that the cumulative amount of knowledge and capabilities in a country is central to the overall economic development of that country, and that highly developed countries produce and export many different products and services, and in addition produce and export products and services of a high complexity. These developed countries produce and export many and complex products, because of their possession and application of big amounts of specialized knowledge, and their ability to organize increasingly complex webs of organizations, institutions and markets. The level of accumulated knowledge (and especially tacit knowledge), and organizational power explains the complexity of a country's productive structure, which is the key variable in order to explain growth and development. Countries' different abilities to accumulate capabilities explain differences in their development performance, which is above all a process that requires acquiring more complex sets of capabilities to move towards more diverse, and new (more complex) activities associated with higher levels of productivity.

The traded economy is found to be the real fundamental economic driver of an economy. It had a size of USD 16.3 trillion in 2017. The production and export of complex products, and hence the economic development of a country, can thus be measured by analyzing the product mix a country can successfully export to the world market, reflecting its competitiveness in the specific fields.

The theory is made concrete and visualized in the "Atlas of Economic Complexity", which offers useful tools like: the Economic Complexity Index (ECI), expressing the quantity of complexity of a country; the Product Complexity Index (PCI), expressing the complexity of a product; the Product Space, visualizing how many different products a country exports, and in what complexity; the Complexity Outlook Index, expressing the value of the option to move into more and to more complex products, given how far they are from a country's current position in the Product Space. The Atlas hence translates the theory in concrete tools, useful for countries, regions, cities and companies, which want to speed up their economic development. The plan is that in future the Atlas will be extended with: regional data; existing and missing skills and capabilities; Growth Diagnostics binding constraints analyses; and a Product Gini Index (PGI), reflecting the level of income inequality that is expected for the countries that export certain products.

Bulgaria was not very successful in improving its Economic Complexity Index (ECI) in between 1995-2017, also when compared to other Eastern

European countries. This results, based on the theory, in a low projected average yearly growth of 1.96% for Bulgaria for the years 2017-2027, which is the second lowest growth in Europe, after Italy.

Bulgaria, and other countries (regions, cities and companies) can benefit from the tools, as well as the recommendations as drawn from the theory, being to: a) Increase knowledge and knowhow (capabilities); b) Increase the procurement, dissemination and optimal use of tacit knowledge; c) Increase and smoothen (commercial and production) interactions and connectedness; d) Explore different development paths, using the Atlas data (and hence the Product Space and Feasibility and Rings Charts); e) Define and implement a development path of diversification and complexity, based on the theory and data, in order to increase overall Economic Complexity and speed up economic development, with a government and public sector taking a stimulating and coordinating role.

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STRATEGIC APPROACH TO MANAGEMENT AND ORGANIZATION OF THE MODERN ECONOMIC ENVIRONMENT

Temenuzhka Karolova Chromy–Zhigalova ¹

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Abstract

The strategic approach to management and organization is a synthesis of comprehensive knowledge and skills for foreseeing the evolution of events, their adaptation to the changes of the environment, and thus providing for the well-deserved development of the organization in the modern economic conditions. It is impossible to use only one field of knowledge as the theory of information, for instance, in order to successfully perform strategic transformations. Only the systematic and comprehensive approach to changes can lead to positive results of the organizational activities.

Keywords: Strategic management, competitive advantages, efficient and strategic management, economic transformation

JEL Codes: D210

The basic of business management is to develop a strategy and adapt it to the specific nature of the company, and its implementation. The *strategy* of a company is a comprehensive management plan that is to establish the company on the market, providing for coordination of the efforts to win and satisfy customers, successful competition and reaching its final goal. The process of strategy development is based on a detailed study of all possible tendencies of development and activity, and it is finalized by choosing a general trend, establishing on a market that would satisfy the customers, identifying the competition methods, recruitment of resources and business models.

One of the main issues for each organization that is operating on the market is to create conditions for efficient activities that provide for its continuous development.

Depending on the existing external conditions and the internal circumstances, this issue receives different settlement by the different

¹ Department of Economics, South-West University “Neofit Rilsky”, Blagoevgrad, Bulgaria, Assoc. Prof. PhD, tkarolova@abv.bg

organizations, and the common thing is the hard work and persistent analytical work to establish, implement and maintain the *competitive advantages*.

The term competitive advantage involves the possibility that the company would be better (in certain aspect of its activity) than its rivals. M. Porter points out two main sources of competitive advantages – maintenance, costs and differentiation (Porter, 2003).

Actually, these courses can rely on considerably larger number of factors. In fact, the high reputation of the company, availability of qualified personnel, application of modern methods and management systems, development of marketing activities, long-term relations with customers, etc., result in the formation of competitive advantages of large scale that are connected with cheap workforce, access to cheap resources, etc., which are not that lasting because these can be easily used by the competitors.

Besides, the availability of specific advantages (as cheap raw materials, specific technology, and concrete suppliers) increases the probability of rivals to take away these advantages from the organization. In some cases the organization would give up some of their competitive advantages in order to prevent the imitation of their production.

One of the factors that would preserve the leading role of the organization is the research, scientific and technical work. The *innovation process* allows the companies to start implementing their competitive advantages on a larger scale and increase the number of their sources (Karolova, 2003, p. 53).

It needs to be pointed out that the competitive advantages are not to be taken for granted – they are formed and maintained only by continuously enhancing all spheres of the activity which involves labor-intensive and, as a rule, costly processes. Companies need to understand and assess well their competitive advantages. And it is precisely the point that identifies the increasing role of the strategic approach to management.

The interest in the strategic method is determined by the influence of a number of factors as the rapid macroeconomics, globalization of business, increased competition for resources, development of information network, changes of human resources character, appearance of new business possibilities due to the innovation technologies, free access to modern technologies, new needs and change in customers' positions.

It is obvious that the strategic management appears to a great extent not only as a reaction to the sharply increased environmental dynamics but as a possible search of compromises in taking multi-purpose decisions. At the same time, some of the companies do not attach great importance to the strategic aspect

of their development and do not give appropriate attention to the issues of strategic management. The following can be listed as the most important reasons for such position:

- The roles of the companies require complete information about the real position of their firms;
- Managers, acting as good teams, divide between themselves their stereotype views about the conditions of the external and internal environment of their enterprise and ignore any other negative information that is incompatible with their assessment;
- Past successes of the company deprive from having an objective estimation of the current status;
- Managers are not able to correctly assess the specific advantages of their companies and do not comprehend that they are the prerequisite for better results;
- Usually managers are preoccupied with solving current tasks;
- Managers regard any change in the direction of company development as an admission of mistakes made in their previous activities.

Contrary to the above-listed reasons, there are a number of factors that force management to regard the activity of their companies in strategic perspectives. The following can be added to these factors: considerable lowering of efficiency and activities of the companies, unexpected competitors' actions, necessity of new capital, taking over of other companies, a lot of conflicts within the origination, discontent among the customers. Besides, the appearance of a new member of the senior management team can become a reason for strategic reorganizations.

Strategic management is a sphere belonging to the senior management organizational activities – their main task is to identify the preferred tendencies and directions of development of the organization, establish the goals and allocate the resources, and all the rest that ensures the competitive advantage of the organization.

The strategic management is based on the following prerequisites: a vision of what the organization wishes to achieve in the future; basic sources of problems are outside the organization; the organization needs to have the modern possibilities for recognizing problems and the tools and mechanisms for their resolving:

- managerial reaction to hazards, and whenever such are a fact, the principle of “extinguishing of fire” should not be applied;

- the structure would rather focus on prevention or minimization of losses in case the latter are inevitable;
- the potential of the organisation shall be focused on the new opportunities and strategic tasks, setting objectives and timely competition in order to strengthen their positions on the market;
- current management shall continue and specify the strategic management and shall be implemented within the framework of the acting strategy.

In general, strategic management is an activity focused on choosing the sphere and work method for achieving long-term objectives of the organization in continuously changing conditions of the environment.

It follows from the analysis of the scientific literature that for the time being there is no unified definition of the term “strategic management”.

There are a number of definitions of the strategic management term which emphasize on different aspects and characteristics of this term.

The definition of the strategic management shall cover the following aspects:

- Strategic management – it is a type of managerial activity focused on implementation of chosen perspective goals through changes in the organisation;
- Strategic management – this is a process which implements the interaction of the organization with its environment;
- Strategic management – it is a field of science that studies the methods and the tools for making strategic decisions and the means for the practical application of that knowledge.

I. Ansoff gives the following definition of that term in his book “Strategic Management”: Strategic management activity is related to establishing the objectives and tasks of the organization by using a number of interrelations of the organization with its ambient environment which allows the organization to reach its goals which correspond to its internal possibilities and allows it to remain open-minded to the external requirements (Ansoff, 1979).

In his book “Strategic Management”, O.S. Vihanski explains his understanding of strategic management which is such a management of the organization that is based on human potential as a base of the organization, directs the pro It’s better for MNCs to hybridize their practices, bringing sustainable competitive advantage, strength and stability in the international network (Kobrin, 1991). Duction activity towards the customers’ requirements, which is flexible in its reactions and implements changes in the organization that correspond to the changes in the surroundings and allow to reach a competitive

advantage thus allowing the organization to establish itself in a long-term perspective by achieving its objectives (Vihanskii and Menedzhment, 2006).

In order to understand the nature of strategic management it needs to be pointed out that strategic management is a management in social and economic systems which can be specified by the following aspects:

- functional - regards management as an entity of types of activities focused on achieving specific results;
- process of consideration – management is regarded as activities dedicated for discovering and solving problems, i.e. as a process for preparation and making decisions;
- componential – management is regarded as activities for organizing interrelations with identified structural units.

The functional section is needed for comprehending the way the system functions, and what is the mechanism of setting and achieving objectives. The following issues are to be considered: types and essence of managerial activities, functional labour distribution, establishment of managerial bodies and their structure, potential conflicts, etc., the results of the organizational activities and their dependence on the internal and external environment.

Strategic management presumes that the achievement of the desired results is possible because of the types of managerial activities – for instance, concealment of studies and design divisions, establishment of independent development units, etc.

The Process section is required to understand how management is structured and how it functions. The following issues are to be considered here: management process levels, stages, their sequence, organization of work, losses, etc.

The componential section is necessary to identify the place and importance of each element of management, and to study the internal structure of the system. The following issues are to be considered at this stage: organization of workers' labour, management style, technical status, information system, human resource policy, etc.

The nature of strategic management is complex and versatile. Strategic management originated as a scientific trend in the middle of the XX century in reaction to objective reasons, now in XXI century, the strategic organizational managerial approach has become a basic concept of modern management.

For better grasping of the character of strategic management, a comparison between some factors and operational management follows in the table.

There are a number of principled differences between strategic management and operational management (Fig.1).

Characteristics	Operational Management	Strategic Management
Mission, purpose	Production of goods and services with the aim of receiving income in result of their implementation	Existence of organization in the long perspective through establishing a dynamic balance with its environment, allowing to solve the issues of the organizational activity stakeholders
Subject of consideration concepts focus	Focused on the internal organization, necessity to more efficient use of resources	Outward focus, needing new opportunities in the competitive struggle, adapting to changes in the environment
Consideration of the time factor	Oriented towards short-term and middle-term perspective	Oriented towards long-term perspective
Basis for development of management system	Functions and organizational structures, instructions and procedures, technical means and technology	Human resources, information assurance, market
Human resources management approach	Workforce is regarded as a resource of organization, responsible for performance of different activities and functions	Workforce is regarded as the base of the organization and its basic asset and source of success
Criteria for efficiency of management	Profit and rational use of production personnel	Modern and prompt reaction of organization to new requirements of the market and changes of environment

Source: Vihanskii, O.S. Strategicheskoe upravlenie (Strategic Management). M; Gardariki, 1998

As a whole, management is a process that is oriented towards achieving specific objectives. Strategic management is focused mainly towards maintaining sustainable development of the company in the long run. Therefore, making strategic decisions is related to considering alternatives in choosing business spheres and resource allocation, motivation systems, partners, etc.

Strategic management can now be called the art of management in XXI century, and the mastering of that art requires from the senior management profound knowledge and creative thinking (intuition). Incorrect strategic actions

can lead to many collective consequences as the wrong course of a plane or a ship can result in catastrophe (Bankova, 2019, p. 137).

The strategic approach to the organizational management is associated with maintenance of continuous balance of the strategic work areas status, availability of strategic resources and exerting strong influence on the organization of the strategic groups. Maintenance of such balance is ensured by making strategic decisions, both strategic and operational. Therefore, the manager needs to be aware of the fact that solving fleeting problems to the detriment of strategic ones can impair the long-term stability of the organization and weaken its competitive positions (Vasilev, Stefanova, Czerkezov, 2019, p. 15).

Mastering of system approach to the management of an organization is comprised of the following key elements of the strategic approach to management of a modern organization which cover the ability to: clear and thorough thinking, accepting theories and concepts for solving organizational problems; making difference between problems and symptoms of a situation; identifying reasons for certain situations; accepting models and management tools to stimulate individual, group and organizational initiative.

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THE INTRODUCTION OF SYSTEM APPROACH IN QUALITY MANAGEMENT IN XX CENTURY

Daniel Jalnasow¹

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Abstract

The report is focusing on the development of System Approach in quality management, which development started at the beginning of XX century. It has to be stressed that the System Approach implementation took place first in US. Naturally it was dominated by US representatives such as Walter Andrew Shewhart, William Edwards Deming, Joseph Moses Juran and others. The most important phenomenon which characterized the process of systematization of quality management was the use of statistics. The so called statistical process control (SPC) became the platform of the System Approach in Quality management. Thus is possible to say that SPC created a revolution in quality management in the first half of the XX century.

Keywords: System Approach in Quality management system, statistical process control (SPC), Walter Andrew Shewhart, William Edwards Deming, Joseph Moses Juran
JEL Codes: L15

INTRODUCTION

The summarization of basic knowledge related to quality management such as the dynamics of development of quality management systems is playing an important role in understanding the general logic of quality management as well the systems related to quality. This general understanding is very important from the point of view of designing working models of quality management.

The main goal of the report is precisely creating clear picture of the above mentioned logic of quality management based on the analysis of the dynamics of development of quality management systems. This goal is achieved by the following tasks, which are structured in the main chapters of the report, namely:

1. The connection of the quality function with the statistics as beginning of a new stage in quality management (20-th - 40th year of XX century);

¹ South-West University "Neofit Rilski", Faculty of Economics, Department of Management and Marketing, Ph. D. Student, djalnasow@its.jnj.com

2. The stage of assault of new ideas related to quality (from the middle 40's to the beginning of the 60's of the XX century).

The used methodological approaches are the following:

1. A System approach that sees organizational and managerial phenomena as complex systems, i.e. as sets of interrelated factors, resources and elements acting as one whole.

2. Structural-functional approach considering the organization, in the case as a structural complex, in which each structural unit fulfills a certain functional role;

3. The Comparative analysis approach, by which on the basis of comparison of the studied phenomenon with other similar, a new knowledge about the above phenomenon, as well as about its functioning, is obtained.

THE CONNECTION OF THE QUALITY FUNCTION WITH THE STATISTICS AS BEGINNING OF A NEW STAGE IN QUALITY MANAGEMENT (20-TH - 40TH YEAR OF XX CENTURY)

The introduction of system approach in the quality function is connected with the statistics implementation. The first steps in this regard happened in the 20s of the 20th century in the United States. Dodge and Romig introduced in US the Sampling Inspection. In other words, not all articles are subject to inspection, but only part of them. It is assumed that this part gives a true picture of the whole set of articles. This rationalizes the work of quality inspectors.

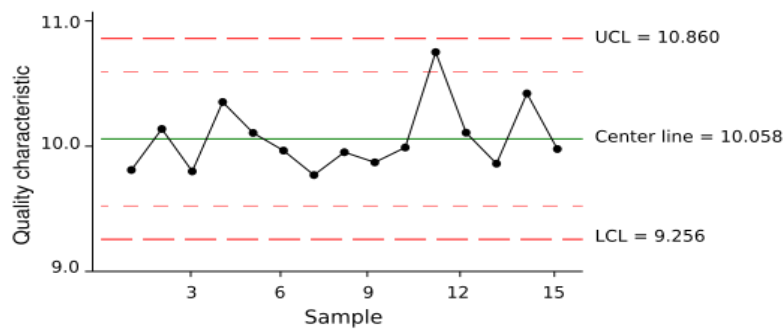
Also, in the 20s of the 20th century, Fisher in Rosamstead Agricultural Experimental Station, UK developed the basic principles of the planned experiment as a way to ensure quality.

The specialist in Bell's telephone company Walter Andrew Shewhart carried out the revolutionary leap. In 1924, he created the so-called "control card" or "Shewhart chart". He is the first in the world to start using statistical methods in quality control. Because that is known as the father of statistical quality control.

Shewhart summarizes his work on introducing the so-called Statistical Process Control (SPC) and Statistical Quality Control (SQC) in the monograph "Economic Control of Quality of the Product" published in 1931. The American Society for Testing and Materials (ASTM) in 1933 adopted the Shewhart card as a quality assurance tool. During the Second World War, Shewhart control cards were included as a model for improving the quality of military production in US military standards Z1.1-1941, Z 1.2-1942, Z1.3-1941 The "Shewhart Control Card" includes:

- Points representing the measurement of the qualitative characteristics of the sample, i.e. the part of the products taken at different times of the production process, these are the data;
- A centerline that describes the average values of a process that a centerline is calculated from the database;
- Upper and lower control limits (sometimes referred to as "natural process boundaries"), which indicate the line behind which the result of the process is considered to be statistically unlikely.

Figure 1. An example of a Shewhart control card



Source: <https://r-bar.net/xmr-control-chart-tutorial-examples/>

We must say that in 1938, Shewhart work became the focus of the physicists William Edwards Deming and Raymond T. Birge. They deal with the problems of measuring error in research. That is how long-term cooperation begins between Shewhart and Deming. These two, later took the nickname "guru" (in Hindi language means "teacher") of quality. Deming developed and synthesized some of Shewhart methodological proposals in the so-called "Deming Cycle".

All this leads to a revolutionary change in the quality control function in the organization and the creation of a new format for its operation. The new moment that occurs at this stage is the systematic search for the causes of the defects and deviations, i.e., "non-conformities" through "statistical quality control methods".

