

# ***ENTREPRENEURSHIP***

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# ENTREPRENEURSHIP

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## CHALLENGES IN BUILDING COMPETITIVE TEAMS FOR REAL ESTATE AGENCIES

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### Abstract

*The purpose of this study is based on the classification of basic practices and analysis of key issues in building competitive teams of real estate agents. A theoretical overview is made, the possibilities for building effective teams of brokers in direct connection with a long-term strategic management framework, which corresponds to the dynamically changing business environment, are described. Finally, guidelines are outlined to address the problems and challenges facing brokerage teams in real estate agencies. It is concluded that in order to achieve competitiveness in real estate agencies, management must work purposefully and comprehensively to form adequate market behavior of its brokers and optimize customer relations to maintain an adaptive organizational structure and highly productive organization of work, by building and effectively managing competing teams.*

**Keywords:** competing teams; real estate agency; Covid-19

**JEL Codes:** M10, R30, R393

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### 1. Introduction

The changes in business environment and the constraints after Covid-19 have undoubtedly affected the work of real estate agents and only their adequate, timely and adaptive policy in terms of maintaining a team can ensure their survival. Retaining and hiring qualified brokers and forming teams is proving a challenge in today's precarious environment. We share the argument of Mironova (2006) that only with their human resources, managers can win the competition with the competition (p. 14). They are the highest factor for coping in a crisis. According to Stoyanova (2017), the purpose of creating and managing human capital projects requirements aimed at both the effectiveness of the company and the inclusion of certain actions and recommendations that improve the personality and teams. The receptivity of brokers to the changing world, together with a shared vision, goal and company culture, are especially important for building competitive teams in real estate agencies.

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In this regard, Dimitrova (2015) considers corporate culture as having the most essential for the improvement of the modern organization (p. 180).

## **2. Literature review**

In theories and management practices there are different definitions of the term "team", which complement each other and give its main characteristics - two individuals or a certain number of people working together to achieve one goal; a team of different specialists temporarily performing general activities in a given field; a combination of joint action, trust, unity and cohesion; sometimes as a synonym for a group, team, association, brigade, detachment, team, gang, crew, company, etc. Following the views of Aubert (1991), we can say that the team is a social community of a number of individuals in terms of their role and status, who share sets of values and norms (p.248). Harizanova and Mironova (2006) reveal that a characteristic feature of the team is the common goal generally accepted by its members (p. 179).

In their research in various organizations, Katzenbach and Smith (2007) found that groups of more than 50 people fall apart, rather than building a cohesive whole with a common goal. According to them, the optimal level of number of people in a competitive team is from 2 to 25 people. Large teams face the challenge of overcoming difficulties related to individual, functional and hierarchical differences. In turn, small teams find it much easier to deal with these difficulties in the name of a common plan and adhere to mutual responsibility for the implementation of this plan. Kamenov (2000) studies the team as a direct consequence of the challenge of organizational efficiency. In her research, Angelova (2019) also considers the specifics of building a creative team.

From the presented definitions and theories, we can derive the following main characteristics for the competitive team:

- ❖ existence of a common goal;
- ❖ the structure of the roles determines their professional attitude;
- ❖ the unification of the members and the good relations between them contributes to the coincidence of opinions, assessments and positions regarding objects or problems, most important for them;
- ❖ bear collective responsibility;
- ❖ build trust with each other.

The formation of competitive teams is necessary when:

- ✓ individuals must work together with a high degree of interdependence;
- ✓ the goal is a unique challenge for all members;
- ✓ work in teams gives its competitive advantages;
- ✓ making the right team decisions connects employees;
- ✓ effective grouping of members;
- ✓ more information and know-how;
- ✓ cooperation.

But it also hides its dangers:

- ✓ forming a team requires time and competent management;
- ✓ there is a risk that members will not share the common goal and unite around it;
- ✓ personal differences and interests to prevail in the relationship;
- ✓ the decision to build a competitive team requires knowledge of different types of teams and their characteristics.

Building competitive teams involves the application of strategic principles and approaches such as:

- ❖ use of modern management methods with the participation of the employees in the decision- making processes;
- ❖ Guset to the modern - offering different from other agencies, unique know-how of the service, tailored to the individual needs of the client;
- ❖ high degree of competence, which is achieved through planned training actions set in the strategic plan of the agency in order to build lasting, meaningful and authentic relationships with the client;
- ❖ improving the working conditions, such as the introduction of software solutions to improve the work of the team of brokers and the relationship with users and clients - ERP, CRM and other automated management systems and databases;
- ❖ systematized monitoring and study of the real estate market - timely information makes it possible to identify trends for change in relation to the challenges of the business environment;
- ❖ this allows for an adequate response of brokers and successful management decisions;
- ❖ conditions for realizing the potential of each employee in the organization this is extremely important for finding good real estate brokers and building a competitive team on the market;
- ❖ motivation for success - goal setting, tasks and evaluation of the performance of brokers, which create lasting motivation for work;
- ❖ trust in the company;
- ❖ loyalty to the team - to avoid the risk of self-centeredness;
- ❖ responsibility of the management for the decisions taken and their consequences - decisions to increase the competitiveness compared to other participants in the real estate market, which lead to attracting more quality brokers to form a successful competitive team.