This happens as the data based on the inspection is processed. In this sense, to the tasks of the quality control function, a very important activity - the analytical activity for identifying the reasons for the non-conformities is added. As a result, the emphasis in the quality function changes. It is not on the result,

but on the process. If somewhere in the process parameters there is a deviation, to ensure high quality, it needs to be adjusted. Then the result will meet the established quality standards. Based on the analytical work, a synthetic result is achieved - the activity concentrates on providing the necessary preliminary conditions to ensure the quality of the product. In other words, the function works in Preventive mode.

However, it is necessary to emphasize that in this activity are "involved" only the specialists of the quality control unit of the organization, i.e. only the quality function. The operators in the manufacturing processes are not "involved" in quality issues, which means that they are not involved in the analytical process of identifying causes and generating ideas for improvement. The fact that the quality problems as well as the improvement of quality are dealt with only by the specialists, defines a serious weakness of this type of quality system functioning. This determines the situation that the quality function is realized only as an operational function dealing with the organization's "narrow" issues.

THE STAGE OF ASSAULT OF NEW IDEAS RELATED TO QUALITY (FROM THE MIDDLE 40'S TO THE BEGINNING OF THE 60'S OF THE XX CENTURY)

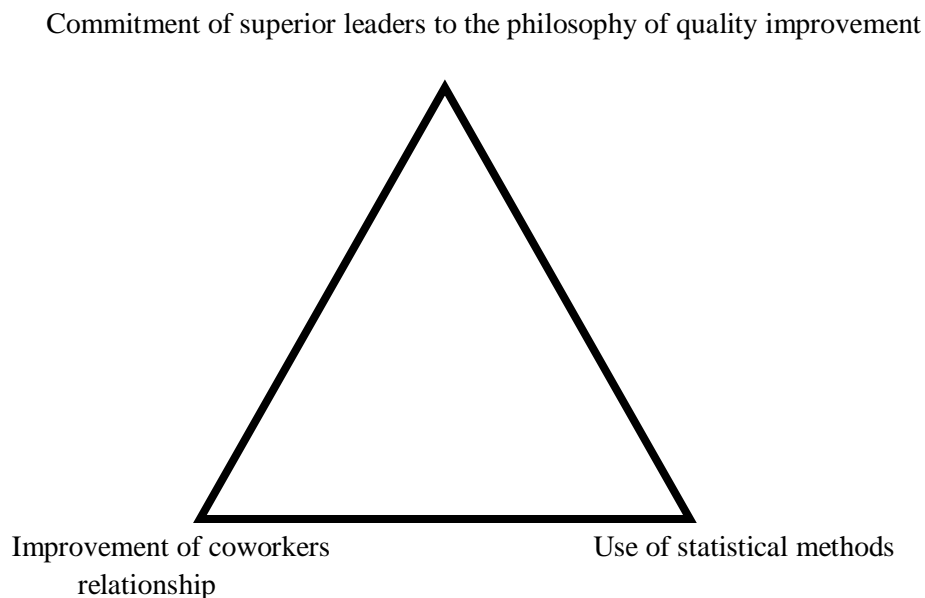
Shewhart's actions gave a good basis for the further work of explorers later called in this text "guru" of quality. Their activity was from the end of WW2 to the 60's of the XX century. This period could undoubtedly be called "American period in quality development" since all of these 'gurus' are of American nationality. All 'guru's ideas actually manage to make a groundbreaking reform in the whole philosophy of quality management and its organizational structure. However, this revolution is not American - a topic that will be later discussed. Now we will have insights into the quality guru's revolutionary ideas.

The first one to be mentioned is without any hesitation William Edwards Deming (14.10.1900- 20.12.1993). Born in Sioux City, Iowa, Deming graduates in mathematical physics. Afterwards, he worked for the Agriculture Department for 11 years which is the place that gave him the basis in statistical methods. From 1939 to 1945 he worked as a consultant for the American statistical bureau and the military USA industry. At this point his colleagues were H. F. Dodge, A. G Ashcroft and others, working on the creation of the American military standards. Another subject that shouldn't be missed is that Deming educated people from the military industry on statistical process control (SPC). It is also important to

mention that statistical methods, widely utilized during WW2, start losing popularity among USA.

Deming wants to put his knowledge into practice and manage to do this far beyond the ocean. In the late 40's he is sent to Japan where is given the task to educate leaders of Japanese companies on working with statistical methods of quality control. Working in close collaboration with the Japanese union of scientists and engineers he manages to educate a respective number of experts.

Figure 2. Deming's Quality Management Triangle, which expresses Deming ideas of Quality Improvement



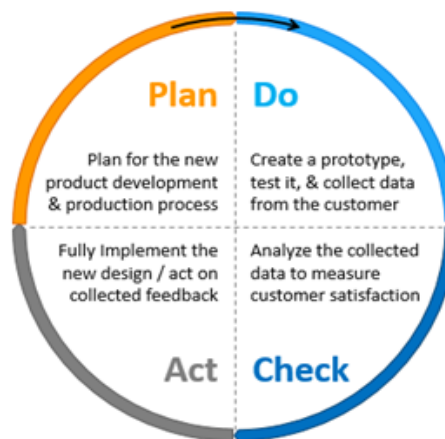
Source: https://shodhganga.inflibnet.ac.in/bitstream/10603/28498/12/12_chapter3.pdf

Deming's ideas, including the one of quality improvement through usage of statistical methods, are more than well received in Japan - a country where at this point products used to have poor quality. Later on, in 1952 in Japan was created a prize for quality named after Deming name, which much later became a measure for quality worldwide.

One of the most popular Deming's concepts is the so called "Deming's cycle". What Deming's cycle represented is that when managing an operative action, the leader should always follow those rules:

1. Every plan should include:
 - Particular aims/final product;
 - A plan how to reach the aim, i.e. how to make the final product;
 - Forming criterion which can evaluate whether the way to the final product is being followed strictly;
2. A realization, which contains:
 - A verification that the employees are aware of the way the realization is going to be achieved;
 - Realization of the planned actions;
3. An obligatory check-up which includes
 - A check-up whether everything has gone as planned;
 - A check-up whether the results\ the final product is as planned in advance;
4. A correction, which means:
 - After taking a look at the final product we make some corrections if necessary;
 - In case there are no errors, it follows to think about how the product can be even more improved.

Figure 3. The “Deming’s cycle”
(This cycle Deming borrowed from Shewhart)



Source: <https://curiouscat.com/management/dictionary/pdsa>

Another famous American leader of quality is Joseph Moses Juran (1904 - 2008). Born in Braila, Rumania he worked as an engineer, manager, government

administrator, university academic and consultant in management. Juran also worked as an academic in the International Academy of Quality. His book “Quality Handbook” published in 1951 made him popular. Thus, Juran is invited in the Country of the Rising Sun for seminary in quality control.

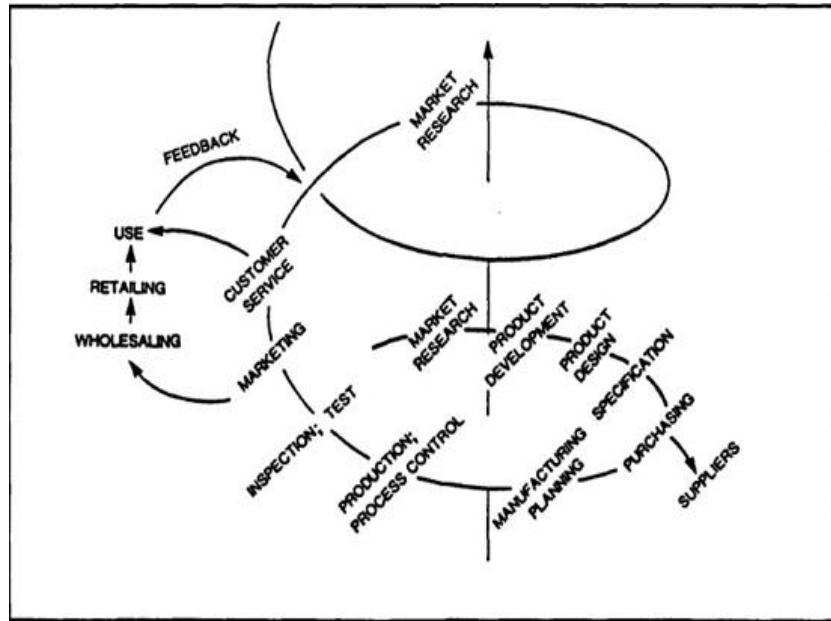
Juran is also famous for his Quality Trilogy, which can be achieved in three main steps:

1. Quality planning/quality planning roadmap which must include
 - Identification of customers and their needs. There are two types of customers – “In house customers”, which means the next process in the organization, and “Out of house customers”, which means the clients and the consumers of products/services of the organization;
 - A translation of the language of the “Out of house customers” in a language that can be understood by every member of the organization;
 - Optimizing the products/services by improving the processes needed for its creation;
 - The processes must be realized only after formation of the optimal conditions for their realization;
2. Quality control – a process of revealing and corrections of impermissible errors. The goal is to maintain a certain "status quo". Juran agrees with Deming's theory that chronic errors are 80% of all errors and that they can be fully controlled. Given this, we can make a conclusion that issues concerning quality are more likely to be not because of faults of operators at manufacturing line but because bad management.
3. Improving of quality - Juran believes that in production there must be a radical change – a major decrease of errors, which has been expected to lead to unattainable till then levels. Even more, Juran sees the quality system as a long-lasting process with unstoppable and continuous improvement, with flawless communication and coordination between all parts of the organization, as well as with better control product delivery.

Juran is also famous for the “Pareto chart” or “ABC analyze”, named after an Italian sociologist - Vilfredo Pareto. The aim of this chart is to identify factors with vital significance for the quality.

J. M. Juran is the first to come up with the idea of transition from quality control to quality management. He developed the conception for AQI (Annual Quality Improvement), which philosophy is based on unlimited continuous improving. Juran is also an author of the “Juran's Quality Spiral”, which represents the main stages of the continuous quality management during all processes of product's creation, sell and use.

Figure 4. The “Juran’s Quality Spiral”



Source: András Hary, Dénes Klujber. Assessment approaches and strategies for the quality system improvement, *Periodica Polytechnic, Ser. soc. man. sci.* vol. 9, no. 2, pp. 127–139

The third American “authority” of quality is Philip or **Phil Bayard Crosby**. He is known as creator of the concept “Zero defects”. His popularity comes from his profession as a manager of quality control and from his business establishment in Orlando, Florida with a company called Martin-Marietta with the program “Zero defects. This program is utilized in manufacturing the ballistic missiles Pershing. In the frame of this program Crosby managed to lower errors with 25% and expenses with 30%. He has written numerous books such as “Quality is Freedom” and “Quality without tears”. He is also famous for his theory “Do it right the first time”, as well as for his “14 steps of quality improvement”.

Philip Crosby (1926 - 2001) before starting as a management consultant worked for „International Telephone and Telegraph/ITT/”, where he managed to get from a minor inspector of quality to manager of the quality department of the ITT corporation. To be mentioned as well, P. Crosby developed the concept of the “Crosby triangle” and “The Four Absolutes of Quality”. The latter includes:

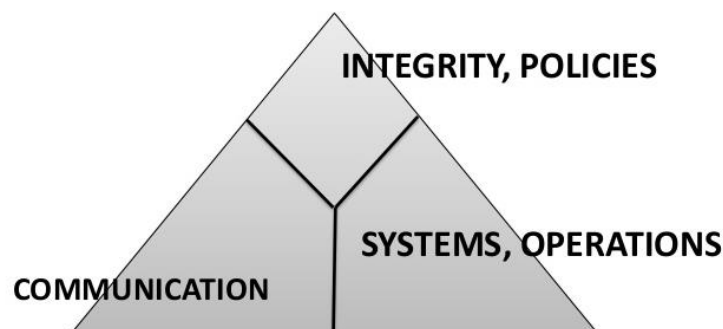
First, quality should be equivalent to the requirements, which respectively means that no definition for quality can be correct unless the customer's requirements haven't been settled;

Second, the essence of the quality system is in its preventive character. The key to success is in the examination of the processes and identifying the risks for admitting nonconformities;

Third, the performance standard is "zero defects" - Resolve, duplicated with a management system that performs the necessary communication and preventive tools, can reach a level of "Zero defects";

Forth, Quality measurement is the cost of non-conformity. In order to attract the attention of senior management, quality must be measured in financial terms. This is how quality, from technical point of view, is becoming a management function.

Figure 5. The “Crosby triangle”



Source: <https://www.slideshare.net/AngelSegovia5/report-tqm>

Armand Vallin Feigenbaum, born in 1922 in the United States, is the fourth American "guru" in quality. He received a bachelor's degree from Union College and a Masters and PhD degrees from the Massachusetts Institute of Technology. Between 1958 and 1968, he was a production executive at General Electric. In 1961-1963 he was the president of the American Society for Quality, ASQ, formerly named American Society for Quality Control /ASQC/.

By the time he led the quality control department of “General Electric”, he raised the idea that high quality is achieved only through what he called "Total quality control" model. According to this idea, total control requires a new

organizational culture. This vision defines the "zero defects" movement. This is creating a system where each operator in the production itself controls the activity he performs. If a discrepancy is noticed, he immediately communicates this with his direct supervisor. Total quality control is seen as an effective system for integrating quality design, quality assurance, and quality enhancement.

Armand Vallin Feigenbaum, born in 1922 in USA is as well one of the American quality leaders. During his service in the control section in "General Electric " he developed the theory that high quality of products can solely be achieved by the so called "Total Quality control". A. Feigenbaum believed that this total quality control requires brand new "Organizational culture".

This perception initiated the "zero defects" movement. This latter is understood to be the creation of a system where each operator on the production line itself controls the activity he performs. If a nonconformity is noticed, he immediately communicates this with his direct supervisor. Total quality control is seen as an effective system for integrating quality design, quality assurance, and quality improvement.

Another conception of Armand Vallin Feigenbaum is the so called "hidden factory". In other words - the errors sometimes can be in such an enormous quantity that the activity to correct nonconformities is so great that sometimes there are two in one enterprise. Feigenbaum is also an author of the idea of "cost of quality" by which he initiated the "Economy of Quality" model. He is also the author of the idea of the "Four Deadly Sins" in Quality Approaches:

- 1st - Raising slogans and orientation to surface changes;
- 2nd - Introducing of "blue-collar" programs, i.e. oriented to the line operators and ignoring the "white-collar" programs, i.e. that oriented engineering staff;
- 3rd - unwillingness to confess that there doesn't exist a consistent and permanent quality level. Respectively, the quality must always improve and be in a process of improving.
- 4th - the deadliest sin concerns the self-deceiving that the automation in production puts an end to the human factor in quality.

CONCLUSION

The presented dynamic of quality management from non-systematic to systematic approach plays important role not only for understand the logic of the quality management system. Here the most important is the use of this logic for designing a working models of quality management systems. All the "guru's" in

quality management tried exactly this – creation of working models based on SPC in one or another variants as the most demonstrative expression of the implementation of System Approach in quality management.

Practically, all ideas of the “gurus” mentioned above gave a solid basis for the invention of a new philosophy, new methods and new mechanisms for quality development. The nucleus of this new philosophy is in the fact that in the previous non-systematic models of Quality management dominates the Post-factum approach. This approach means that the main instrument of quality control is the quality inspection. The inspection reveals already realized nonconformities. But in the case when SPC is used the Preventive approach becomes a dominant one.

Thanks to SPC the attention in Quality control moved from inspecting the products to monitoring the parameters of production process and keeping this process in parameters which do not allow nonconformities to happen.

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RISK MANAGEMENT: TYPOLOGIES, PRINCIPLES AND APPROACHES

Anton Gerunov¹

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Abstract

The article presents a broad overview of key definitions, approaches and strategies for managing economic risk. The literature review is based on a wide variety of sources and aims to underline the similarities in thinking between them. Four main typologies of risk are reviewed and evaluated by putting them in context. We elucidate the converge between different risk management methodologies and present a unified consensus model. A more special attention is devoted to qualitative risk management and its typical instruments. The article concludes with a short outline of available generic risk management strategies that can be fruitfully employed by the modern organization.

Keywords: risk management, risk typology, risk matrix, risk strategy

JEL Codes: D81, M10

УВОД

Последните два века стопанска история се характеризират с експоненциален растеж на световната икономика – както в абсолютно изражение, така и на глава от устойчиво нарастващото население. Сред двигателите на този ръст несъмнено отбелязваме внедряването на нови технологии и разширяващата се специализация на труда на глобално ниво. Макар често тези фактори да се възприемат като еднозначно положителни, нарастващата взаимосвързаност и зависимост на различните сектори и ускореното темпо на внедряване на иновации в икономическите дейности обуславят еволюцията на съвременната икономика като комплексна и трудно предвидима система. От практическа гледна точка това означава, че тези системи се доминират от несигурност и огромната част от решенията, които се взимат, са решения в условията на риск и несигурност. Макар стопанският риск винаги да е бил неразделна част от икономическите

¹ Faculty of Economics and Business Administration, Sofia University “St. Kliment Ohridski”, Associate Professor Ph.D, A.Gerunov@feb.uni-sofia.bg

дейности, неговите ефекти са много по-силно изразени в условия на комплексни системи с ускорена обработка на информацията каквито са много сектори от съвременната икономика. Затова не е учудващо, че формалното изучаване на риска придобива все по-голямо значение през последния век и към настоящия момент управлението на рисковете е не просто предмет на академични изследвания, но и важна част от съвременните управленски практики в частния и публичния сектор. Научното разбиране за риск е силно обвързано с областта на изследване и приложение, но при всички случаи е в значителна степен обусловено от моделирането и управлението на случайни събития чрез инструментариума на теорията на вероятностите.

Един от първите учени, който формализира изследването на риска в икономиката е Франк Найт (Knight, 1921) в началото на миналия век. Той (ibid.) разделя възможните ситуации на четири големи групи спрямо нивото на несигурност:

- **Сигурност** – в този случай дадено събитие се случва с вероятност $p = 1$, т.е. събитието е напълно сигурно. Тук няма смисъл от управление на рисковете, тъй като такива няма и икономическите агенти могат да вземат съответните си оптимизационни решения без да се съобразяват с вероятности. На практика такива събития са сравнително редки в стопански контекст и представляват тривиални случаи, които нямат нужда от задълбочен анализ.
- **Риск** – в този случай икономическите агенти се изправят пред ситуации с ясно дефинирани потенциални изходи (реализации) – x_1, x_2, \dots, x_n , като всяко потенциално събитие може да бъде характеризирано с неговата вероятност да се реализира, т.е. с последователност от вероятности p_1, p_2, \dots, p_n . В този случай налагаме стандартното изискване от теория на вероятностите, че тези индивидуални вероятности следва да се сумират до 1 за пълния набор от възможни събития ($\sum p_i x_i = 1$). При взимане на решения в условия на риск, икономическите агенти следва да вземат под внимание вероятностното разпределение на потенциалните изходи и да отчетат риска за бъдещето в своята оптимизация. В рамките на теорията на полезността това най-често се случва чрез използване на математическото очакване като мярка за очакваните стойности и дисперсията (или стандартното отклонение) като мярка за отклоненията от тях. В ситуации на риск следва да се отчете и че

много индивиди имат поведение, което избягва риска и това влияе върху конкретните параметри на техните решения.

- **Несигурност** – това са ситуации, при които потенциалните изходи (x_1, x_2, \dots, x_n) могат да бъде точно дефинирани, но свързаните с тях вероятности (p_1, p_2, \dots, p_n) не са известни на вземащите решения. Подобни ситуации е сравнително трудно да бъдат моделирани и затова чест подход са опити за дефиниране на приблизителни стойности или интервали на неизвестните вероятности. По този начин ситуациите на несигурност са де факто сведени до ситуации на риск, които са добре изследвани и при които се използва установения инструментариум.
- **Неопределеност** – при тези ситуации не са известни нито потенциалните изходи, нито техните вероятности. В състояние на неопределеност икономическите агенти следва да вземат решение при пълна неизвестност, което е трудно да се моделира чрез формални методи за оптимизация. От изследователска гледна точка ситуациите на неопределеност могат да се разглеждат като потенциални възможности за дефиниране на изходи и техните вероятности с цел приближаването им до ситуации на риск. Като алтернатива, при неопределеност могат да се използват евристики за моделиране на решенията – пр. действия на база на формиран навик или на база шанс.

Дефиницията на Knight (1921) до голяма степен се възприема и в българската научна литература (Попчев, 2004; Попчев, 2006; Манчева, 2016), като тя определя последващите изследвания в тази област в нашата страна. Въпреки това изследванията от български не пропускат да отчетат богатството на възможни определения, като Петров (2010) очертава десет потенциални дефиниции. Kaplan & Garrick (1981) разширяват тази дефиниция за риска, така че тя да включва и контекста на ситуацията. По-конкретно, ако означим даден сценарий с s_i , потенциалният изход от него с x_i , а съответната вероятност – с p_i , то дадена реализация на риска се характеризира със следното множество:

$$\langle s_i, x_i, p_i \rangle \quad (1)$$

Оттук следва, че рискът R се състои от всички потенциални реализации на несигурното събитие, или:

$$R = \{\langle s_i, x_i, p_i \rangle\} \quad (2)$$

Тази концептуализация на риска позволява да се изведе и крива на риска. При тази крива допускаме, че дадените сценарий за реализация на даден риск са подредени във възходящ ред, като най-безобидния е s_0 (с нулев ефект), последван от s_1 (с ефект x_1) и така нататък до s_n (с ефект x_n), като:

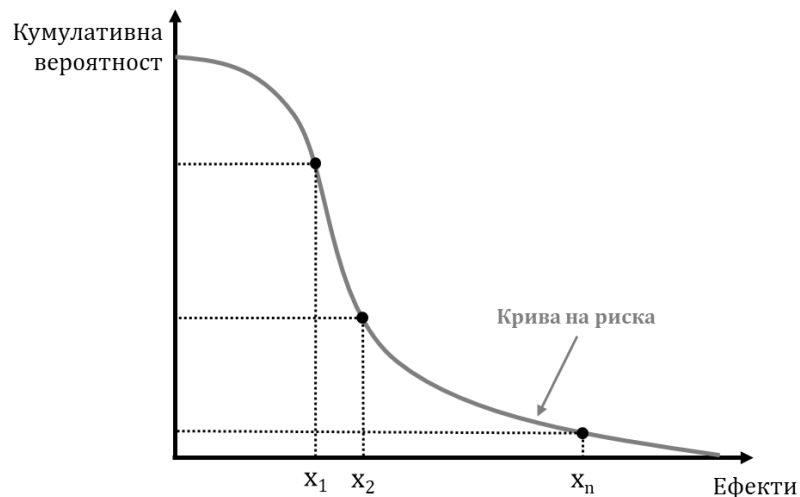
$$x_0 \leq x_1 \leq x_2 \leq \dots \leq x_n \quad (3)$$

В този смисъл можем да представим даден риск графично като крива, отразяваща вероятностите за даден изход. Kaplan & Garrick (1981) отчитат, че редките катастрофални събития са по-малко вероятни и в този смисъл има обратно пропорционална връзка между размерът на крайния ефект и вероятността от случването му¹. Това е представено в дадена крива на риска за даден риск (виж. Източник: Kaplan & Garrick, 1981). Допълнителни следва да имаме предвид, че дадена ситуация най-често се характеризира със семейство от криви на риска в зависимост от потенциалните изходи, на които е изложена. Интересно е да се отбележи и че макар често рискът да се дефинира като промяна в определени параметри между два момента във времето, то предвид принципът на невъзвръщаемите (невъзстановяеми) разходи е удачно рискът да се разглежда и само като функция на бъдещите стойности на тези параметри (Artzner et al., 1999).

Важно е да отчетем и разликата в понятията между предпоставки, събития и загуби (Chernobai et al., 2007, p. 23). Предпоставките са потенциални отключващи фактори за случването на рисковото събитие. Самото събитие е обусловено най-често от действие, което е възможно поради наличието на предпоставки. Събитието води и до съответен резултат, който може да е печалба или загуба. Оттук и следва концепцията за управление на рисковете, която е ключова както за стопанските предприятия, така и за организациите с нестопанска цел. Макар дефинициите за този процес да са много на брой и произтичащи както от академичната литература, така и от практиката (Bromiley et al., 2015), тук можем да възприемем консенсусното определение, че „организационното управление на риска е структурирана и дисциплинирана дейност, подпомагаща ръководството да разбере и управлява несигурността, като включва всички бизнес рискове и използва интегриран и всеобхватен подход“ (Sobel & Reding, 2004).

¹ В оригинал, кривата на риска използва не безусловната, а кумулативната вероятност за реализация на определен изход, вж Kaplan & Garrick, 1981 за повече детайли.

Фигура 1. Крива на риска



Източник: Kaplan & Garrick, 1981

ТИПОЛОГИЯ НА РИСКОВЕТЕ

По-пълното разбиране на операционния риск предполага поставянето му в контекста на общата рискова експозиция на дадена организация и извеждане на връзките му с други рискове. За целта можем да използваме типологии на рисковете, като отграничим операционния от другите такива. Подчертаваме, че подобно разделение се прави с аналитична цел и се стреми да улесни изследването им. На практика често има някои рискове, които не подлежат на прецизна дефиниция или попадат в повече от една група. В тези случаи маркираме всички потенциални групи, към които рисковете принадлежат. Методите и подходите за управление на риска могат да бъдат както хоризонтално приложими към широка група от рискове, така и специфични за някой от тях. Това налага разграничаването на отделните типове риск спрямо определени типологии. В най-общ план рисковете могат да бъдат разделени на опасности, несигурности и възможности (Hopkin, 2018). Опасностите (или чистите рискове) са събития с еднозначно отрицателни последствия. Несигурните събития са такива, които са известни, но е неясна вероятността им. Възможностите са събития с потенциално положителни резултати. Макар подобен подход да е интуитивен, повечето типология за класификация разделят рисковете

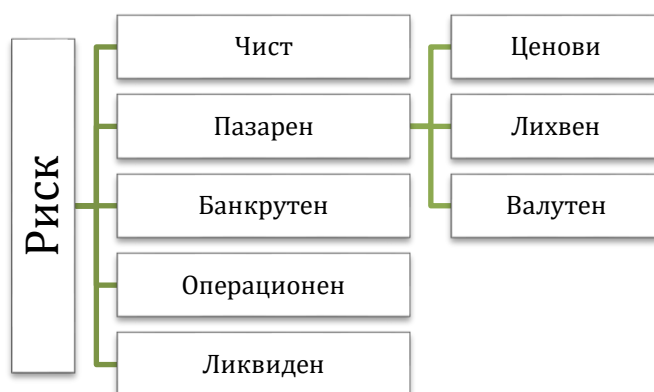
спрямо причините на тяхното възникване. Тук разглеждаме някои от основните сред тях, като целта е представителна, макар и неизчерпателна, извадка на основните резултати от литературата.

Класификация на Dionne, 2013

Dionne (2013) използва за отправна точка дефиницията на Stulz (2003), че управлението на риска е множество от финансови или оперативни действия, които максимизират стойността на дадена компания или портфолио чрез намаляване на колебанията на паричните потоци. В този смисъл Dionne (2013) извежда пет основни групи рискове, както следва:

- **Чист риск** – риск, от който произтичат само потенциални загуби, като той може да подлежи на застраховане или не. Макар традиционно чистият риск да се разглежда основно като екзогенен (външен) за организацията, то в условия на асиметрична информация и морален риск той може да е и ендегенен (вътрешен).
- **Пазарен риск** – отнася се до промяна на пазарните (най-често ценови) условия, пред които е изправена организацията. Тук се включват промени в цените на стоки и суровини, динамиката на валутните курсове, както и неочакваната промяна във възвръщаемостта на дадени активи или класове активи.
- **Банкрутен риск** – свързан с потенциала за изпадане в неплатежеспособност на организацията или свързани с нея икономически агенти (партньори, клиенти, длъжници и др.), като се характеризира с вероятност за неплатежеспособност, процент възстановима стойност при настъпване на събитието и експозиция към дадения банкрутен риск.
- **Операционен риск** – обусловен от операционните дейности и бизнес процесите на дадена организация. Този тип риск включва основно човешки грешки на служители или ръководители, опит за измами от вътрешни или външни източници, както и неправилно функциониране или прекратяване на работата на информационни системи.
- **Ликвиден риск** – това е рискът, свързан с липсата на достатъчни средства за посрещане на краткосрочните финансови задължения без това да се отрази на цените на стоки и активи или на стойността на организацията. Съществува възможност ликвидния риск да се влоши до банкрутен такъв.

Фигура 2. Типология на организационните рискове,



Източник: Dionne, 2013

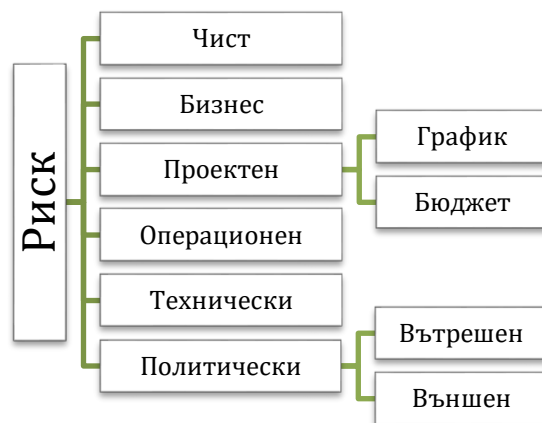
Класификацията на Dione (2013) е по същество компактна рискова типология, която се стреми да се фокусира върху най-важните рискове, които модерната организация трябва да управлява. Прави впечатление, че тук липсват големи групи потенциални рискове като регулаторния, политическия и стратегически. Някои от рисковете са в доста ограничена дефиниция – най-забележително операционният риск не включва външни събития или влияния върху развитието на организацията. Тук не са отчетени и трудно измерими рискове като репутационния. Правим извода, че макар работата на Dione (2013) да е потенциално полезна отправна точка, тя е недостатъчна за очертаване на общия рисков контекст, в рамките на който ще изследваме операционния риск.

Класификация на Frame, 2003

В своя разработка Frame (2003) очертава най-важните рискове, с които се сблъсква модерната организация. За разлика от повечето традиционни класификация, тук фокусът е на организационно ниво, но без да се ограничава само до организациите от финансови сектор. Допълнителна характеристика на тази класификация е, че е специфично изготвена за нуждите на управлението на риска от страна на организационния мениджмънт. Frame (ibid.) различава следните типове рискове:

- **Чист риск** – рискът, който се отнася ексклузивно за събития с отрицателен очакван ефект (реализирана загуба или нараняване). Този риск се нарича още застраховаем, тъй като може да бъде закупена застраховка, която да намали ефектите при реализиране на рисковото събитие.
- **Бизнес риск** – риск, който е свързан с възможността за реализиране на печалба, като и с възможността за реализиране на загуба, като се наблюдава правопрпорционална връзка между размерите на двете. За Frame (2003) бизнес риска е почти еднозначен на предприемаческия риск, който се поема при излизане на пазара с цел реализиране на определен продукт, като това е много по-ясна дефиниция за бизнес риска отколкото възприетата в другите представени типологии.
- **Проектен риск** – това са рисковете, произтичащи от планирането и изпълнението на проекти в дадени организации. Отчитаме, че рутинните проекти имат по-ниски нива на проектен риск, докато уникалните – по-висок. Значителна част от проектния риск е свързана с проблеми при планирането и оценяването на продължителност (проектен график) и бюджет.
- **Операционен риск** – това са рискове, обусловени от оперативните дейности на дадена организация. Рисковите събития застрашават обичайното изпълнение на производствени или подкрепящи бизнес задачи и могат да бъдат свързани както с човешки грешки, така и с механична инфраструктура.
- **Технически риск** – тази група е свързана с рисковете, следващи от въвеждането на нови технологии. Поради спецификата на иновацията е особено трудно точно да се прецени каква би била продължителността или разходите за внедряването и използването ѝ, което и създава несигурност за бизнеса.
- **Политически риск** – произтича от намесата на политически фактори при взимането на стопанските решения. От външна гледна точка за организацията това е възможността да се променят нейните обстоятелства в зависимост от политическата конюнктура. От вътрешна гледна точка, това са рискове, предизвикани от вътрешни борби и междуособици между групи със специфични интереси.

Фигура 3. Типология на организационните рискове



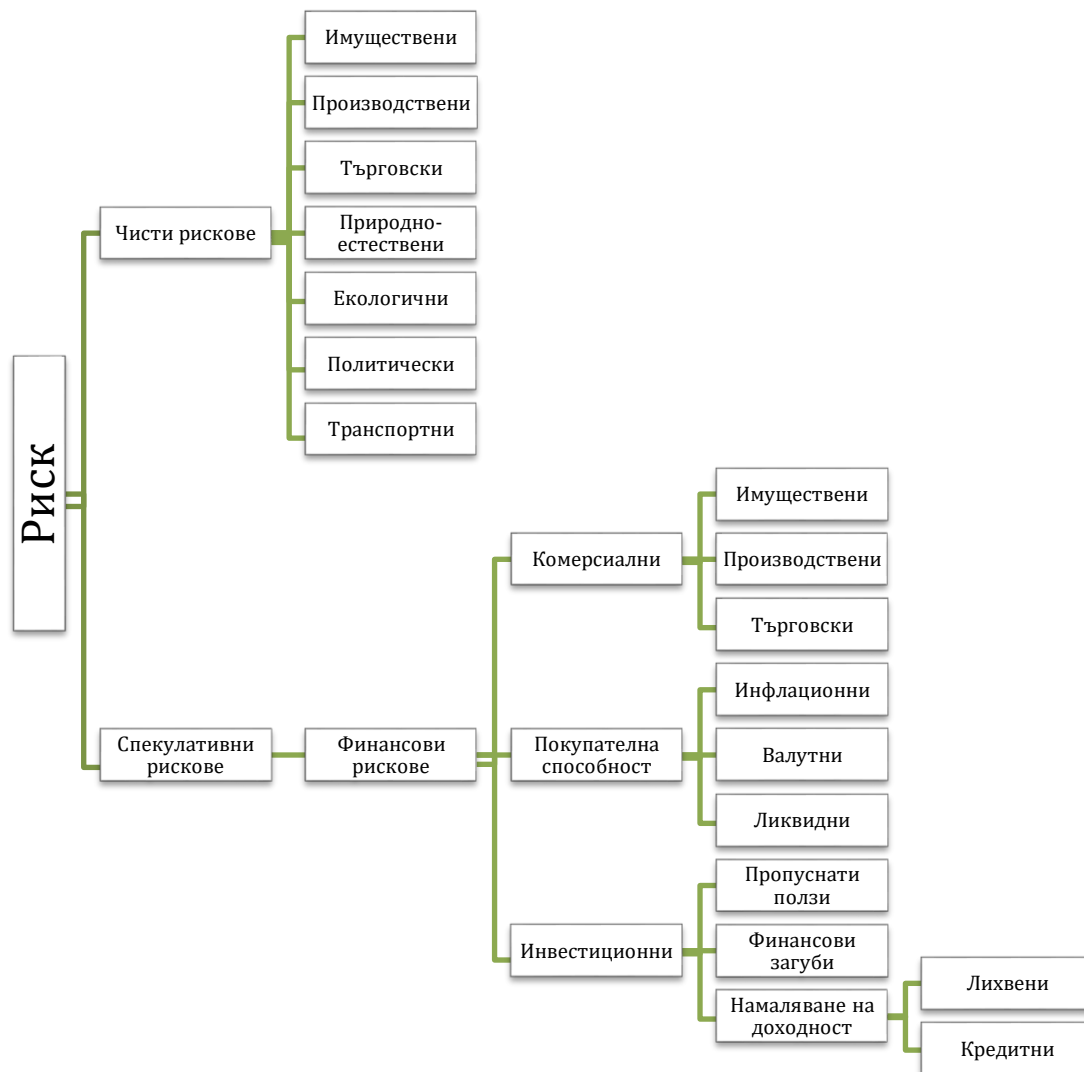
Източник: Frame, 2003

Отчитаме, че предложената типология е с подчертано практически характер и обхваща широк спектър от рискове, като Frame (2003) се фокусира в много по-голяма степен върху общото очертаване на техния характер, отколкото върху подробното им дефиниране (вж. *Източник: Frame, 2003*). Отново прави впечатление липсата на големи групи рискове като например стратегическия и репутационния риск. Донякъде концепцията за бизнес риск ги покрива, но не докрай пълноценно. Струва си да отбележим важното място, което операционния риск заема в тази класификация, отразяващо неговото значително влияние върху организационните резултати.