The future of real estate agencies is at stake if they fail to mobilize their human capital and information resources in the direction of new realities through the knowledge and skills that management provides for organizational excellence.

### ***Formation of teams of real estate brokers - recruitment and selection***

The need for qualified staff depends on the size of the real estate agency. Medium-sized agencies support between 5 and 10 RE (real estate) brokers; small RE agencies - are two or three agents and a manager, who is usually a broker-owner of

the agency and also works as an RE agent; large RE agencies consist of more than 10 RE agents and sometimes up to 100 agents, but positioned in separate offices and teams of 10-20 agents.

Real estate agencies are finding it increasingly difficult to find a skilled workforce. The lack of quality staff in the labor market makes it difficult even for large international companies that offer higher wages and competitive working conditions.

According to Kicheva (2018) in today's competitive environment, a good salary is not enough to attract employees to apply for jobs in companies. Wages are an important factor, but not the only one. Other features are also important, such as: company security, chance for development, additional trainings, good team and good relations between colleagues. In these circumstances, it is very difficult to build a team that is competitive and leads to the conclusion of transactions - rents and sales of real estate.

The process of recruiting brokers for real estate agencies (RE) to create competitive teams to make profitable deals involves the use of various channels: dissemination of word-of-mouth information, word of mouth and e-mail, recommendation from a colleague, selection agency, through planned actions of a HR manager working for the RE agency, announcements on job sites, social media campaigns, through career centers at universities, etc. After receiving the necessary information from the candidates, it is analyzed and the most appropriate ones are sifted. This is followed by an interview with a top broker, who is usually the owner of the agency, acting as manager. Once they are approved to start working as an RE broker, it is extremely important that they are trained. The specifics of the activity require special training for introduction to the work. It's a fact that brokers are not on a fixed salary, but on a percentage of each transaction. In order not to lose motivation, the newcomer is important to start the first month with a deal, either rent or sale. This initial responsibility rests with the training broker. In most cases, this training is organized and conducted in the form of mentoring by a top broker, who as we said can be the owner (for small agencies), and in large agencies are organized training courses for brokers. During the training they receive guidelines, theoretical knowledge and develop specific skills, which the newly arrived broker of RE realizes in order to reach a deal in the first month. The critical period is three months, during which the commitment and motivation of new hires to work in the specific operational environment is manifested, as well as their desire to develop in this difficult profession. If in the first year he manages to contribute with his work to the realization of transactions and brings income both for the organization and for himself, then the agent has a chance to develop as a professional broker. But a broker's professional skills develop over a longer period of time - an average of between three and five years. Along with the certificates received from the trainings in the organization, it is good after the consultant decides that this is his career path to pass a training course

for brokerage at the National Real Estate Association, for which in addition to a certificate of successful training in "brokerage" diploma from the Ministry of Education and Science after meeting the requirements and taking the theoretical and practical exams for the profession "Broker" specialty "Real Estate".

### ***Practices***

The support of the head of the agency, mentoring and lifelong learning are essential factors which also have the greatest impact on the success of the real estate agency. They are related to:

- ❖ the nature of the work. Very often a newly appointed broker cannot make a deal within a month. Sometimes, even if the first quarter is successful, the next can be revenue-free. The broker begins to hesitate and lose confidence in his abilities. This usually happens two or three times in the first year. Then, when experience is gained and the broker becomes recognizable, as a result of efforts to advertise and build meaningful relationships with colleagues and clients in the first year, the "wheel turns" and the results are visible with less effort. The significant success is realized around the fourth year, when the agent is already an expert and begins to generate customers without advertising. Achieving this level requires perseverance, diligence, support from experts, collegiality and several years of effort.
- ❖ the main activities during the working day. In order to achieve financial results, it is necessary to achieve certain company standards, on the basis of which the individual goals for implementation are determined. From the personal experience of the author in the field of real estate we share that it is necessary:
- ❖ to have a minimum of five meetings per day, which makes 25 meetings per week, which leads to at least one transaction per week and to the recruitment of new offers to be offered exclusively;
- ❖ at least 50 phone calls to increase the chance of a deal, or an average of 250 per week and outside of them there are more phone calls to call offers to establish their relevance;
- ❖ at least 60 meetings per month, to be successful, the broker makes an average of between 60-80 meetings per month or about 1000 phone calls. On average, a broker should have about 5 to a maximum of 8 exclusive offers of apartments to sell, as well as to have rental deals;
- ❖ targeted actions for obtaining new offers for sale:  
Sphere of influence - recommendations.

*Farming* - touring different areas, handing out flyers, posting advertising notes and talking to neighbors.

*Calling relatives*, acquaintances, past and present clients in order to promote the broker's activity.

*Analysis of the ads from private individuals* - every morning a reference is made to the new offers from private individuals in the real estate portals.

*Conducting official events* - meetings with colleagues from other agencies

Articles and publications on social networks - in order to inform the audience about your activity.