Обща класификация на риска на Балабанов, 1996

В българската научна литература се налага класификацията, очертана от Балабанов (1996), като тя става основа и за последващите дискусии по класификация на рисковете (Попчев, 2004; Манчева, 2016). Тези автори разграничават между чисти и спекулативни рискове. Чистите рискове са тези, при които може да се очаква само потенциална загуба и в този смисъл оптималното икономическо решение е винаги намаляване на техните ефекти или потенциалното им избягване чрез подходяща стратегия за управление на риска.

Фигура 4. Типове рискове



Източник: Балабанов, 1996; цитиран в Попчев 2004 и Манчева, 2016

От друга страна, спекулативните рискове имат потенциала да генерират както потенциални загуби, така и потенциални печалби. Спекулативните рискове са в известен смисъл симетрични – отклонението от математическото очакване на агентите може да бъде както в положителна, така и в отрицателна посока. Тези спекулативни рискове най-често имат

финансово измерение и поради тази причина финансовите рискове са основните спекулативни рискове, които разглеждаме.

Накратко, Балабанов (1996) извежда следната класификация на възможните рискове:

- **Чисти рискове** – те се отнасят до конкретни потенциални загуби, като включват имуществени рискове (отрицателни събития свързани с движима или недвижима собственост), производствени рискове (аварии по време на производство или операции), търговски рискове (обичаен стопански риск при извършване на търговска дейност), природно-естествени (природни бедствия), екологични (рискове, свързани с екологичната система и влошаването ѝ), политически (юридически рискове и рискове, произтичащи от политическата конюнктура на местно, национално, регионално или глобално ниво), както и транспортни (свързани с транспортната и логистичната система).
- **Спекулативни рискове**, като основната част от тях са **финансовите рискове**. Финансовите рискове от своя страна се делят на няколко важни подгрупи, изредени по-долу.
- **Комерсиални рискове** – тук се включват стопанските рискове, които могат да донесат потенциални ползи на поемащите ги икономически агенти. Основните групи тук са имуществените, производствените и търговските.
- **Рискове, свързани с покупателната способност на парите** – това е една от основните групи финансови рискове, които отчитат ефекта от обезценка и преоценки на финансовите активи. Инфлационните рискове се свързват със загубата на стойност на дадена национална валута под влияние на инфлационните процеси. Валутните рискове имат сходен икономически смисъл, но се обуславят от динамиката на обменните курсове на националната валута. Ликвидните рискове са свързани с невъзможността да се реализира на пазара даден актив или финансов инструмент, което и да промени ликвидната позиция на определената организация.
- **Инвестиционни рискове** – обвързани с динамиката и възвръщаемостта на определени инвестиции. Включват пропуснатите ползи от поддържане или затваряне на определена финансова позиция, рискът от реализиране на финансови загуби в търсене на по-висока възвръщаемост, както и риска от намаляване на доходността на даден инструмент или актив, в който е

инвестирано. Последната група включва лихвените рискове (получаване на различна от очакваната възвръщаемост) и кредитните рискове (обусловени от поемане на дълг или отдаване на кредит). От своя страна кредитните рискове се делят на борсови (промени на дълговите характеристики при динамика на финансовите пазари), селективни (проблеми при подбор, най-често в резултат на асиметрична информация) и банкрутни (риск от невъзможност за обслужване на дълга).

Прави впечатление, че тази макар тази класификация да е сравнително всеобхватна, то различните типове финансови рискове са значително по-добре разработени отколкото други типове рискове. Открояват се традиционно важните финансови рискове като инфлационните валутните, ликвидните, лихвените и кредитните. За сметка на това има много ограничен фокус върху другите организационни рискове, като операционния риск дори не е дефиниран изрично, а попада в общата група „производствени рискове“. В този смисъл отчитаме, че макар тази типология да цели изчерпателност, тя има подчертан финансов уклон. Тази тенденция е в съзвучие с общата традиция в управлението на риска в българската научна литература, като едва напоследък се забелязва разширяващ се фокус върху нефинансовите рискове (пр. Зафирова, 2016).

Класификация на Crouhy et al., 2006

Стъпвайки върху идеята за управление на рисковете в рамките на бизнес организации, Crouhy et al. (2006) предлагат следното разграничение между различните типове:

- **Пазарен риск** – това е рискът, че динамиката на финансовите пазари ще има чувствителен ефект върху стойността на даден актив. Сред пазарните рискове можем да включим ценовия риск – риска от промяна на цената на актив (дялов или дългов инструмент или стоки и суровини, търгувани на стоковите пазари), лихвеният риск, предизвикан от неочаквана динамика на лихвените проценти, както и валутния риск при неочаквана промяна на обменните курсове.
- **Кредитен риск** – рискът, предизвикан от промяна на кредитния рейтинг или възможността на даден икономически субект (най-често партньор или страна по сделка) да обслужва поетия дълг, което се отразява отрицателно върху стойността или дейностите на дадена организация.

- **Ликвиден риск** – тази група рискове съдържа в себе си два принципни типа ликвидни рискове. Първият е риска от неликвидност на организацията, при която тя не разполага с достатъчен паричен поток, за да обслужва дейностите или дълговете си. Вторият включва липса на ликвидност на финансовите пазари, при което организацията не може да ликвидира даден актив, което се и отразява по отрицателен начин върху нейните дейности или парични потоци.
- **Операционен риск** – рискът, който произтича от лоша организация на труда, неуспешни контроли, неподходящи системи за управление, управленски грешки, човешки грешки, измами.
- **Законов и регулаторен риск** – това са рисковете, произтичащи от неочаквана промяна на законите или регулаторната среда. Те имат потенциал да се отразят както върху дейностите, така и върху паричните потоци на организацията. Crouhy et al. (2006) включват в тази група и политическите рискове, произтичащи от дейността в дадена юрисдикция.
- **Бизнес риск** – рискове, които са свързани с традиционните затруднения в рамките на обичайните бизнес дейности. Включват рисковете, произтичащи от невъзможността да се прогнозира точно пазарното търсене, да се формира точна пазарна политика или да се планират прецизно разходите на организацията.
- **Стратегически риск** – това е рискът, който следва от взимането на значително бизнес решение, предприемането на голяма размер инвестиция или друг тип действия на стратегическо ниво с потенциално значителни по размер ефект върху финансовото състояние на организацията. По същество това са рисковете, които са резултат от стратегическото планиране и позициониране на ниво организация и често се свързват с действия за въвеждане на нови продукти, излизане на нови пазари и др.
- **Репутационен риск** – това е рискът, произтичащ от възприятието на клиенти, партньори или широката общественост, че компанията извършва социално неприемливи, неетични или измамни действия. Влошената репутация има потенциал да се отрази на конкурентната позиция на организацията и по този начин – върху финансовите й резултати.

В така представената типология са видимо по-детайлно представени рисковете, свързани с конкретно измерими икономически събития и

развития на финансовите пазари. Ценовите, лихвените, валутните и ликвидните рискове имат своето конкретно финансово измерение, като често се характеризират и с достатъчно дълъг времеви ред от съпоставими данни. От друга страна, операционните, регулаторните, бизнес, стратегическите и репутационните рискове са много по-трудни за околичествяване и оттам – за управление. Това не значи, че те имат по-малък ефект върху дейността на организацията, а предвид широкия им обхват е вероятно те да са по-съществени. В този смисъл управлението на риска следва да се фокусира не върху най-лесните за управление рискове, а върху тези с най-голям очакван ефект върху организационните резултати.

Фигура 5. Типология на организационните рискове



Източник: Crouhy et al., 2006

Коментар върху алтернативните типологии

Различните типологии за класификация на рисковете се характеризират с видими, макар и несъществени различия. Налага се

използването на широко възприета обща терминология, като това е в особена сила валидно за рисковете, чието управление е задължително спрямо регулативните изисквания в съвременните организации. Тези изисквания най-често се отнасят до финансовите организации и затова преобладаващо използваните класификации са със силен уклон към финансовия сектор. Това и определя значителен фокус върху рисковете изредени в Базелските споразумения и по-специално върху пазарните, кредитните, ликвидните и в известна степен върху операционните рискове. Алтернативните типологии на риска са с различно ниво на детайлност, като някои от тях (Dionne, 2013; Frame, 2003) са сравнително абстрактни и разделят рисковете в големи групи, докато други (Балабанов, 1996) са сравнително конкретни и включват значителен брой аналитично разделени рискове. Макар да няма универсално правило за оптимално ниво на детайл при класификацията и използването на всяка от тях да е обусловено от конкретното изследователско или приложно поле, то изглежда, че средно ниво на детайл (Crouhy et al., 2006) е удачно за широк набор от потенциални приложения и дава достатъчно добър контекст за по-задълбочени изследвания на определени типове риск. В този смисъл отбелязваме, че операционния риск е достатъчно важен, за да присъства в огромната част от използваните типологии, включително и в четирите представени по-горе.

Прави впечатление, че най-често използвания подход за класификация на организационните рискове е по източници на възникване. Така например рисковете, възникнали в резултати на неустойчивост на паричните потоци са обединени като „ликвидни“ такива, а тези, които са обусловени от динамиката на цени, разходи и пазарни условия – като „пазарни“. Този подход не винаги е задоволителен, тъй като от организационни гледна точка е важен потенциалният ефект на риска, неговата вероятност и експозицията на дадена организация към риска. В този смисъл организациите следва да приоритизират разпределението на ресурси към управление на приоритетните рискове, докато така представените типологии не разграничават значителни от незначителни рискове. Това процес най-често е оставен като стъпка от управлението им, въпреки че има потенциал на базата на исторически данни да се отчете по-рано кои са най-сериозните рискове пред организации от различен тип и дейност (Smite, 2007).

Повечето класификации на риска целят да са неутрални спрямо различните индустрии и типове организации, но на практика голяма част от тях са явно или неявно базирани на модела на управлението и изискванията

на финансовия сектор. Crouhy et al. (2006) подчертава, че това не е случайно, тъй като финансовия сектор често е именно тестовото поле, на което се разработват нови подходи и методи за управление на рисковете. Това се подпомага от новите тенденции във финансовата регулация, богатите налични исторически данни и наличието на достатъчен ресурс за осъществяване на тези дейности. Несъмнено управлението на финансовите рискове е ключово, но редица други организации също имат нужда от адекватни подход и системи, които са специфично насочени към техния контекст и техните нужди. В този смисъл е удачно да се използват не общи методологии, а такива, които са конкретно насочени към дадени области на приложение. Отбелязваме тенденцията към все по-задълбочени изследвания в тази насока (McManus, 2012; Ezell et al., 2010; Chin et al., 2010).

Представените дотук основни подходи за класифициране на риска представляват резултат от дългогодишни и задълбочени изследвания в областта. Това е така както в международен план, така и сред българската научна общност. От друга страна, в стопанската практика често е трудно да се определи с абсолютна точност дали дадено събитие принадлежи към една или друга рискова група. Често източника на събитието е неясен или изисква прекомерни усилия за определянето му, което го и прави забранително скъпо. Например, при засечена измама е неясно дали тя е осъществена от вътрешен служител или от външно лице, като за това често е необходимо да се проведе конкретно разследване. При реализирано неплащане на даден кредит е неясно дали това е в резултат на неплатежоспособност (кредитен риск) или е измама от страна на кредитополучателя (операционен риск).

Допълнително, някои от рисковите групи се характеризират с потенциално припокриване, като едно и също събитие може да бъде разглеждано като принадлежащо към повече от една група. Например, Изтичането на чувствителни лични данни в резултат на ниски нива на информационна сигурност, което води до значителна глоба, може да бъде разглеждано едновременно като операционен, регулаторен и репутационен риск. Затова и подчертаваме, че аналитичното разделение на риска е полезно за нуждите на изследванията, но на практика е удачно да се използват по-широки класификации. Допълнително, в рамките на управлението на риска често се очертават методи, които могат да бъдат използвани хоризонтални на редица различни рискови типове. В този смисъл е удачно преминаването на класификациите от състояние на

детайлни таксономии по източник на възникване на риска към групи рискове на високо ниво, адаптирани за нуждите на конкретни индустрии, сектори и типове организации (вж. пр. подходите в Molak, 1997 и Olson & Wu, 2017). Тук е ключов балансът между запазване на общ понятиен и методологически апарат и усилия за адаптация към специфичните нужди.

МЕТОДОЛОГИИ ЗА УПРАВЛЕНИЕ НА РИСКА

Независимо от източника или типа риск, ако се очаква неговият ефект върху организационните дейности и резултати да е значителен, то той следва проактивно да се управлява. Haimes (2015) дефинира управлението на риска като множеството от систематични, логични и ясно дефинирани дейности, които ще доведат до ясна идентификация, измерване, околичествяване и оценка на рисковете, свързани с природни феномени или човешки действия. Макар това определение да е със значително по-голяма количествена насоченост от по-общото такова на Sobel & Reding (2004) е удачно да се приеме за целите на настоящата разработка поради подчертания ѝ фокус върху количествените методи. На този етап автоматизираните системи все още срещат затруднения при работата с качествени данни или с неясно дефинирани системи от логически правила и поради това налагаме околичествяване на риска като задължителен компонент от неговото управление. Последователно разглеждаме подходите и методите за това.

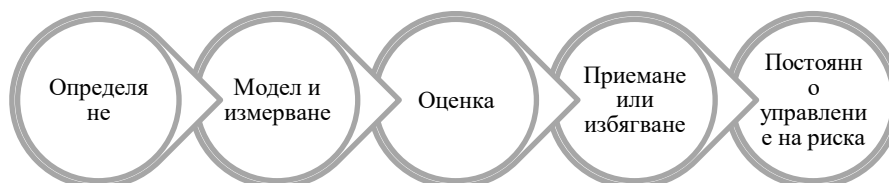
В теорията и практиката се налага един до голяма степен сходен общ процес за управлението на риска. Тук ще представим версията му, описана в Haimes (2015), но подчертаваме, че по същество тя отразява стандартния подход на високо ниво за управление на организационните рискове.

Методологията се състои от пет стъпки:

1. Идентификация на риска
2. Моделиране, околичествяване и измерване на риска
3. Оценка на риска
4. Приемане или избягване на риска
5. Управление на риска

Тези стъпки са представени графично на *Източник: Haimes, 2015*, а последващото описание на стъпките е основано освен на методологията, предложена от Haimes (2015), така и на тези, представени в работите на Vose (2008), Crouhy (2006), Sadgrove (2016) и Hopkin (2018).

Фигура 6. Общ процес за управление на риска



Източник: Haimes, 2015

Идентификацията на риска е първата стъпка от формалния процес на управлението му. Тя цели да определи всички потенциални ситуации, в които реализацията на дадено събитие има потенциал да се отклони от очакванията за тази реализация. С риск от свръхопростяване на процеса, Kaplan и Garrick (1981) съветват да се изследва въпросът „какво може да се обърка“. Целта на стъпката е да се идентифицират и документират всички потенциални рискови събития, към която организацията има експозиция. За пълнота следва да се отчетат източниците на риск – хардуерни, софтуерни, организационни и човешки грешки. Факторите за реализиране на тези рискове може да са демографски, икономически, технологични, природни, институционални и политически.

Моделиране, околичествяване и измерване е фазата при която се определя шанса за реализиране на рисковото събитие, както и очаквания ефект при реализацията му. И за двете могат да се използват както субективни, така и обективни вероятности и ефекти. Първите имат значителното предимство, че са лесни за формулиране и ползване, докато вторите са значително по-коректни и дават възможност за прецизно моделиране. Освен това, на този етап се извеждат асоциациите и причинно-следствените връзки между основни организационни фактори и идентифицираните рискове. Подчертаваме, че подобни връзки следва да се изведат и между самите рискове, тъй като те рядко са съвършено независими едно от друго събития. Околичествяването на тези връзки и намирането на конкретни стойности на параметри в системата от рискове е често далеч най-трудната задача в цялостния процес по моделиране на риска.

Оценка на рисковете се извършва на база на осъществените аналитични дейности от предходните стъпки, като тя включва

приоритизация на рисковете спрямо техните очаквани ефекти, генериране на потенциални действия и политики за справяне с тях, както и оценка на ползите и разходите от алтернативните политики. При количествената оценка на риска често се използва многокритериална оптимизация като основен подход, а качествената оценка симулира този процес като използва инструменти за приоритизация (пр. Матрица на риска) и ги комбинира с експертни мнения, дискусия, оценяван и други инструменти на стратегическото планиране.

Фазата на **приемане или избягване на риска** е по същество стъпката, при която се взима решението за оптимална стратегия и тактика за управление на риска. На тази стъпка се определя доколко са приемливи различни стратегии от гледна точка на приходите, разходите и изведената рискова толерантност (или апетит към риска) на дадената организация. В този момент следва да се определят и други съображения за ефективността на предложените стратегии от гледна точка на стратегическото им съответствие с позиционирането на организацията, с нематериалните измерения на действията, с отражението върху репутацията и съответствието с ценностите на организацията. На този етап се взима решението за подхода на управление на риска и се отчита ефекта на това решение върху реалните опции, с които организацията разполага.

Активно управление на рисковете е фазата, която включва извършването на действия за осъществяване на приетите стратегии за управление на риска. Осъществяването на взетите решение цели навременната идентификация, избягване, контролиране и справяне с възникналите рискове. По същество тази фаза включва и процес на постоянно подобрене на дейностите по управление на риска. Като добра управленска практика е важно да се осъществява активна обратна връзка и взаимодействие между всяка една стъпка и останалите, за да се обезпечи рационален и гъвкав процес, който еволюционно се развива в полза на организацията. Допълнително, нито една от изброените стъпки не се случва в изолация не просто от останалите такива, но и от общата среда, в която организацията оперира. Този контекст се разглежда в дълбочина сравнително рядко в основните методологии за управление на риска, което отчитаме като пропуск.