- ✓ *The intensity of the real estate market.* It is not possible for one broker to sell 100 apartments simultaneously in the whole of Sofia. For this, a team of at least 10 RE brokers must be formed. A good option for effective work is the distribution of work by region. For example - zoning of Sofia by neighborhoods and distribution of brokers by region. The distribution of the brokers by types of sites - plots, apartments, offices, warehouses, etc., or by the specifics of the transaction - for sale or rent is also motivating. Each region, object or type of transaction has its own peculiarities, which requires a narrower specialization of the brokers in order to adequately respond to the circumstances. In the absence of good coordination between the members of the brokerage team or insufficient competence, the benefits of unfulfilled transactions and even outflow of clients may be missed.
- ✓ *Communication organizational climate.* Improper interpersonal manager-broker, broker-broker, team-team relationships, as well as misunderstood rules and procedures, can lead to the loss of a key consultant. It should not be forgotten that there is always a danger that if the manager neglects any of the stages of the control cycle, a trained RE broker can go to another agency because it has offered him better working conditions, a better percentage, more good working environment, competitive team with built values, free public transport card, free use of the office or free business mobile phone number.

The formation of a team and the training of its members are a necessary but insufficient condition for building it as an effectively working and competitive team. The team leader is the key figure that leads the team to high productivity and lasting competitiveness. The leader of a brokerage team is erudite, knows the RE market and is able to motivate the team every day for success in achieving goals and realizing more deals. The leader provides the necessary work environment provided with software and databases. It creates a complex organization that functions effectively, while enabling each individual to operate in a sufficiently free environment. Complex relationships and organizational rules confuse and confuse brokers and make it difficult to meet both short-term and long-term goals. If the environment in which a new RE broker enters has a closed communication climate - too alienating, without cooperation and support, his colleagues treat him only as a competitor and will only show him the difficulties in the craft, the new broker is likely to leave. The lack of a vision for career development in the long run is also a significant factor in the choice to leave the agency. This can lead to a permanent turnover of staff. The leader is responsible for building a cohesive and competitive team that is oriented to positive results daily.

The main team's main goal is to realize real estate transactions monthly, through the daily efforts of each RE agent, observing the principles of democracy, loyalty and collegiality. To achieve this goal, planned activities are carried out such as: telephone calls; meetings with clients; signing contracts for mediation, rent, sale, negotiating terms, assistance to banking and government institutions, assistance in obtaining the necessary documents for transactions, etc. Each transaction is unique and unrepeatable due to the participation of different people, due to the uniqueness of the property and more. This presupposes team work on carrying out activities related to marketing and advertising of the respective property so as to reach the respective addressees who would be interested in the specific property; advertising on internet portals, e-mail marketing, sponsored advertising on social networks. All these activities are aimed at the end result - a deal and a commission received. Only then is the work on a deal considered completed and successful.

Practice shows that achieving a guaranteed sale every month requires time to gain the necessary experience and personal qualities of each agent individually and together as a team. Teamwork allows an RE broker to be 20-30% more efficient than if he works alone. The author's personal observations from his professional experience show that in an RE agency (employer from the previous period), where two teams of 10 and 15 people are created, one agent makes an average of 7 rental deals every month. Until in the current agency - employer for RE, one agent makes an average of about 3-4 transactions per month, and here, in addition to rents, sales and sales are included, but double transactions are not included.

The key to the success of building a competitive team in the field of RE are the competent brokers of RE. They determine the image and reputation of the RE agency in which they work and are its most important resource. Also, building and developing the right habits of RE brokers is of great importance. By sharing the ideas of Eklund (2016) for highly productive brokers, a program for building and developing a competitive brokerage team can be developed. The main points that need to be implemented in the program are the following: Building a successful personality - external vision and character, developing a unique personal strategy for successful sales and working with people - creating lasting relationships.

### **3. Research**

Competitiveness is vital for modern business organizations. The survival of real estate agencies, especially in difficult times like the current ones, depends on their lasting competitiveness. In March 2021 we conducted a survey among brokers of 2 real estate companies PREMIER ESTATE AND MODO REAL ESTATE, in order to identify the key factors influencing the vitality and competitiveness of both agencies and their teams. Both indicators that have a positive impact and those with a negative impact on the competitiveness of organizations were presented. The number of

respondents is 10. In the first stage, respondents were asked to complete an online test of the type of polar profiles, consisting of 20 pairs of antonyms ("has missing" or "reports does not report"). And in the second stage, in order to supplement our impressions of the main problems and challenges in terms of building competitive teams in real estate agencies, we conducted a short online interview. This approach was preferred on the one hand because of the limitations due to Covid-19 on the other hand - the rapid implementation of the study and on the third hand the possibility to include specific issues at an optimal price-quality ratio.

The test determined the significant characteristics of the assessed phenomenon - the teams of the agency, in which the counterpoints clarify, expand and deepen the understanding of the essence of the problem. The opposite pair of statements is located between the two ends of a 7-point scale. The test is completed by brokers with many years of experience, which implies a good knowledge of the peculiarities of the organization. There are no significant differences in the answers of the brokers from the two agencies. To a large extent, they are focused on indicators that increase the competitiveness of teams and the company, such as:

1. Sense and desire for change in the company.
2. Modern management methods are used.
3. Purposeful market research.
4. Systematic monitoring of competition.
5. Constant analysis of the latest information from the field of competitive business (goods, services, ideas).
6. Striving for innovation

Only two of the indicators that reduce competitiveness are marked with a satisfactory assessment by a small percentage of respondents - the indicator "Lack of sense of accuracy and clarity in the distribution or implementation of activities in the organization" and the indicator "Managers do not have the ability to motivate staff." For now, this finding is not worrying, but given the small team, an individual approach to each can be recommended, discussing possible problems with specific individuals and concluding a new psychological contract, where expectations and fears of work are shared and a consensus is reached on goals and implementation. The results of the test and the organizational diagnostics according to the model of EFQM, show the high commitment of the staff with the company and individual goals, the satisfaction with the official relationships and way of communication, as well as the work in teams. This gives us reason to believe that the agencies have an established image among their clients and are respected by competitors, cited as good practice in the industry. Taking into account the additional observations, analyzes of internal company reporting documentation and research of different role models of brokers, we can present several guidelines for creating a strategy for building competitive teams.

*Favorable opportunities for building effective competitive teams are:*

- ✓ The size of the agency and the availability of a suitable internal organizational environment - competitive teams can be formed only in companies with more than 6 people.
- ✓ Priority investment in continuous learning and development of brokers in order to initiate innovations, innovations and improvements.
- ✓ Knowledge of the best practices on the real estate market and development of one's own competitive strategic plan, reflecting mission, vision and values.

For the purposes of this article, we follow the important results of the interview:

- ✓ Shared by all brokers in the real estate agencies in question, the goal is for the client to receive professional comprehensive service in order to remain satisfied with the service and to recommend it to friends, relatives, neighbors, etc., ie. to other potential customers. Here, rather, the management of the team by the side is focused on the management of human relationships, which will lead to more deals and recommendations.
- ✓ It does not rely on constant control by management, as is the case with more real estate agencies, where fines are used to penalize unfulfilled goals.

In practice, the work of team management is focused more on customer management, own time and organizational culture. Here the management relies on the intrinsic motivation of each individual in the team. The organization works with knowledge that is useful and develops the broker. But the main problem is the financial results and low efficiency. Still, none of the brokers make at least five trades. The motivation of each broker is different and accordingly works with different diligence and will. It is important for a broker to follow the rules, etc. code of ethics, which is the basis of management to achieve business results; for another, it is important that customers are satisfied, which brings him more added value or business; for others, only the financial result is important - what are the cash flows for the month. The cooperation between the individual members of the brokerage team is complicated because the focus of the manager is to build a reputation, both in the team and outside it aimed at other market participants. The signs of a serious problem that need to be taken into account are the statements of the brokers and their pessimistic moods: "Today there is no work", "No deals this month", "For others / the competition / is better", "Clients are not worth " etc. The team in this case has not reached maturity and needs support. In order not to break up the group before it has successfully transformed into a team, it is important to play the role of the informal leader, who is successful and inspires the other members of the team with his personal example. Building trust, honesty, professionalism and most importantly a results-oriented organizational culture are leading conditions for building a highly effective team of brokers. Unfair internal competition is unacceptable.



### ***Guidelines for dealing with teamwork problems in real estate agencies***

In real estate, the broker works for the brand image and the brand works for its image. The effectiveness of brokerage teams depends on the attitude of each of its members to lifelong learning. Continuous learning gives a competitive advantage over other brokers. The broker is responsible for the transactions performed by him, shares a common work environment and information with other brokers working in the same real estate agency. This requires exceptional skills to work in a competitive team environment, analytical skills, forecasting and empathy. It is difficult to achieve personal goals at the same time, taking into account the resources of the team and to maintain lasting partnerships with your competitors. This implies the resilience of the broker. It relies on the initiative of the real estate broker, his professional and individual attitude to each client. He is personally responsible for his professional development. To build a broker as a good professional takes a minimum of six months to a year of training. In practice, the broker's work is related to the management of customer relationships, own time and adjustment to the organizational culture. The main requirements for the RE broker are:

- ✓ to be acquainted with the plan for sustainable development of the company and to become a direct participant in its implementation;
- ✓ to offer complex services to its client related to real estate;
- ✓ to be a professional advisor to his client;
- ✓ to be an active and enterprising citizen and public figure;
- ✓ to understand not only from properties, but from the processes related to them;
- ✓ to manage properties and investments competently;
- ✓ to be specialized in a certain segment;
- ✓ to be innovative and to work with the latest technologies in his professional field;
- ✓ to comply with the requirements for confidentiality and ethics;
- ✓ to be an expert, dynamic and contactable.