Таблица 1. Сравнение на подходите за управление на риска в националната научна литература

Завадска, 2012	Иванов & Врачовска, 2004
1. идентифициране и квантифициране на риска; 2. управление на риска; 3. контрол върху извършените действия.	1. разкриване и разпознаване на риска; 2. анализ и количествена оценка на риска; 3. методи за намаляване и предотвратяване на риска.
Трифенова, 2015	Видолова, 2012
1. идентифициране на риска; 2. оценка на риска или измерване на риска; 3. управление на риска; 4. контрол върху извършените действия.	1. идентифициране на отделните видове риск; 2. избор на метод за управление; 3. изпълнение на избрания метод за управление; 4. регулиране и манипулиране с цел неутрализация на банковите рискове; 5. контрол.
Божинев, 2013	Анастасовски, 2018
1. идентификация на риска; 2. измерване на риска; 3. управление (въздействие) на риска; 4. мониторинг на риска; 5. контрол върху резултатите.	определяне на риска 2. оценка и пресмятане на размера на риска 3. мониторинг на риска 4. контрол на риска

Източник: Цаневска, 2017, разширено от автора

Така представената методология е широко възприета в научната литература (Haimes, 2015; Vose, 2008; Crouhy, 2006; Sadgrove, 2016; Hopkin, 2018), така и в практиката, включително в международно признати стандарти (вж. пр. PMI, 2017; Everett, 2011; Disterer, 2013). Прави впечатление, че и българските изследователи до голяма степен приемат и прилагат този общ вариант на процеса на управление на рисковете. В своя статия В. Цаневска (2017) разглежда и обобщава шест основни разработки в тази област и подчертава, че различията между тях са незначителни. При всички случаи процесът включва следните стъпки, като при някои автори наблюдаваме агрегиране, докато при други те са по-детайлни представени. Основните стъпки са както следва:

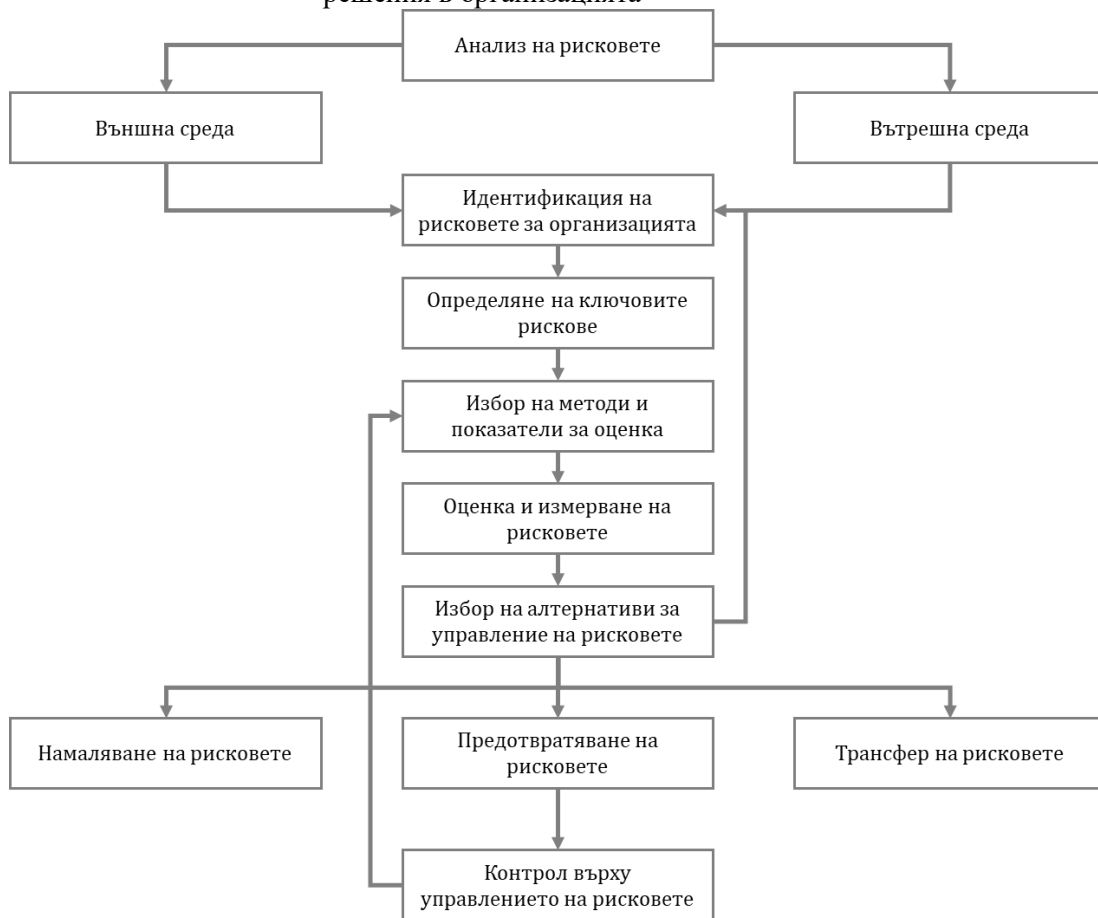
- 1.1. Идентифициране на риска
- 1.2. Измерване и оценка на риска
- 1.3. Избор на стратегия за действия

1.4. Дейности по управление на риска

1.5. Контрол на дейностите и резултатите

Тези основни елементи са обобщени в следната Таблица 1.

Фигура 7. Процес на управление на риска при взимане на стратегически решения в организацията



Източник: Зафирова, 2016

Сред работата на българските учени в областта отбелязваме и разширената методология на Зафирова (2016), която е специфично насочена към управлението на нефинансовите рискове. Авторът (*ibid.*) фокусира своето внимание върху широката концепция за стратегически рискове, сред които могат да се отчетат и редица специфично операционни такива.

Основните стъпка от процеса на управлението на тези рискове са както следва:

1. **Анализ на рисковете** – това е формалната стъпка за стартиране на управленския процес в организацията;
2. **Анализ на вътрешната и външната среда** – важна част на аналитичните дейности включва анализ на контекста на риска, както в рамките на самата организация, така и в общата среда, в която тя оперира;
3. **Идентификация на рисковете за организацията** – тази стъпка включва разкриването и определянето на пълния набор от рискове в рисковата експозиция на организацията. Подчертаваме, че това множество в общия случай е значително по-голямо от множеството рискове, които впоследствие подлежат на активно управление;
4. **Определяне на ключовите рискове** – този процес включва очертаването на основните рискове, които биха са съществени за дейността на организацията и чието реализиране ще доведе до съществена промяна в нейните стратегически избори;
5. **Избор на методи и показатели за оценка на риска** – на този етап следва да се вземе адекватно решение за подхода на моделиране и количествени индикатори за риска. Авторът (ibid.) предлага три основни подхода – изчисляване чрез коефициенти, описани в специализираната литература; изчисляване на общия риск като сбор от вече изчислени отделни събития или индивидуални рискове; експертни оценки и прогнози за бъдещето;
6. **Оценка и измерване на рисковете** – за измерване на риска могат да се използват както количествени, така и качествени методи. Зафирова (2016) се спира по-подробно на използването на бета коефициенти (Петров, 2010) и Матрица за растеж на организацията (Steiner, 1975). Тук си струва да отбележим, че към тези методи могат да бъдат добавени и алтернативни такива, като по-популярните са описани в следващите раздели.
7. **Избор на алтернативи за управление на рисковете** – извеждане на стратегии и действия, които целят намаляването, предотвратяване или прехвърлянето на нефинансовите рискове. На този и следващия етап от процеса се взимат решенията за организационните действия, който следва да адресират организационните рискове

8. **Намаляване, предотвратяване или трансфер на рисковете** – за намаляване на риска могат да се използват стандартните инструментите на стратегическото управление като анализ на силните страни, слабите страни, възможностите и заплахите (SWOT/TOWS матрица), дърво на решенията, сценариен анализ, стохастично прогнозиране, както и извеждане на конкретни действия за намаляване на ефекта на рисковете. Предотвратяването на риска често включва съществени промени в работата и стратегическото позициониране на организацията. Прехвърлянето на рисковете е обичайно свързано със застраховане, стратегии за хеджиране или договорни клаузи за трансфер на риска.
9. **Контрол върху управлението на рисковете** – този етап включва контрола както върху самите рискове, така и върху процесите, свързани с тяхното управление. В този процес се балансира между желаната доходност и нивото на риск, като тук неизбежно се взимат под внимание организационните цели и толерантност към риска.

Можем да обобщим тези стъпки в управлението на нефинансовите рискове в четири основни етапа, показани на *Фигура 8*. Тези етапи до голяма степен се припокриват и с етапите от хоризонталните методологии за управление на рискове (вкл. финансови), с което подчертаваме трансферността на много методи и подходи към различни групи и типове рискове (Tzvetkova, 2018). Зафирова (2016) смята, че организационните рискове следва да бъдат оценявани от експерти-анализатори, а подходите за справянето с тях – преценени от мениджъри и професионалисти плановици. Това е обичайно за настоящия подход за управление на риска, който е силно интензивен от гледна точка на високо-квалифициран човешки труд.

Фигура 8. Етапи на процеса на управление на нефинансовите рискове



Източник: базирани на Зафирова, 2016

Методологиите за управление на рисковете явно или неявно допускат, че екипи от служители са основните двигатели на процеса на анализ, както и основните изпълнители на стратегиите за справяне със стопанската несигурност. Макар това да е подходящ подход за аналоговите организации от двадесети век, то наличието на нови технологични и информационни реалности налагат неговото преосмисляне.

Фигура 9. Информационна перспектива на управлението на риска



Източник: базирана на Haimes, 2015

Като алтернативен поглед върху процеса за управление на риска бихме могли да го разгледаме от неговата количествена и емпирична гледна точка. Отбелязваме, че сърцевината на автоматизираната система е нейна възможност да обработва данни с помощта на специализирани алгоритми, които да доведат до взимане на смислено бизнес решение. От тази гледна

точка е удачно да преосмислим определенията, подходите и методологиите не спрямо качествено-нормативните им измерения, а в техните информационни аспекти. Haimes (2015) предлага един вариант на тази нова концепция, като подчертава, че процесът на управление на риска се състои от три отчасти се припокриващи се, но концептуално фундаментални елемента¹:

- **Генериране на информация** – включва първоначално набиране, съхранение и обработка на данни и превръщането им в смислена информация, която да обезпечи аналитичния процес. Това набиране на данни може да стане с помощта на качествени и количествени методи. Първите най-често включват експертни оценки, получени по различни методи, брейнсторминг сесии и дискусии. Вторите включват набиране на структурирани или неструктурирани данни от вътрешни и външни източници.
- **Моделиране и анализ** – включва определяне на вероятности и ефекти от рисковете, тяхното приоритизиране или моделиране, както и алгоритми и подходи за минимизирането на рисковата експозиция. Използва се широк набор от алгоритми от статистиката, машинното самообучение и провеждането на симулации на дадени процеси и системи. На този етап може да се направи и оценка на въздействието и анализ на чувствителността.
- **Оптимизация и избор** – при стандартния подход този етап включва взаимодействието между анализатори и взимащи решение (често ръководители), при който се формира оптимално решение и се предприемат действия спрямо стратегията за управление. В случая на автоматизираното управление се осъществява алгоритмично взимане на решение на базата на предварително зададен критерий.

Очакваме, че с ускореното навлизане на информационни системи все повече бизнес дейности и процеси ще бъдат предефинирани, така че данните да бъдат поставени в техния център, а не разглеждани като входни или изходни суровини. По същество това е именно определящата характеристика на дигиталната трансформация на публичния и частния сектор, която има потенциал ключово да промени съществуващите бизнес

¹ В оригинал наименованията на тези компоненти са Information Measurement, Model quantification and analysis, Decision-making. Тук тези компоненти са адаптирани и разширени за нуждите на дисертацията, което и налага леки промени в наименованията им.

модели и произтичащите от това механизми за взимане на решения и управление на несигурността. След първоначалната идентификация на рисковете е от ключово значение те да бъдат оценени и приоритизирани, което да подпомогне процесът по тяхното рационално управление. Като устойчива тенденция в литературата за управление на риска се забелязва разграничението между количествени и качествени методи, видимо както в по-ранните изследвания (Altenbach, 1995), така и до наши дни (Pritchard, 2014). Стандартно, качествените оценки се използват в условия на недостатъчно данни за количествени оценки, при недостатъчен организационен капацитет или в случаи на дейности и проекти с малка добавена стойност, които не предполагат значима инвестиция на време и ресурси.

ОЦЕНКА НА РИСКОВЕТЕ

Поради тяхното широко разпространение е удачно да разгледаме качествените подходи като обща процесна рамка и логика на управленските дейности. Допълнително, качествените подходи са достатъчно гъвкави и позволяват анализ и оценка не само на операционни рискове, но на пълния набор от рискове, с които се сблъсква съвременната организация. В този смисъл си струва да разгледаме цикъла на качествена оценка на рисковете в повече детайли. Изложението тук стъпва както на научни изследвания в областта (del Cano & de la Cruz, 2002; Altenbach, 1995; Gerunov, 2017; Hopkin, 2018), така и на научно-приложни разработки (Pritchard, 2014; PMI, 2017). Преди всичко отчитаме, че всеки риск е случайно събитие, което се характеризира с вероятност да се реализира от p (и съответна вероятност да не се реализира от $1 - p$). Допълнително при реализацията на риска настъпва ефект, който бележим с I . В този смисъл може да се дефинира качествена мярка за очаквания ефект, EI , както следва:

$$EI = pI \quad (4)$$

Подчертаваме, че това е качествен еквивалент на математическото очакване, което се използва при количествената оценка на рисковете. Целта на процесът по качествена оценка е да се достигне до приблизителна (непрецизна) оценка на вероятностите от реализация на рисковото събитие, както и на подобна оценка за очакваните ефекти. За да се постигне това, анализаторът разглежда широк набор от (предимно) качествени източници и набира данни за потенциални вероятности за реализация и ефекти.

Най-често използваните източници на качествени данни са както следва (Pritchard, 2014; Gerunov, 2017):

- **Преглед на документация** – това включва преглед на проектните харти, описанията на бизнес процесите, вътрешните правила на организацията, договорите, както и наличните хранилища за информация във връзка с оперативната дейност на организацията и набор от научени уроци от предишни цикли на управлението на рисковете (операционни и други).
- **Мозъчна атака (брейнсторминг)** – този метод за набиране на информация се състои от събиране на група от експерти и заинтересовани лица на нарочна сесия (най-често на една физическа локация), при което всеки от присъстващите генерира възможно най-голям брой потенциални рискове. С цел да не се прекъсне творческият процес, идеите не подлежат на критики от другите присъстващи. След като приключи етапът на идентифициране на потенциални рискове, те се оценяват и приоритизират. Тук е удачно да споменем, че макар това да е популярен подход за идентификация на риска, то актуални изследвания в областта поставят под съмнение неговата ефективност (Knight-Wallace, 2017).
- **Делфи метод** – при този подход участват редица експерти, които дават мнението си анонимно. Използвайки предварително подготвен набор от въпроси (въпросник), водещият упражнението набира информация от всеки експерт поотделно като се опитва да формира общ консенсус между тях. Това често става при поредица от последователни кръгове, докато различните мнения се приближават към единна позиция. Целта на метода е да се намалят пристрастията на мненията и да се елиминира влиянието от средата върху мнението на всеки от експертите.
- **Експертни интервюта** – включват набиране на данни директно от подходящи експерти в областта на изследвания риск като те се извличат от (често субективни) мнения и възприятия на интервюираните. Този метод е сравнително лесен за приложение, но може да е неоптимален, тъй като е силно чувствителен към малък на мненията на малък на брой индивиди, които често имат свои собствени цели и желания. Експертните интервюта често се провеждат индивидуално, но това не е задължително и те могат да бъдат проведени и в рамките на малка група. При тях се използва

стандартен набор от инструменти за набиране на данни – структурирани, полу-структурирани и неструктурирани въпросници.

- **Анализ на първопричините** – при този подход вече идентифицираните рискове се пренареждат на базата на първопричината за тяхното възникване. Това позволява да се идентифицират нови рискове, които имат същите корени както вече описаните такива. Това често е удачно, тъй като едни и същи предпоставки за възникване на един тип оперативни рискове (пр. риск от човешки грешки поради ниско ниво на обучение на персонала за работа с информационни системи) може да доведе до други типове рискове (пр. риск от изтичане на данни отново поради нивото на обученост на персонала).
- **Анализ на контролни списъци** – позволява да се прегледат контролните списъци на други подобни дейности или проекти, като залегналите изисквания или отбелязаните пропуски насочват анализатора към потенциални операционни рискове в настоящата дейност или проект.
- **Анализ на допусканията** – често планирането и оперативната работа на организацията се базира на набор от допускания, на база на които са изградени процесите, дейностите, практиките и инфраструктурата, с която се работи. Анализът на допусканията се фокусира върху това да провери доколко са реалистични тези допускания от гледна точка на тяхната точност, устойчивост във времето, последователност и пълнота. Откриването на потенциални отклонения от тези допускания отваря възможност за възникване на нови и непредвидени операционни рискове.
- **Анализ на силните страни, слабите страни, възможностите и заплахите (SWOT)** – данни за операционните рискове могат да бъдат изведени и на базата на някои от класическите инструменти на стратегическото управление, напр. SWOT анализа. Силните страни и възможностите биха довели до идентифициране на рискове с положителен очакван ефект, докато слабите страни и заплахите – до такива с отрицателен такъв (потенциално чисти рискове). Предвид характера на операционните рискове, вероятно е голяма част от тях да бъдат идентифициране при анализ на слабите страни на организацията.

- **Анализ на диаграми на въздействието** – тези диаграми показват връзките между различни дейности и действия в разглежданата система (организация), моментите на реализация и времевата им последователност. Анализът на тези диаграми показва точки, където би могъл да възникне операционен риск, както и свързаните с това действия и събития. Диаграмите на въздействието позволяват да се получи и известна идея за очаквания ефект от реализацията на риска – пр. в случаите в които е засегнат маловажен процес, несвързан с други процеси, очакваме нисък ефект от реализацията на рисковото събитие (и обратното).
- **Анализ на причинно-следствени диаграми и модел на работния процес** – този подход е доста близък до анализа на диаграмите на въздействието, но тук причинно-следствените връзки са по-прецизно изведени и анализаторът работи с по-високо ниво на сигурност за тяхната посока и размер. Често тези диаграми са формални модели на бизнес процесите, което и позволява точно определяне на потенциалните операционните рискове и момента на тяхното възникване.

Представени източници на данни за качествена оценка на рисковете се различават по тяхната информационна стойност, лекота при употреба и надеждност на набраните данни. Нещо повече, те дават различен по тип информация за трите основни елемента от оценката на рисковете – идентификация на риска, определяне на неговата вероятност и на ефектите при реализацията му. Можем да обобщим основно какъв тип информация може да бъде получена от приложението на всеки от тези методи на база на изследвания и практиката по прилагането им (вж. Табл.2).

Таблица 2. Типове информация за риска според различните източници

Източник на информация	Определяне на риска	Извеждане на вероятност	Извеждане на ефект
Преглед на документация	Да	Не	Не

Мозъчна атака (брейнсторминг)	Да	Да	Да
Делфи метод	Да	Да	Да
Експертни интервюта	Да	Да	Да
Анализ на първопричините	Да	Не	Не
Анализ на контролни списъци	Да	Не	Не
Анализ на допусканията	Да	Не	Не
SWOT анализ	Да	Не	Да
Диаграми на въздействието	Да	Не	Не
Модел на работния процес	Да	Не	Не

Източник: Gerunov, 2017, с. 16 на база на PMI, 2017

Същността на качествената оценка е, че тъй като липсват достатъчно прецизни количествени данни поради неналичие на каквито и да било такива или ограничения в размера, обхвата или качеството на извадката, то е необходимо да се изведе приблизителна оценка за основните параметри на риска – неговата вероятност и ефект. Качествената оценка може да оценява вероятността в ординални (редни) категории – „ниска“, „средна“, „висока“, „много висока“. Като алтернатива тези категории могат да бъдат заменени с числа (вероятност от 1, 2, 3, 4). По подобен начин може да се оцени ефектът от реализация на дадения риск – в категории „нисък“, „среден“, „висок“, „много висок“ или съответстващото числено изражение.

Подчертаваме, че наличието на числа не прави оценката количествена – анализаторът продължава да работи с наредени категории. За получаване на надеждни и последователни оценки на рисковете е възможно категориите да бъдат описани в повече детайл, така че при определянето на качественa категория за вероятността или ефекта от даден тип риск да се намалят различията между оценките на различни индивиди, отдели или организации. В този смисъл може да се дефинира какъв числен интервал отговаря на събития, категоризирани в определена качественa категория.

Таблица 3. Таблица на съответствие между качественa степен на вероятност и количествена вероятност, източник: PMI, 2017

Степен на вероятност	Рядко	Малко вероятно	Възможно	Вероятно	Почти сигурно
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Количествена вероятност	0.1	0.3	0.5	0.7	0.9
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Например, дадена организация може да прецени, че „ниска“ вероятност е вероятност в интервала от 0 до 10%, а „висок“ ефект е ефект с очаквана парична загуба или печалба от над 10 милиона евро. Базирайки се на управлението на рисковете в проекти PMI (2017) предлага категоризация на вероятностите в петстепенна скала и дава приблизителни количествени стойности на всяка степен от скалата. Този подход е представен в Таблица 3. Таблица на съответствие между качествена степен на вероятност и количествена вероятност, източник: PMI, 2017 с илюстративна цел.

По подобен начин могат да се опишат по-прецизно и категориите ефекти, които реализацията на риска може да произведе. PMI (2017) препоръчва да се оценяват четири основни групи организационни резултати, които могат да бъдат повлияни от риска: разходите, графика или необходимото време за изпълнение, разширение на обхвата на необходимата за извършване работа или намаление на качеството на предоставения продукт или услуга. На база на влиянието върху тези четири основни направления могат да се детайлизират и категориите за оценка на ефектите от идентифицирания риск.

Такова описание на категориите е представено в Таблица 4. Таблица на съответствие между качествена степен на вероятност и количествена вероятност, източник: PMI, 2017. Обичайната следваща стъпка от качествения подход за оценка на рисковете е извеждане на очакваните ефекти на база на осъществените оценки на вероятност и ефекти и последващото подреждане и класификация на рисковете според нивото им на влияние върху дейностите, процесите и стратегията на организацията. Често използван инструмент за тази цел е Матрицата на риска (вж. Таблица 5. Примерна Матрица на риска), която включва визуализация на направените оценки и позволява комплексна приоритизация на определените несигурни събития (вж. пр. Ni et al., 2010; Bao et al., 2017).

Таблица 4. Таблица на съответствие между качествена степен на вероятност и количествена вероятност, източник: PMI, 2017

Категория ефект	Много нисък	Нисък	Среден	Висок	Много висок
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Увеличение на разходите	Незначително	< 10%	10-20%	20-40%	> 40%
Увеличение на необходимо време	Незначително	< 5%	5-10%	10-20%	> 20%
Увеличение на необходима работа	Незабележимо	Малко	Значително	Неприемливо	Безполезно
Спад на качеството	Незабележимо	Малко	Значително	Неприемливо	Безполезно

На база на Матрицата на риска организацията може да определи основните рискове, които следва да бъдат управлявани и да придобие индикативна представа за ресурсите, които е необходимо да се насочат към всеки отделен риск. Това решение се взема на базата на изведените аналитични оценки, но и на база на рисковия апетит на организацията. По-агресивните политики могат да предписват управление само на рискове с висок или много висок ефект и с висока или много висока вероятност, докато по-консервативните организации да предпочитат да управляват много по-широк набор от рискове.

Примерна политика за управление е представена и в Таблица 5. Примерна Матрица на риска, където широк набор от рискове се приемат и много по-малка група се управляват активно. Възможно е категориите за оценка да бъдат представени с числа (пр. скала от 1 до 5), като комплексната оценка за очаквания ефект е равна на вероятността умножена по ефекта (вж. уравнение ((4))). Това би позволило на организациите да дефинират стратегиите си за управление на риска спрямо комплексна числова оценка (пр. рискове с комплексна оценка над 9 се управляват активно).

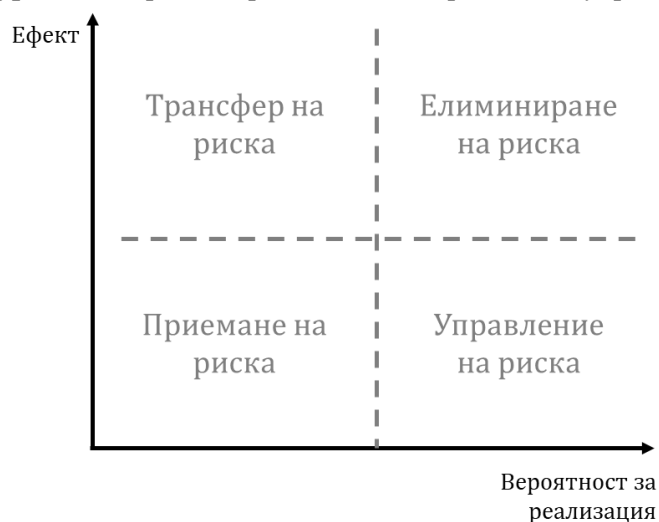
Таблица 5. Примерна Матрица на риска

Степен на вероятност // Ефект	Рядко събитие	Малко вероятно събитие	Възможно събитие	Вероятно събитие	Почти сигурно събитие
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Много висок ефект	Управление	Управление	Активно управление	Активно управление	Активно управление
Висок ефект	Приемане	Управление	Управление	Управление	Активно управление
Среден ефект	Приемане	Управление	Управление	Управление	Активно управление
Нисък ефект	Приемане	Приемане	Приемане	Управление	Управление
Много нисък ефект	Приемане	Приемане	Приемане	Приемане	Управление

На база на Матрицата на риска, могат да бъдат изведени и общите стратегии за управление на определени типове рискове. Ni et al. (2010) предлагат типология за извеждане на общи стратегии за управление предвид вероятностните и ефектите на определените рискове. В най-опростен вид това е 2x2 матрицата, представена на фиг. 10.

Фигура 10. Матрица на риска с общи стратегии за управление



Източник: Ni et al., 2010

Тя показва какъв тип подходи са удачни спрямо нивото на приоритет на дефинираните рискови събития. Авторите (ibid.) препоръчват при висока вероятност и ефект да се търсят начини за елиминиране на риска, при високи ефекти, но ниска вероятност – за трансфер (прехвърляне), а при ниски ефекти, но високи вероятности – за начини за управлението му. Рискове, които са малко вероятно и биха нанесли сравнително малка щета (или имат

потенциал за сравнително малка печалба) следва да бъдат приети от организацията, като към тях не се насочват ресурси и усилия.

СТРАТЕГИИ ЗА УПРАВЛЕНИЕ НА РИСКА

След проведената идентификация на риска и оценка на неговата очаквана стойност за организацията следва да бъдат предприети дейности по определяне на рисковете, които подлежат на управление, както и на извеждане на конкретни стратегии за управлението му. Съпоставяйки очакваните загуби с толерантността към риска на дадената организация, рисковете могат да бъдат приоритизирани с инструменти като Матрицата на рисковете (вж. Таблица 5. Примерна Матрица на риска). Това позволява процесът по управление да се съсредоточи само върху рисковете с най-голям очакван ефект и да се избегнат прекомерни разходи за справяне с незначителни потенциални последствия. Макар литературата да отчита важността от специфични мерки за справяне с риска, то се извеждат и четири общи стратегии за управлението му, които задават подхода за този процес. Тези общи стратегии са както следва: избягване, трансфер, намаляване на последствията и приемане (Aubert et al., 1999; Emblemssvag, 2010; Schaper, 2010). Ще разгледаме всяка от стратегиите последователно.

Избягване на риска включва мерки за предотвратяване на реализацията на неблагоприятното събитие. От математическа гледна точка това представлява намаляване на вероятността му, като за целта организацията предприема съответни мерки. Те могат да включват прекратяване на определен тип дейности, промени в процесите, затваряне или модификация на дадени финансови позиции други подобни. Тази стратегия е удачно да се използва в случаите когато очаквания ефект от риска е прекалено голям спрямо размера на организацията и не си струва той да бъде поет.

Трансфер на риска е стратегията при която организацията или индивида, носещ риска, го прехвърля към трета страна, която може по-лесно да понесе евентуалните щети. Най-често това става след заплащане на определена премия, тъй като е нерационална за третата страна да увеличи експозицията си безвъзмездно. Класическият пример за прилагане на тази стратегия е застраховането. Тук подчертаваме, че операционния риск може да се трансферира с класически застраховки, но съществуват и финансови инструменти, които са функционални еквиваленти на застраховането (пр. опции). Икономическите агенти имат стимул да

предприемат трансфер на риска вместо избягване тогава когато даденият риск следва да бъде носен поради регулаторни, стратегически или бизнес причини.

Намаляване на последствията се използва в случаите когато организацията следва да понесе риска, но предпочита да не го трансферира към трети страни и вместо това предприеме мерки за намаляване на ефектите от реализацията на рисковото събитие. Докато избягването на риска предприема действия за намаляване на вероятността от реализация, стратегията за намаляване на последствията цели да намали ефекта след случването на събитието. За тази цел се предприемат мерки за подобряване на системите и процесите, заделяне на ресурси като рискови буфери и очертаване на планове за действие. От гледна точка на операционния риск организацията има по-силен стимул да избегне риска отколкото да намали последствията от него поради по-ниските разходи при избягване. Допълнително, избягването често се реализира чрез подобрене на дейности и процеси, което се отразява положително на производителността и оттам – на печалбата.

Приемане на риска е стратегията, при която организацията избира да идентифицира рисковете, но да не предприеме действия за управлението им. Вместо това често тези рискове се регистрират и наблюдават, но за тях няма определени конкретни действия, нито заделени ресурси за справянето с тях. Подобна стратегия е удачна когато идентифицираните рискове са с нисък очакван ефект или не съществуват възможности за тяхното избягване, трансфер или намаляване на последствията от тях.

В рамките на процеса по управление на риска следва да се има предвид, че целта не е пълното елиминиране на организационния риск, а предприемане на действия, които да достигнат до оптимално ниво на риск в съответствие със стратегическите цели, бизнес операции, културата и дългосрочната ориентация на организацията. По-високите нива на риска да свързани и с по-висока очаквана възвръщаемост, така че основната задача при управлението на риска е да се постигне оптималния баланс между двете. Тук подчертаваме, че същинския процес по справяне с несигурността е силно контекстови – предприетите конкретни мерки и дейности в рамките на общите стратегии зависят от вътрешната среда, външната среда и разполагаемите ресурси. Често литературата се фокусира върху управление на рисковете на високо ниво, докато практиката изисква подчертана конкретика. В този смисъл една от основните задачи на новите изследвания в областта на операционния риск е да предложи ясно дефиниран общ

подход за управление, от който произтичат конкретни действия, като се възползва от новите организационни и технологични реалности.

ЗАКЛЮЧЕНИЕ И ПРЕПОРЪКИ

Дисциплината за управление на риска намира своето бурно развитие през двадесети и началото на двадесет и първи век. В рамките на изследванията, стандартния икономически подход е подчертаване на принципа на методологическия индивидуализъм и използване на основни резултати от теория на полезността за анализ на проблемите с взимане на рискови решения (вж. пр. Damodaran, 2007). Голяма част от литературата се доминира от изследване и анализ на околностите с финансови рискове, като те често са поставени в рамките на регулативните изисквания към финансовите институции (Leone et al, 2018; Guegan & Hassani, 2018). Този фокус води до факта, че управлението на финансовите рискове е в значителна степен прецизирано, като фокусът е върху неговото приложение и еволюционно развитие, предимно задвижвано от регулативните изисквания. Прави впечатление, че и в нашата научна литература се отразява засиленото внимание върху управлението на финансовите рискове, като това води до редица научни и научно-приложни приноси на родни учени.

В научната литература се забелязва подчертана тенденция за синтетично разграничение между различните типове рискове и съответните конкретни стратегии за тяхното управление. Това дава началото на различни класификации на рисковите групи, някои от които са представени и в настоящата разработка (Frame, 2003; Crouhy et al., 2006; Dionne, 2013; Балабанов, 1996; Зафирова, 2016 и др.). Отчитаме, че подобен подход е полезен от аналитична гледна точка, но от гледна точка на изследователските и научно-приложните аспекти е често проблематичен. По-специално подчертаваме високата свързаност между различни типове рискове и значителното припокриване между някои от тях. Това предполага интегрирано разглеждане на рисковата експозиция на съвременната организация и единен подход за управлението ѝ. В този смисъл ефективното управление на рисковете се налага като важен източник на конкурентно предимство на модерните организации и оттам – като важна и актуална тема на научни изследвания.

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THE BENEFITS OF THE INTEGRATED DEVELOPMENT OF SOFIA'S PUBLIC TRANSPORT

Svetla Tzvetkova¹

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Abstract

One of the most important goals regarding the management and organization of public transport in the city of Sofia, in the context of building stable urban mobility, is the effective coordination of the functioning of individual transport types, in accordance with the capital's growth and citizens' transport needs. On top of improving the quality of freights and reducing travel time and passengers' transport fatigue, integrated development is also a prerequisite for the optimal use of vehicles along routes. The paper outlines the main guidelines and indicates specific technical and organizational measures aimed at providing more effective coordination of the functioning of individual types of public transport in the city of Sofia. The main benefits of that are indicated, as well as the perspectives for its future stable development which are summarized in the paper's concluding part.

Keywords: *the benefits of the integrated development of public transport*

JEL Codes: *R40, R41, R49*

INTRODUCTION

Despite the multitude of problems regarding the organization of Sofia's transport system, as well as the overall lowered quality of the services that the capital's public transport provides, the majority of citizens still use urban transport as the primary means of transportation, which puts the necessity for improving its quality and reducing travel time in particular on the agenda. This can be accomplished through the integrated functioning of public transport which, on one hand, will also guarantee easier and timely access to work places and services for all of Sofia's residents, and minimize traffic jams, air pollution and energy consumption, and generally improve the quality of life in the capital, on the other. The integrated approach in the organization of public transport and the implementation of effective measures and actions for improving the quality of transport services need to become part of the strategy for the development of

¹ University of National and World Economy, Sofia, Bulgaria, Assoc. Prof. Dr., svetlatzvetkova@abv.bg

the urban transport system. It should also be based on the good development practices and integrated approach in public transport management in other European cities. The effective coordination of the functioning of individual types of public transport depends on establishing optimal connections, reducing travel time and guaranteeing security, speed, comfort and urban mobility. This is the only way to fully satisfy citizens' travel needs and improve the quality of life in the city.

GUIDELINES FOR IMPROVING THE ORGANIZATION OF PUBLIC TRANSPORT TRAFFIC IN THE CITY OF SOFIA

Improving the Configuration and Density of the Transport Network

The conveniences of using urban passenger transport are largely determined from the configuration of the transport network. Sofia's transport lines need to follow the directions of the main passenger flows. The observation of this requirement allows the provision of citizens' transport needs with a minimum mileage of mass urban passenger transport vehicles, while simultaneously reducing travel time from the center to the city's outlying neighborhoods. The transport lines and the stops that service them are the main elements of Sofia's transport network. The transport lines in Sofia need to follow the directions of the main passenger flows. The observation of this requirement allows the provision of citizens' transport needs with a minimum mileage of mass urban passenger transport vehicles, while simultaneously reducing travel time from the center to the city's outlying neighborhoods.

An important guideline for perfecting the transport servicing of the city's population is determining the optimal density of the city's transport network. Said density can be determined from the total travel time, which includes: walking to the starting stop, waiting for the vehicle at the stop, the vehicle's travel time, and walking from the designated stop to the target destination. The indicated components, which determine the total travel time, are largely influenced by the qualities of the transport network. When the density is higher, the walks are shorter. Simultaneously, waiting time at the stops, which is considered equal to half the travel interval of vehicles, can be longer. When the transport network's density becomes too excessive, the travel interval becomes longer, which also increases the waiting time at the starting stop. The transport network's density can be considered optimal when the total travel time's values are minimal. When the length of the transport network is insufficient, the two walks become longer.

When the density is higher, waiting time at the stops – and travel time in individual cases – becomes longer.

Increasing the Transmissivity of the Transport Network

The transmissivity of the transport network has a direct influence on the freight capability of urban passenger transport, hence why increasing it is one of the main goals regarding the improvement of traffic organization. The more rational use of urban passenger transport vehicles along separate routes involves the issue of increasing the transmissivity of transport junctions (intersections), stops and the transport network. In that regard, it is possible to undertake a number of actions regarding the realization of a significant social effect. Higher transmissivity of intersections can be achieved as a result of improving traffic light cycles, i.e. making the duration of the green signal longer along the lines that urban passenger transport routes pass through; perfecting the organization of vehicle passage; widening intersections' cross-points and allocating independent lanes for right turns; maintaining the good condition of all cross-points at intersections, etc. Increasing the transmissivity of stops along separate routes is especially important for the more rational use of urban passenger transport vehicles, which can be achieved at the expense of:

- Deconcentrating stops with high traffic frequencies and more significant passenger turnovers;
- Separating public transport stops from transport flow accumulation areas around intersections;
- Making stop grounds longer in order to widen the front for passenger boarding and disembarkation at points with comparatively large passenger turnovers;
- Prohibiting the stay of other types of transport in zones which are in close proximity to stops, so as not to impede or delay urban passenger transport vehicles from stopping and departing;
- Maintaining the excellent condition of the road cover in the positioning areas of stops, etc.