The manager plays the role of a partner who helps each broker to reach a high level of professionalism. The management relies more on the internal motivation of each broker on the team. Finding suitable brokers and retaining them, training them and building an organizational culture are the biggest challenges for the management of competing brokerage teams. The manager empowers, not delegates, tasks, thus helping each broker to develop his own capabilities. In order to be effective and results-oriented, the RE agent must perform the following weekly tasks (Table 1) in the appropriate quantity and quality:

Table 1. Weekly checklist of the main tasks of the RE agent

ACTIVITIES	Days of the week							total
	mon	tue	wed	thurs	fri	sat	sun	
exclusive contracts taken	0	0	1	0	1	0	0	2
open contracts	0	0	1	0	0	0	0	1
property reviews FISBO / For Sale by Owner /	0	2	1	3	2	1	0	9
presentation to sellers	0	0	1	2	1	1	0	5
presentation to buyers	0	1	0	1	1	0	0	3
contact list - calls	5	5	5	5	5	3	0	28
contact list - meetings	0	1	1	1	1	2	2	8
views of my exclusives	1	1	1	1	2	1	1	8
marketing activities by exclusives	4	4	4	5	6	6	6	35
geographical farming / by distributing brochures in a given area /	50	50	50	0	50	50	0	250
work at price / seller's report	2	1	2	1	2	0	0	8
<b>total weekly activities</b>	<b>62</b>	<b>65</b>	<b>67</b>	<b>19</b>	<b>71</b>	<b>64</b>	<b>9</b>	<b>357</b>

Source: author's research

In order to be successful, the broker must choose a certain segment of the real estate market in Bulgaria and focus his efforts on certain areas and residential neighborhoods. The ability to filter unnecessary information is critical to achieving high business results. Working time management, continuous self-improvement, preparation of a realistic and feasible business plan for each of the brokers in accordance with his personal capabilities would bring success and satisfaction with the work of the team.

#### 4. Conclusion

For each RE agency, the key capital is the people who work in it. In order for a competitive team in the field of real estate to be successful, it is necessary to have an experienced manager who will build a suitable work environment based on shared values and generally accepted goals. The broker's workplace requires appropriate software to increase the interaction between the individual independent companies and their respective teams, which will lead to more transactions. After the analysis we can present the main problems and challenges for RE agencies:

- ✓ Lack of investment in building qualified brokers of RE and competing teams.
- ✓ Lack of standardization.
- ✓ Lack of focus on the formal side of their real estate work and not on the sales themselves.

Sales are realized through phone calls, meetings, inspections, negotiations, and not by focusing on the actual part of the work, which is related to writing contracts for sale or rent, filling contracts for real estate, checking the condition of the property, process of concluding transactions, real estate appraisals, legal side of RE agencies. The results of the study show that building competitive teams in the field of RE requires:

- ✓ Every broker of RE needs a business plan and a mentor to succeed. Without a clear plan, the new brokers will not stay on the market for long.
- ✓ The RE broker must find his own approach to realizing his potential.

Once a broker realizes his potential, it is important to have a manager to lead him by applying an appropriate management style. Team managers need to advise, consult and help their brokers so that the plan to start a business with RE is implemented. After a critical mass of at least 5-10 brokers is formed, the real work on building a competitive team in the field of RE oriented to high results - real estate transactions begins. Building a team is a real time-consuming challenge. Very often, after the formation of a team, the brokers change the agencies for RE, where they work with another, which offers them better working conditions and percentage payment from each transaction, therefore we would recommend to the management of real estate agencies clear rules bound by contractual relationships consistent with maintaining the confidentiality of information.

In conclusion, we can say that once a transparent, accurate, recognizable and effective plan of the RE agency is formed, the training of the RE broker is started. Then the priority activities are set, such as generating potential customers, presenting and displaying a property and concluding a deal. Building the right habits from the very beginning in the broker is a reason for success. Then comes the formation of a competitive team that is focused on finalizing deals. The underestimation of the training and its neglect leads to an unprepared broker of RE and unfavorable results for the agency and vice versa.

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## RETROSPECTIVE ANALYSIS OF INTRINSIC MOTIVATION IN THE CONTEXT OF THE MODERN ENTERPRISE

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### *Abstract*

*Ever since philosophers argued what drives people in a certain direction in their behavior and motivation. From the start of the motivation theory as a part of psychology and later as part of labor management, scholars tried to explain the reason of a certain behavior and consequently the possible interactions on the work-place in order to direct and maintain a behavior, beneficial for the organization. In the beginning, scholars adopted the view, that people are ever needing individuals, who are motivated only within the aspect of fulfilling their needs. Later, the focus of scholars tilted to a fundamentally different direction. Our goal in this paper is to examine the motivational theory in the aspect of the retrospective analysis and its application in the modern enterprise.*

**Keywords:** *motivation; intrinsic motivation; workplace motivation*

**JEL Codes:** *M53, M54*

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### **1. Introduction**

Since motivation started to interest scholars, there has been a certain division in the views about motivation and what the process behind the directed behavior of individuals is. The first attempt to explain human behavior came from Murray who based on a research upon students in the Oxford university, tried to list all human needs in existence. He listed twenty, without trying to link them hierarchy, but only in an alphabetical order (Murray, 1938, p. 144-145). Even though the work of Murray may not be described as a completed theory of human motivation, it provided the foundation of future interest in the motivation in both social and working life. At the beginning of the twentieth century, interest in motivation became much larger, which came to the logical formulation of the motivational theory as an individually based

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science with its divisional application in social, work and school life. The huge interest in human motivation is mostly explained by the complexity of the topic and its value upon the practical application in work, social and other aspects of life. The vast interest in motivation led to the formulation of many theories and views for the process of directing the human behavior. There are numerous completed theories of motivation, trying to explain the complex process of motivation. Some are trying to link motivation to the constantly increasing necessity; others link motivation mostly within its interaction with the environment. In this paper we will examine the motivation as a part of the social and working life of individuals, examine some of the theories of motivation in a retrospective way, provide examples of application of intrinsic motivation in the workplace, whom this motivation can help or devour the potential opportunities for organizational success.