Selecting a Rational Route System

The selection of a rational route system is one of the most important questions which help reduce citizens' travel time and upon which the quality of offered transport services depends. The direction and outline of urban passenger

transport routes are determined by factors such as: structure and outline of the city's street and transport networks; direction of passenger flows between separate urban regions; transmissivity of the transport network and separate intersections, etc. Tram and trolley transport routes can only be set up along directions with established rail-tracks and contact networks. The directions of bus routes have more possibilities for alteration, thanks to which routes that connect the primary points between which the most significant in terms of volume passenger freights occur along the shortest possible distance can be organized. From a practical perspective, it is appropriate that the development of routes be preceded by the study of passenger flows along the main directions in the city. The Thalonic method is implemented far too frequently for that purpose; however, it provides data for passenger flows along separate transport network sections. As a result of the study of passenger flows, the necessary route correction can be substantiated; however, it usually boils down to guaranteeing urban passenger freights along the busiest sections of the transport network. In cities where passenger flows are not studied, the correction of existing routes and the discovery of new ones are undertaken after the necessary data about excessively busy or insufficiently busy separate route sections from agencies involved in the commissioning of transport is received. In that regard, incoming written demands from citizens can be used as well.

Increasing the Speed of Transport Vehicles

The main factor for increasing the speed of transport vehicles in the city is the organization of high-speed transport. This necessity is determined as a result of the possible saving of travel time. The possibility for using high-speed types of transport depends on the density of the transport network, as well as the traversed distances. If the distribution of passengers along the traversed distance, under a certain density of the high-speed transport network, is known, the number of runs carried out by high-speed transport can also be determined. The organization of high-speed passenger transport lines is only appropriate under the condition that the passenger flow is strong enough to provide a certain degree of filling-up and traffic frequency of transport vehicles. Larger intervals in the traffic of high-speed transport vehicles increase waiting time at stops, meaning that the total amount of time spent on traveling can exceed travel time with high-speed transport as a result.

High-speed transport in Sofia is represented by the subway, whose average speed is 38,84 km/h; for reference, the average speed of buses and trams in the

city respectively is 19,4 and 12,7 km/h. With its high freight capacity of 50 000 passengers per hour, the underground transport provides effective, fast and safe travel for citizens and visitors alike, acting as an alternative to a significant portion of Sofia's ground transport. With this type of transport, traveling from the city's periphery to the city's center can take up between 15 and 20 minutes, whereas with ground transport it could take hours and most likely a couple of transfers. Thus, the capital's subway system completely fits in with the European vision for developing intelligent, environmentally friendly and integrated transport.

Rationalizing the Operative Management of the Freight Process

The purpose of the operative management of the freight process is to provide regularity in the traffic of urban passenger transport vehicles first and foremost. Traffic regularity is one of the main qualitative indicators for the functioning of passenger transport. Vehicle traffic along a certain route is considered regular when the following conditions are present:

- All vehicles depart from the route's starting point at the time established in the schedule;
- Equal traffic intervals for each individual stop are provided;
- All vehicles arrive at the route's final point in accordance with the established schedule.

Traffic regularity can be guaranteed when all runs planned in the route schedule are fully (100%) executed and all drivers are punctual when it comes to observing the schedule. A run is considered regular if the vehicle driver departs from the starting point precisely according to the schedule, passes through individual stops in accordance with the schedule (with no more than 1 minute of diversion) and arrives at the final point at the precise time established in the schedule. Runs that divert excessively from the schedule are considered irregular. On separate occasions, traffic irregularities could be due to objective reasons: vehicles being taken out of commission due to damage, hold-ups at railway crossings and intersections, etc. However, practice in separate cities shows that traffic irregularity more often than not is due to subjective reasons, especially unsatisfactory organization of the freight process, flaws in the operative management of passenger freights, declining driver discipline, etc.

THE BENEFITS OF THE INTEGRATED DEVELOPMENT OF INDIVIDUAL TYPES OF PUBLIC TRANSPORT

In recent years, due to the increased number of travel necessities, larger European cities and all capitals, including Sofia, have been facing transport and traffic-related problems. The question of how to increase mobility while simultaneously reducing traffic jams, accidents and pollution is a common challenge for the entirety of Europe.

The urban passenger transport development policy holds a great significance for the EU. An effectively coordinated and high-quality public transport could make significant contributions toward reaching the community's outlined goals and achieving stable urban mobility in major cities. The success of the policies and their goals – for instance, the efficacy of the EU's transport system, the socio-economic objectives, energy dependency and climate changes – largely depend on the actions and undertaking of specific measures by national, regional and local authorities.

The effective coordination of the functioning of individual types of public transport in Sofia and improving its quality would be beneficial for present and future users alike. When the city's public transport becomes more convenient, more suitable and more understandable for everyone, the number of passengers who prefer it will grow, as will the number of people with disabilities and elderly people who will use it and become more socially active. The benefits of the integrated development of the capital's public transport will be multilateral. First and foremost, the city's image will be improved; the capital will have a new vision – one of an innovative and future-oriented European city. The quality of life will be improved – the city will carry an emotional charge, involving the better public spaces, as well as safety for children. Urban mobility and access to urban zones and services will be improved. The achievement of better environmental parameters such as quality of air, noise and climate changes will improve the population's health status and reduce healthcare expenses.

RECOMMENDATIONS FOR EFFECTIVE INTEGRATED DEVELOPMENT OF PUBLIC TRANSPORT IN THE CITY OF SOFIA

Effective management should be comprised of building optimal connections and high level of coordination between various types of urban transport, guaranteeing security, speed, comfort and stable mobility. The extremely urgent gradual reorganization of the tram and trolley transport

networks as the most environmentally friendly types of ground transport is crucial to the effective management and organization of the capital's urban transport. The goal of this restructuring should be adapting and integrating these types of transport to the available and pending design-basis subway lines. As the largest environmental pollutant, bus transport should service areas and connect zones that are not covered by trams, trolleys or the subway. Coordination in the functioning of various types of passenger transport can be achieved only under the condition that the city's route system is rationalized. This is determined by the circumstance that the routes of various types of passenger transport have points of contact, even concurrent areas. Sofia's subway system needs to become a leading and community-defining mode of transportation for large groups of people over relatively long distances due to its undeniable techno-economic characteristics such as environmental friendliness, high speed, large passenger capacity and effectiveness. The main goal of the future development of Sofia's public transport should be the creation of stable urban mobility through integrated development of individual types of transport, optimized ground transport route network in accordance with the new subway routes, and changes in the demand for transport services. A unified strategy for development should be developed, based on existing normative documents and conditions, as well as available and potential sources of funding; a clear and preliminarily outlined perspective for development should also be presented.

CONCLUSION

The effective integration of the functioning of various types of public transport suggests the functioning of high-quality and stable urban passenger transport which will provide opportunities for attracting more people and fully satisfying their urban travel needs, thus reducing citizens's dependence on their automobiles, with all the resulting benefits for the environment. The quality of life for people with limited mobility and people who live in regions which have not been connected to the urban transport network in the past will improve significantly. Easier access to work places and services for all citizens will be guaranteed; safety and security during travel will be improved, as will the quality and comfort of freights, simultaneously reducing traffic jams, greenhouse effects and energy consumption. On the whole, the urban environment's appeal will be enhanced, and, through the high-quality services they offer, public transport enterprises will successfully convince citizens to use public transport, familiarizing them with its social effects.

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EU HEALTH AND THE IMPACT OF HEALTH SECTOR ON THE ECONOMY

Venetka Stefanova¹

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Abstract

The role of the state – all states through their governmental bodies provide the legal and regulatory framework for the functioning of the health system. Protecting public health is not only a national policy for every country, but it is also a policy of the European Union. The complex connections between healthcare and economy raise the interest in the efficiency of the industry. The effective healthcare has a positive impact on the national economy and human development, which is way a study of its comparative effectiveness is of paramount importance for identifying the place which the healthcare sector in Bulgaria takes in its effectiveness in the EU or among the neighboring and historically close countries.

Keywords: healthcare, health system, economy

JEL Codes: I19

INTRODUCTION

A major problem of global health is the conflict between limited resources and ever increasing costs as a result of demographic change, increasing demand and the continuous introduction of new and more expensive treatments. Each state politicians are facing the dilemma of how in the best possible way to use limited resources to improve the quality of health care services to improve the relationship between different levels of the health system and between different actors in the supply and use of health services and to provide financial and structural stability of the health system. The problems of the Bulgarian health are numerous - NHIF's monopoly, there is limited access to health care and related professionals, no new technologies to treat insurance are high, it has a highly developed corrupt practice.

Moreover, often guaranteed package of medical services does not correspond to the actual needs of health services and the existing practice. In most

¹ SWU “Neofit Rilski” – Blagoevgrad, Faculty of Economics, Economics Department, PhD Student, veneta0409@abv.bg

cases be imposed surcharge of patients. All these problems lead to maturation and the need for reform in the Bulgarian health insurance system. This reform is necessary at a time when our country strives to meet the Maastricht criteria and join the Eurozone. Problems in health care Bulgaria's membership in the eurozone and the need to reform our health care system show a need for it to be viewed from different perspectives.

The aim of this paper is to outline general guidelines of EU health and the impact of health sector on the economy.

PROBLEM ANALYSIS

Health in the EU

The role of the state - all countries through its government authorities provide the legal and regulatory framework for the functioning of the health system.

The state participates in financing (partially or fully) activities related to: public health, health promotion and disease prevention; infrastructure construction of the system, including the construction of hospitals, medical education and research; providing medical care and others. In direct relation to the size and scope of this funding and state intervention in the design of the system.

Are ongoing transition of modern civilization to the model of sustainable development. Changes to the existing socio-economic paradigm of development aimed at promoting consumer behavior towards nature, towards a new, progressive system based on knowledge and human behavior. Take into account the characteristics of the economy to sustainable development, intended to replace the traditional economy (Karolova, 2017, p. 81).

Protecting public health is not only a national policy for every country, but EU policies. EU health strategy focuses on strengthening cooperation and coordination, supporting the exchange of evidence-based information, knowledge and decision support at the national level. EU aims to improve public health, prevention of diseases and disorders in humans and identify sources of danger to human health.

On "Effective, accessible and sustainable health systems" Commission proposes EU program involving a number of mechanisms for cooperation to support national reforms. The aim is to improve the efficiency of healthcare systems in the EU (OESR, 2017, p. 9).

This cooperation aims at improving the effectiveness and efficiency of health systems to ensure fiscal sustainability and access to good quality health services for all.

The joint report of the European Commission and the Economic Policy Committee on healthcare systems and long-term care identified a number of areas where improvements could increase the economic efficiency of health systems in the medium and long term, as well as their long term sustainability.

Improvement of management systems include appropriate policy levers such as:

1. Strengthening cooperation between authorities in the field of fiscal and health policy and use of a wide range of tools for budget planning in order to help achieve the efficiency, transparency and accountability;
2. Development of strategies for information technology and data management in support of the activities of monitoring and management and strengthening the fight against corruption, fraud and misuse of public funds;
3. Pre and post assessment of reforms in a systematic and regulated manner, based on the evidence and application of assessing the functioning of the systems;
4. Clearly defining the roles of public authorities in respect of services for long-term care, to integrate health and social services through the legal framework and improving administrative efficiency;
5. Improving the adequacy and quality of human resources in the health sector by adapting to the needs planning, adaptation of incentives;
6. Further investigation of the mechanisms of interstate cooperation to deal with issues of availability and affordability of medicines in the EU. This should include appropriate regulatory mechanisms at EU level and agreements on joint procurement (OESR, 2017).

Objectives of EU policy in the field of health

- Promoting global governance of health;
- The division of labor among all actors, whether public or private, it will lead to the accumulation of knowledge and funding in the health sector;
- Ensure better coherence of internal and external EU policies in relation to global health;
- Increase knowledge in the field of global health.

Objectives of the EU public health

- Comparable information about the health of European citizens by developing health indicators and data collection;
- Analyzes and reports on public health. EU health strategy focuses on strengthening cooperation and coordination, supporting the exchange of evidence-based information and knowledge and support decision-making at national level;
- Mechanism dissemination of health information and data;
- E-health - development of personal electronic health card and electronic patient record.

Health System - aimed at citizens

The health system must meet the expectations of the people, respect their human dignity, confidentiality, autonomy, serve them qualitatively and timely, providing amenities, access to social support networks and choice of medical care. These are the criteria for responsiveness of health systems to citizens developed by the World Health Organization.

Improve opportunities for choosing a GP, specialist and hospital, providing access to family and religious practices during hospitalization. Problems remain the remoteness of the place of supply of medical care (primary, specialized, inpatient, emergency and urgent), high drug prices and low financial capacity of the majority of patients. People still do not receive adequate health promotion and disease prevention. The hospital system is still not effective enough.

Weaknesses of the health system in Bulgaria are insufficient awareness of the population about the rights and obligations of participating in the system, insufficiently active information policy, frequent lack of objective information on key health care issues. The population does not know the health care system, so patients do not know the opportunities that it provides them.

Lacks a comprehensive study on the extent of citizen satisfaction with the health system. Studied individual parameters show that it does not meet their expectations. Insufficient awareness of people about the volume and quality of health care system, as well as their rights and obligations leads to frustration due to mismatch of their expectations to the real possibilities of system (www.ncphi.government.bg).

In recent years, for example, a large number of state enterprises in Spain express its ability to adapt to a complex situation and the implementation of innovative management tools, thereby showing that the public sector can be managed effectively with the introduction of new principles of management models and entrepreneurial tools and techniques.

The theme of social security in Spain offers health care, and there are many public hospitals, clinics and doctors' offices. Overall the system works well, although waiting lists exist and can cause delays in receiving treatment for diseases that are not classified as urgent.

There is also a well-developed system of private care. There are a number of specialized companies and health insurance companies offering health policies. The monthly payments shall be granted access to the largest private hospitals and clinics and specialist doctors and family doctors.

The private system in Spain is working with the state system so that payments for personal care does not exclude patients to visit their doctor or receive treatment in a public hospital and for certain types of work in state hospitals are recommended. The private system in Spain usually offers faster treatment and a comfortable level private room, a room per night for family members, etc., but the fee of the private hospital is usually higher than for public hospitals.

Impact of health sector on the economy

Health sector affect the economy primarily through the main results of its functioning - health improvements. The health sector in the EU-15 produces 9.6% of GDP, a larger share than the financial sector. Employment in the sector (along with social activities) reached 12% in the European Union/163 thousand at home/ at the end of 2018. Health and related activities (such as health insurance) impact on the labor market - such as mandatory health insurance employers increased production costs and lower competitiveness of companies; stable health insurance is a factor of competition between firms to attract skilled workers, and factor mobility of labor resources within a global market.

Especially strong is the link between health expenditure and total public spending (usually positive). For example, for each unit of costs in public health programs for smoking prevention saves two units prevent future expenditures. Savings that can be invested more productively.

In many developed countries deficits zraveopazvaneto worse makroikonoicheskata stability. Health has a significant impact on investment in

high technology and health development. The goal is to EU countries the rate of investment in medical equipment to double from 1.9% to 4%. It is planned to allocate 71 million euros of funds to improve equipment effectiveness and availability of emergency health services in Bulgaria.

At the end of 2018 investment expenditure and acquisition of assets in health care in the country amounted to about 800 million. Lev In countries such as France, Germany, the Netherlands and Sweden, in addition to have much larger economies emit 11% of GDP on health. The pace of investment in medical equipment are increasing annually.

Health care is changing and with it must change and investment in the EU, provided four billion euros in the framework of cohesion policy after 2020. Important effect of health is its action as accelerator-related sectors such as pharmaceutical industry, medical technology, health insurance, etc. For example, pharmaceutical production is structurally high-tech sector for Germany, France, USA, Switzerland, and one of the fastest growing sectors in Southeast and Central Europe(https://ec.europa.eu/eurostat/statistics-explained/index.php/Healthcare_expenditure_statistics, https://ec.europa.eu/health/state/country_profiles_bg).

Complex relations of cooperation between health and economy increase interest on the effectiveness of the industry. Argue in development is that effective health has a positive impact on the national economy and human development and the study on its relative efficiency is of paramount importance to identify the place in which the health sector in Bulgaria by its efficiency in the EU or in neighboring territorial location and close historical roots countries.

The pressure to increase spending on health care will be maintained. According to the report from the 2015 Aging in the period to 2060 is expected to further increase the share of public spending on health from GDP. The main reasons for this increase are:

- rising incomes and expectations for high-quality health services;
- an aging population;
- technological advances.

In the reference scenario of the Working Group on Aging (AWG) public spending on health in the EU will increase by 0.9 percentage points of GDP by 2060. According to the risk scenario (AWG) average increase in costs by 1.6 percentage points of GDP by 2060.

The main objective of the EU is to ensure the sustainability of public finances, including the medium and long term. For many EU countries risks to the sustainability of public finances are related largely to the expected impact of

age-related public expenditure on health and long-term care (OESR, 2017, p. 9; https://ec.europa.eu/health/sites/health/files/systems_performance_assessment/docs/com2014_215_final_bg.pdf; https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0_en).

Besides fiscal difficulties healthcare systems and long-term care often face common structural problems that are associated with the inefficient allocation and use of resources between different functional areas of spending. OESR estimates that one-fifth of the cost of health care contributes little to no contributes to improving human health. In some cases, it even leads to worse outcomes in health. Potentially countries can spend less on health care while without this leading to deterioration of the health system or the results in healthcare. Other difficulties (OESR, 2017, p. 9; https://ec.europa.eu/health/sites/health/files/systems_performance_assessment/docs/com2014_215_final_bg.pdf; https://ec.europa.eu/info/publications/economy-finance/joint-report-health-care-and-long-term-care-systems-fiscal-sustainability-0_en):

- unequal access to health care;
- often exceeded the budget;
- competitive fiscal pressure from various ministries;
- change of policy priorities;
- fraud or corruption and the lack of information on the economic viability of investments in health systems and long-term care.

Prediction, prevention, factors determining health risks, biotechnology, health information and pharmaceutical genetics are characterized by remarkable development in recent years. This allows for better, individualized health protection and maintenance of high health status of the population. It is recognized that at present those options are still not used in full in government and institutional health policies.

Overregulated management systems incidence is considered outdated amid innovations in health technologies and progress in the capacity of health systems. Citizens of developed countries realize that health care and health insurance are expensive, inefficient and often inadequate and that there are no individual health competencies for assessing individual health risk.

Citizens of developed countries realize that health care and health insurance are expensive, inefficient and often inadequate and that there are no individual health competencies for assessing individual health risk.

As a rule, health literacy of citizens is of considerable importance for the realization of effective treatment selection and supplier of The Health Services. The overall educational status of the individual patient is an important prerequisite for it to be a good consumer of health services.

The new concept of health and disease revise the traditional concept of health as the presence or absence of complete physical, mental and social well-being and absence of disease and infirmity. Outdated understanding of health does not report progress in public health achieved as a result of better hygiene, clean water, better nutrition, clothing and essential - as a result of better education.

Non-medical factors that characterize the improved living conditions, increase quality of life and improving the health status of the population. Thus the amount of health care spending as a percentage of gross domestic product does not correspond directly with increased longevity. At the same time the link between improving the socio-economic and educational conditions and quality of health status is well analyzed, and the impact of smoking uporebata of alcohol, unhealthy diet and inadequate social behaviors.

The new concept of health is directed towards an active process of balancing the interplay between individual deliberately informed participation in the promotion and prevention of health and competent participation of professional help to achieve a better health outcome, the focus is directed to the amended bioethical principles such as the obligation to providing access to information, right to be informed, education, health, health literacy, health skills and so on.

Major challenge for developed countries to strengthen the participation and role of the individual in the care of providing health. Individual interests, knowledge, health, health responsibility and social solidarity are fundamental ethical principles in health care. Health policy, health insurance, health care providers should help citizens have an informed and literate choice as consumers of health services, higher efficiency and capacity of the health system depends on giving educated citizens a more active role in ensuring their health and the promotion of health literacy and health competence among the whole population.

CONCLUSION

The problems of the nation's health problems are not only the healthcare system, and of the state itself. It requires political will and responsibility to change economic relations in the healthcare system. It needs a radical economic reform,

better coordination of activities in health promotion and disease prevention, increased resources related to health promotion, ensuring financial stability in an optimized package of health services, improvement and equal access to health services.

The quality of healthcare in Bulgaria significantly lags behind the EU countries. For forms and ways of financing the system as an example can be taken from a number of European countries. Breaking the monopoly of the NHIF and creating real competition with private funds for cost optimization, better control over and improve their effectiveness.

Typical trends in healthcare systems in economically developed countries: a growing share of GDP, public sector participation in the financing, organization, management and control of healthcare Renovation of medical technology, improving the qualifications of medical staff and quality of medical services, restriction of professional autonomy and clinical doctors from a growing number of bureaucrats and health managers reduce costs in the system.

All these trends determine the extent of the need for reforms in the healthcare system.

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ANALYSIS OF LABOR PAYMENT PRACTICES AND FORMATION OF LABOR REMUNERATION

Denitsa Bogdanska¹

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Abstract

The most important obligations of employers towards the staff are to ensure an adequate remuneration of labor. This management process is directly related to the company goals set within its budget and the pay systems applied. The more direct the relationship between workers's income and company profits are, the closer are the interests of workers to the interests of the employer, because being engaged in in the work process people are convinced that if they succeed in helping the company's goals, they will also help themselves.

Keywords: remuneration, payment systems, remuneration

JEL Codes: J2, J3, M54

The most important issue in the system of labor remuneration is the formation of wages. The wage determines the value of the labor force and the results of labor, expressed in monetary units, or in other words, the salary is the monetary value of the labor invested by the worker in the output produced. With better financial results, the company is able to pay higher salaries, bonuses and increments and thus to attract more qualified personnel, which in turn guarantees a higher degree of competitiveness of the company. Therefore, the employer has to choose mechanisms and rules of remuneration to make sure that when the company is profitable, its employees will understand this by the income they receive.

In practice, there are dozens of payroll systems, whereby most of companies do not disclose their own payroll systems, justifying this with embracing and protecting corporate secrecy. Whatever the system is, it must be periodical and, if necessary, concretely analyzed and refined.

¹ South-West University "Neofit Rilski", Blagoevgrad, Chief Assist. Prof. PhD, e-mail: d_stef@abv.bg

Among the basic methods of salary formation are the systems of remuneration, depending on the qualification of the employee and the duration of the employee's service in the organization. The system of remuneration, depending on the qualification of the employee, is carried out in stages - from the lowest to the higher qualification. Workers are being recruited into a lower-ranked company and they gradually move upwards, increasing their skills, demonstrating a new level of competences. Such a system guarantees a higher remuneration for the most skilled workers and thus stimulates them to acquire higher qualifications. The advantage of this pay system is that it contributes to the personal development of workers. Through this way of remuneration, the employee is required to increase the level of competences, which in turn increases the contribution to the company and, consequently, the company's well-being (Georgiev, 2012, p. 82).

The system of remuneration, except by accounting for qualifications, can be formed on the basis of accounting for the traineeship of the workers in the company. Its principle is analogous to the system of remuneration, depending on the qualification of the employee, the difference between them being that the criteria for increasing salaries do not depend on the level of qualification, but on the employee's service duration. It should be noted that for many business types, the remuneration system is unacceptable, since the existing corporate rules are primarily aimed at promoting craftsmanship, work effort and higher results. Wage-based pay systems which respect only qualifications or only work experience have a number of common disadvantages. First of all, they lack the real motivation of the staff. These systems belong entirely to the past, not to the future. They encourage an increase of the qualification level or the duration of services provided in the company, rather than an increase in the productivity that every company is aiming for.

For remuneration systems, it should be noted that there is a solid international experience based on two main approaches:

- the Japanese experience, based mainly on social factors in the growth of the employee;
- the American experience, based on the principles of individual wage formation.
- The Japanese remuneration system is based on the following principles:
- the level of remuneration is determined primarily by the social rather than the production and economic factors;
- the individual earnings of the worker are determined on the basis of how much the other workers in the company receive;

- the system is based on the principles of long-term and sometimes life-long work of workers.
- In the 1950s, the salaries in most Japanese companies were determined on the duration of the service in the company and the costs of living, whereby wages increased annually according to the reported inflation. Over the next few decades, a number of companies have begun to introduce a system related to the work performed, linking earnings to the necessary competencies directly related to the job. This system gradually took place according to the Japanese specifics. Instead of a flat rate for each qualification grade, pay levels had been taken into account, reflecting career development and staff rotation capabilities, with a seniority criterion being the basis for an appointment. This remuneration system took into account the employee's capabilities and has operated in various modifications in most Japanese companies. The following factors influenced this system of wage formation for a Japanese worker:
 - age, experience, education;
 - position occupied, profession;
 - results of work performed.

One of the peculiarities of the Japanese pay model is the dependence of remuneration on the so-called life changes in a person's life, which are usually such as:

- upon graduation, the young worker receives an initial legal minimum wage;
- after marriage, in accordance with corporate rules and traditions, the salary increases by 5-10%;
- after birth of a child, the state encourages employers to raise the employee's salary;
- an increase in salary is also foreseen when buying a home with a loan, with the time for its payment accompanied by an increase in the salary, etc.

Typically, Japanese workers' incomes include monthly wages and various bonuses. The monthly remuneration consists of a fixed and variable part. The permanent part of the salary is a fixed amount, the amount of which is annually reviewed in an administrative manner, with the participation of trade unions. In addition, each worker has the opportunity to periodically improve his or her level of qualification, as long as there is no violation of work discipline and other administrative penalties. Despite the annual in-house salary increase, the tariff

tables are reviewed almost every year as a result of negotiations between the company administration and the unions.

The monthly co-payments between the different companies are not the same and are divided into four main categories:

- remuneration for work (for professional skills, compliance with production discipline, results obtained, etc.);
- allowance for working conditions according to the main job (for performing heavy and dangerous work, for shift work, for temporary relocation to another place, etc.);
- level of liability allowance (in most companies it is of a fixed size and in others its size is gradually increasing);
- additional payments related to increasing the cost of living.

In contrast to the social wage applied in Japan, in the United States, France and other Western countries, in recent years, the individual approach to the calculation of wages has become widespread, based on an assessment of the individual worker's production achievements. With this remuneration method, even workers with the same qualifications and occupying the same positions, but with differences in abilities, experience, skills and also having different motives for work, can achieve different results in their work. These achieved different results can also be directly expressed in differences in the wages. This is usually solved by differentiating wages through existing grades and setting rates for each grade. Existing grades are minimum, medium and maximum. Their value varies both for each company and for the category of workers:

- for employees - from 10 to 20%;
- for specialist workers - from 15 to 35%;
- for employees - from 35 to 50%, and sometimes more - for leading specialists and managers.

Typically, a remuneration from the minimum to the average is given as an allowance for a seniority, and from the average to the maximum is given for achievements, ie. for production results for a certain period. This way of individually regulating wages has a wide practical application because of its stimulating nature.

The bonuses can be in the form of a one-time bonus, an additional payment to the basic salary or a prize. These payments are made at the discretion of the management of the company in its successful operation and are usually made in cash. The bonus is a supplement to the salary, thus stimulating the workers. There are two main types of bonuses - such as the Outstanding Performance Bonus or a

Fixed Allowance for the Basic Salary for Special Competencies Owned by Individual Workers. Lump sums may be:

- a payment for company executives (annual, semiannual, new year and other payments) related to the positive results of the company for the respective period and which most often represent loyalty bonuses to the company and its owners;

- bonuses for the execution of particularly important and complex works;
- personal bonuses for performing specific tasks;
- bonuses for innovations related to working conditions, lowering the cost of production, improving its quality and others.

It is not uncommon for companies to regularly pay any other fixed salary allowances, such as:

- for additional encouragement and retention of the most qualified and experienced workers (for long-term or qualification);
- for stimulation of the educational level of workers in cases where it is necessary to improve the quality of their work (for the development of qualifications, for re-qualifications, for scientific degrees, etc.);
- to promote healthy lifestyles (non-smokers, athletes, etc.)

In the United States in the 1930s, the system of collective redress for workers emerged, which later evolved into various modifications (Georgiev, 2012, p. 66). This system consists in the fact that the workers in the company receive a monthly premium, in the form of a part of the amount which is saved by the labor costs of the production. When the normative wage costs are being reduced, the funds saved can form the bonus fund. The smaller part of this money goes to increase the profit of the organization and the greater part goes to bonuses of the employees. A partial modification of this system was made later, whose aim was to determine the normative value-added factor of the finished product produced by the firm for each dollar of production costs. The savings under this system have been distributed equally between the employers.

In Russia, there are many companies that pay workers' salaries in dollars, each year the number of these companies decreases at the expense of the popularity of the European currency - the Euro. According to a number of studies, the average monthly salary in Moscow shows that for workers it has lowest rates, for the administrative staff it has higher rates, for the average managers' level - a higher one, and for the senior managers - up to \$ 7000. Both Russian and foreign companies in Russia use different payment methods, which are different in the central parts and in the regions. Assuming the average salary in the capital is 100%, in the Moscow region the average salary is 70% of that in Moscow, in St.

Petersburg - 74%, in the Volga region - 50%, and in Sakhalin - 79% (Khachaturian, 2007, p. 47).

In addition to the salary remuneration, there are other trends related to the payment of premiums. Most companies have adopted a system of bonus payments based on the performance throughout the year, with a premium of between 1 and 1.5 months' salary. The most common bonuses are paid at the end of the year based on the individual performance of each employee, not the performance of the company as a whole. There is a gradual increase in the number of non-monetary compensation such as:

- health insurance provided to employees;
- payment for mobile phones;
- provision of vehicles for senior employees;
- life and work insurance;
- payment for food;
- payment for the services used in the sports centers, etc.

Attempts have been recently made to retain and motivate senior employees, giving them the opportunity to participate directly in the share capital of the company. In general, it can be said that there are the following trends in the promotion of workers:

- more frequent use of variable pay systems and an increase in the proportion of the variable part of the total income of workers;
- increasing the scope of application of group forms of wages and increasing their share in the total income of workers;
- widespread dissemination of the knowledge and competence payment system;
- for inflation reporting, each firm adopts its own correction coefficient aimed at offsetting the corresponding losses of the worker.

Through a survey among 45 companies managers occupying different management levels in the Blagoevgrad region, we investigated their opinion about the remuneration, the income level, the systems for forming and changing of the salary and about the additional remuneration. The survey contained 30 questions of different types, five of which were directly related to payment.

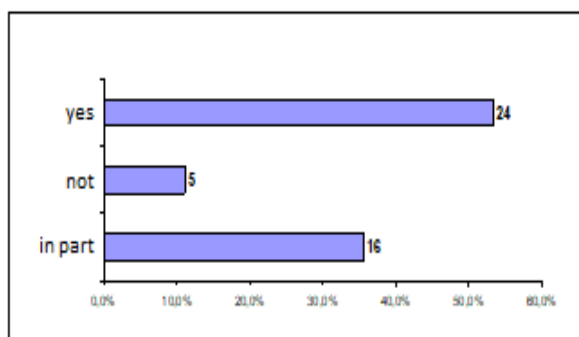
Question 1. Are you satisfied with the personal income you receive?

From the answer to this question one can understand how the interviewed managers evaluate the remuneration of their work, which is a difficult task because the work done by the manager is connected with meetings with different

people, in different places, it is not always noticeable by the employees, etc. n.
The answers are:

- more than half of the managers (53.3%) are satisfied with the income they receive;
- 35.6% are those who receive partial satisfaction;
- only 11.1% are dissatisfied with their payment.

Figure 1. Satisfaction with personal income

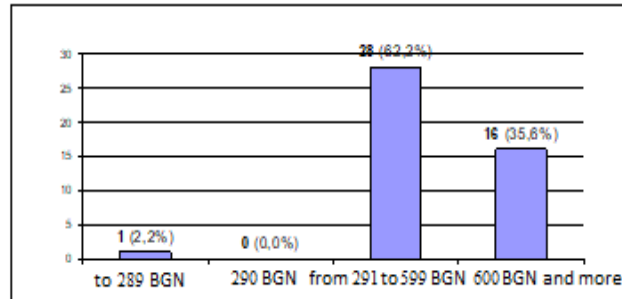


Question 2. *What is the average monthly remuneration of employees in your company?*

The answers to this question show that the average monthly remuneration of the employees in their companies is commensurate with the remuneration in the industry in Bulgaria:

- a large proportion (62.2%) receive average monthly salaries;
- 35.6% receive higher monthly salaries;
- only 2.2% receive a salary below the minimum.

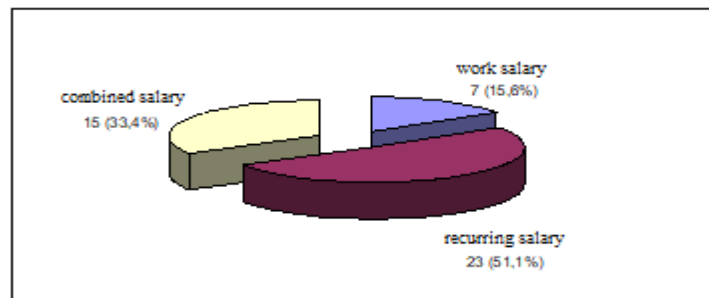
Figure 2. Average monthly remuneration of employees in the company



Question 3. *What is the dominant salary system that you apply in your company?*

The choice of remuneration system depends on the nature of the work, the required productivity and quality:

Figure 3. Salary system applied in the company

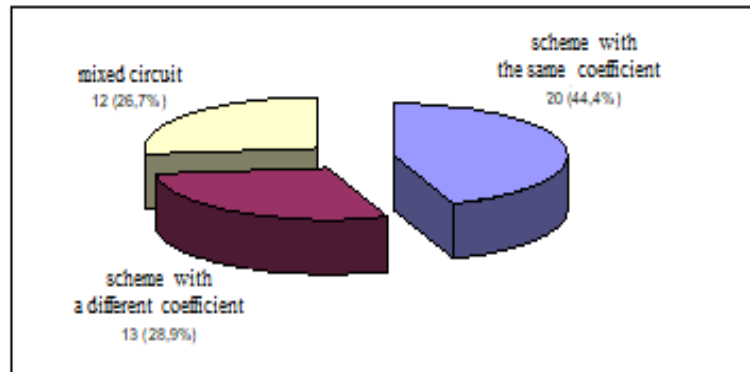


Question 4. *What is your preferred inflation-influenced remuneration scheme?*

Business executives can choose different ways to offset workers' incomes under the influence of existing inflation:

- most often the system of wages with the same coefficient is applied - 44,4%;
- 28,9% have chosen the system with different coefficient;
- the mixed scheme was mentioned by 26.7% of the managers surveyed.

Figure 4. Scheme for changing wages under the influence of inflation

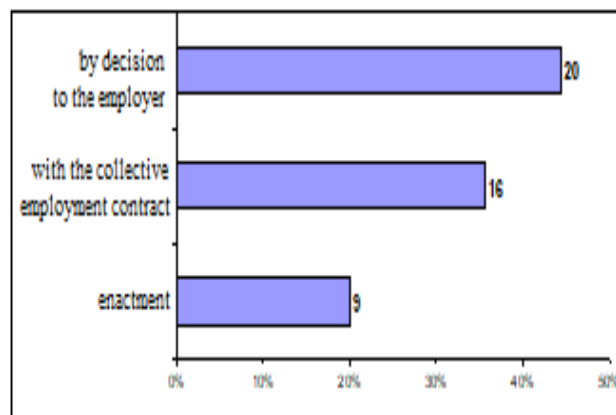


Question 5. What is the predominant way of paying the regulated additional remuneration in the company?

Additional remuneration in the company can be applied on the basis of various legal documents:

- 20.0% of the respondents use a normative act;
- 35.6% of the managers indicated that they use the solutions laid down in the collective agreement;
- most additional salaries (44.4%) were paid through company management decisions.

Figure 5. Payment of additional remuneration in the company



There are many problems related to the formation of labor remuneration. Significant differences in remuneration approaches exists, which are mainly influenced by the state of the labor market and the nature of the company.

Comparing the practices in different countries with regard to the evaluation and remuneration of labor, we find that the existing systems have a number of common characteristics, but also show significant differences, which are mainly related to the existing specific laws and state structures of the different countries, and the role of trade unions organizations in different branches.

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