## **2. Aspects of motivation**

Motivation is a very complex process within human's psychology. It is the basis of employee behavior and performance (Filipova, 2016, p. 80). Motivation is a process of taking a voluntary decision to undertake a particular purposeful action or inaction under given circumstances. It is of a subjective nature, runs within an individual's mind, and is reduced to the personal appraisal of all the impacts on him/her, of the signals sent by the economic, organizational and social environment of the enterprise (Dimitrova, Sotirova, p. 168). Understanding what drives people to act in a given way is one the hardest aspects of managing them. Managers need to understand this process, mostly because this would be the only way to direct their behavior in the reburied direction and to maintain its persistency. Therefore, motivation is at first place a process. Or as Deckers (2010) describes it, a process initiating, directing and maintaining goal-directed behavior (p. 6). Consequently, motivation is a process, which can describe the reasons of the chosen direction of the goal-directed behavior. The basis for the motives of employee behavior is the need for both psychological and physiological sense of lack of something in the individual. (Filipova, 2015, p. 73). Some authors describe motivation in the aspect of three fundamental views – as an inner state or condition, which generates a certain behavior; a desire, which can direct behavior to certain goals; influence of needs and desires on the intensity and direction of the behavior (Stamatov, 2003, p. 265). The goal of the manager is to motivate the employees so that they perform the work in the best way in order to achieve the goals of the company. (Filipova 2011, p. 137) Therefore, motivation cannot be only a consequence of an unfulfilled need in work or in social life. Alternatively, as Sandy and Rowen (2011) state, motivation refers to psychological processes, which direct the individual to a certain goal and drives him to pursue it (p. 45). This goal can be both material and non-material. Often, non-material goals have much more powerful influence on the behavior of the individual.

Material goals can be linked to the homeostasis of the individual, it can be vital for his wellbeing, but not in every case it can be valued in the same degree as a non-material goal. When a certain material necessity is fulfilled in a certain degree, people tend to be motivated by non-material necessities, the influence of which can be described as much more sustainable. When a material goal is realized, its satisfaction can be achieved somewhat easily. However, when it comes to a non-material goal, often the satisfaction can be very complex. At the same time, the employee motivation is essential for the strengthening of the corporate culture and the creation of an overall positive image of the organization (Yaneva, 2021, p. 107) which in turn is of an exceptional importance for its strategic development (Yaneva, Serafimova, 2019, p. 111). It is essential to keep in mind that the formation of the image is mainly related to the values (Kyurova, 2013, p. 72).

From the perspective of the theoretical development of the theory of motivation, one of the first views of motivation to work comes from the father of the classical approach in management and the founder of the theoretically organized science of management. According to Taylor's (1911) views, the tendency in the average worker is to work at calm and slow pace. Only after a good deal he is wheeling to increase the pace in work (p. 17). Although, the author acknowledges some exceptions, his main view about motivating people to work more is to give them stimulation with more material gains for the workers.

With the evolution of management theory, the views on motivation changed their focus. In the so-called "Behavioral approach" of management, authors tend to describe the labor management not only in the focus of organization goals, but also in the aspect of human affection. One of the most popular research within this approach is the conducted in the city of Hotorn experiment by Elton Mayo. The research proved certain non-material influences on the motivation to work, which consequently led to better results in the workplace. Mayo and his team, proved the influence of human affection, attention from superiors or researches and other aspects of the environment.

Consequently, the views for motivating people are strongly linked to the views of management. Moreover, the focus of these views started in the aspects of treating the employees as ever-needing creatures, which directed behavior is only stimulated from the aspect of getting more gains that are material from their work. Within the evolution of management concepts, the focus of the views for motivation changes to a place where motivating is not only a consequence of desire for fulfilment of a need. Ever since the work of Mayo, scholars have understood that there must be something more within the complex process of human motivation.

Maybe the first attempt for divining and explaining the different behavior in individuals, comes from the work of Douglas MacGregor and his "X" and "Y" theory. As the author describes the model, people within the "X" model tend to be motivated by more material aspects, low levels of autonomy and high levels of control. This is necessary, because the people of this model are defined as someone who finds work

as something bad and tend to avoid it. With people from the model “Y”, the motivation should be based in more non-material aspects, higher levels of autonomy and low levels of control.

The work of MacGregor, within the organizational behavior, perfected the views from the behavioral approach of management, and no longer are people treated as ever-needing individuals, who must be motivated only from the aspect of the fulfillment of their needs. In this chapter, we tried to define motivation in the aspect of the complex process as it is, and to give a brief introduction of the different views about motivation upon the evolution of the approaches in management theory. In the later part of the article, we will examine the formulated theories of motivation, not in the aspect of the year of appearance in the theoretical domain, but more as evolution of the views in motivation.

### **3. Evolution in the theory of motivation**

As we have already mentioned, scholars have a huge interest in motivational process. Ever since the work of Murray, authors have tried to perfect and contribute to his work. Mostly based on his ideas, Maslow formulated his theory of basic human needs. This theory is one of the most widely spread in the aspect of management of labor. Mostly because it provides an easy way to implement it within the enterprise. **Maslow** (1954) describes the individual as an integrated and organized whole. Therefore, motivation acts on the whole individual, not only a given part of him (p. 19-20). Consequently, motivation can only be defined as such of the whole individual, we cannot talk of motivation of a given part of the human. Based on this view, Maslow formulates five groups of needs. Unlike Murray, he tried to arrange them in a hierarchical order – Physiological; Safety; Social; Respect and self-respect; Self-actualization (Maslow, 1954, p. 77-97). The most important within his theory is the frustrational-progression process, which means, that the only way for going to the next level of needs is to fulfil in a subjectively enough amount the previous set of needs. Moreover, a given need is motivating the individual, only when is not fulfilled. Consequently, Maslow defines motivation as a part of the constant actualization needs. According to his work, people are only fully happy once they are on the top of his hierarchy. Nonetheless, he states, that some people are feeling very well in a certain lower level of the hierarchy and never have the need for the higher set of needs. Therefore, the author talks for a certain stagnation of needs and the eventual disappearing from the conscious minds of the individuals. Although, the work of Maslow is fundamental and groundbreaking in the theory of human motivation, it is not generally applicable. For example, the author does not describe a process, which allows people to go from a higher to a lower set of needs. This brings us to the second theory, which we will examine.



Based on the work of Maslow, **Alderfer** (1969) defines three groups of needs – Existence; Relatedness; Growth (p. 142-175). Again, the foundation of human motivation is based on the fulfillment of the needs. Unlike Maslow Alderfer, defines the needs as more concrete and less concrete. Consequently, people tend to give more attention the more concrete needs at the expense of less concrete needs. The most valuable contribution of the author is for implementing the so-called frustrational-regression process. Unlike Maslow, in this theory, people can emerge from less concrete needs to more concrete. In the aspect of the more concrete needs, often people have their physiological needs as more concrete in a certain time. Therefore, such needs can be more motivating in a given time, even if the person have fulfilled them in a subjectively enough state. The work of Alderfer is again from the standpoint of the ever-needing individual. Based on these views, people can never be satisfied at a full state.

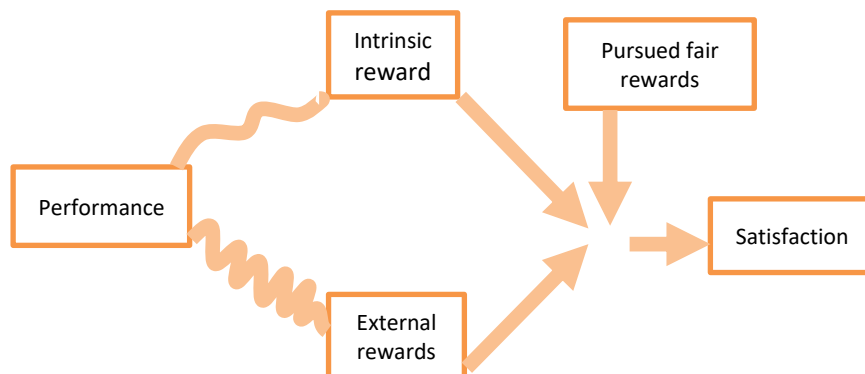
One of the first authors who had the goal to examine human motivation in the workplace is **Frederic Herzberg**. He based his theory of motivation on a conducted study among engineers and accountants, and concluded that there are two group of factors influencing the human motivation - hygiene and motivational. Moreover, the author stated that the lack of satisfaction is not a proof for a presence of dissatisfaction. On the contrary, lack of dissatisfaction is not enough proof for a presence of satisfaction in the work place (Herzberg, 1968, p. 56). Therefore, if a person is not dissatisfied with his job, this does not mean that he will be satisfied with it. In the work of Herzberg, we find the first nucleuses of intrinsic motivation. According to the author, salary and all material incentives only contribute to the lack of dissatisfaction and not contributing to the presence of satisfaction at work. As motivational factors (Herzberg, 1968) – achievement; recognition; the work itself; responsibility; the opportunity for personal development (p. 57) are described. Consequently, this is the first work which describes intrinsic factors as a part of the motivating process. Herzberg was the foundation for the rapid development of the theory for intrinsic motivation in a later state of the theory of human motivation.

Another motivation theory, which is examines more the non-material aspects of motivation, is the work of **MacClelland** and his theory of motivation for achievement. The basic statement in his theory is that the levels of motivation is highly dependent on the urge to achieve. Alternatively, as the author states – people with high necessity for achievement get faster to promotions, because of the active seeking of ways for working better. Companies, in which there are many such individuals, grow faster. Countries, in which there are many such fast growing companies, usually, achieve above the average economic growth (MacClelland, 1986, p. 273-281). Therefore, the most contributing to the presence of motivated people in the workplace is namely the urge for achievement. Consequently, the focus in this theory is not for achieving fulfilment of certain needs, but moreover to accomplish something, which is subjectively valuable for the person.

The above theories represented the so called “need theories” of motivation. As we have examined, most of them are lying on the foundation of desire within the person’s behavior. The “process theories” have a completely different view on the whole process of motivation describing the motivation as a constant interaction between the individual and the environment. We will examine the “process” theories, mostly in the aspect of the presence of views on intrinsic motivation within them.

The first theory we will examine is the firstly formulated by **Vroom** and further developed by **Porter and Lower**. Within its foundation lies the understanding that people are influenced by their expected results from their actions. Essential for the theory is the hope that the chosen behavior will lead to satisfaction or acquisition of the desired (Paleshutski, 2011, p. 202). The desired thing can be both material and non-material aspect of work. This theory is valuable for management, mostly because it shows practitioners how the expectance of a certain outcome can influence the direction and persistency of the behavior. In unison with the need theories, the theory of expectations assumes that people will take a certain behavior only if they are expecting to acquire something which they value. The contribution of Porter and Lower comes mostly from their formulation of motivation model based on the expectations (Fig. 1). The authors acknowledge in their model and stress mostly the subjective value of the remuneration of the individual; the probability for the remuneration to be dependent on the efforts of the individual (Paunov, 2009, p. 76). The expectancy theory is deeply related to the neurological state of people, which contributes for repeatability of behavior, from which the person finds pleasing. In the case with the examined model, the person expects to receive internal or externa reward for the chosen behavior. Moreover, the more he values the reward, the more likely is for him to repeat the behavior in the future.

*Figure 1. Figure Porter-Lower model of motivation*



*Source:* Lower E., L. Porter, The Effect of performance on job satisfaction, Industrial Relations Vol. 7 issue 1, October 1967, pp. 20-28, p. 23

The model shown in Figure 1 describes the process of motivation according to the theory of expectations. As we can see, performance leads to rewards, which can be intrinsic or external. External rewards are in often cases not directly linked to performance. Therefore, good performance, not in every case means more rewards that are external. Controversially, the internal rewards are more strongly and directly linked to performance. Consequently, the good performance will lead in a higher state to more intrinsic rewards for the individual. The authors of the model conclude that satisfaction is a function of the quantity of the rewards, as well as of the expectations on the fair amount of the rewards, which the individual believes that is fair to acquire (Lower, Porter, 1967, p. 23-24). Therefore, a person can be motivated with less rewards, as long as he believes that the amount is fair, based on their performance.

Another theory of human motivation, relying on intrinsic motivation for its elements is **Goal setting theory**, formulated by Locke and Latham. Scheider (1985), states that even though this theory does not offer a specific point of view for management of the human resources, it suggests good practices, which have positive influence on work motivation (p. 577). According to the Goal setting theory, tasks are the main influencer upon motivation. The main idea regarding goals is that they shouldn't be insignificant or too easy to accomplish. Only a difficult task of big importance for the individual can motivate for a better execution. Beside the complexity and the high significance of the task, Latham and Pinder (2005) suggest, that the eventual feedback about the performance is crucial for the high self-regulation in the form of intrinsic motivation to perform a task (p. 501). Therefore, moderately difficult task of a high importance and the subsequent feedback can play a vital role in the further motivation for the current and future task. The permanent lack of feedback could result in task incompleteness, strengthening motivation and eventually leaving the organization (Angelova, 2014, p. 63).

The performance of the task mostly depends on the devotion for the task. Locke, Latham and Erez (1988) describe three kinds of possible influences on devotion for the task fulfilment – external influences (authority, seniority influence and external rewards); interactive influences (participation and competition); internal influences (expectation and internal rewards) (p. 27). Each of the possible influences can play a vital role upon the devotion, consequently on the quality of the performance of a certain task. In addition to the above statements regarding the examined theory, we can state that the motivation for executing a given task is often not innervated by any possible reward either external or internal. The motivation in many cases can come within the personal views of the action related to the task. If the person finds the task interesting, it is most probable to feel more ready to execute it.

In conjunction with the last, the characteristics of the job have a significant influence on the readiness for execution and the enthusiasm given on the task. This brings us to the next theory, relevant to the intrinsic motivation for work, namely “**The job characteristics model**” formulated by Oldham and Hackman. This model is a

complete integration of the views of Herzberg, MacGregor and Argiris regarding the relative centering on the work itself as a motivator for a better performance with increasing significance for the role of the task in projecting the organization (Schneider, 1987, p. 577). Tasks are the foundation of the projecting of every position in the organization. At the standpoint of the characteristics of the job, the individual can accept it as motivating, energizing and favorable or respectively, as demotivating, non-energizing and unfavorable. Oldham and Hackman (1981) acknowledge five different characteristics which can play a vital role within projecting of the job – skill variety; task identity; task significance; autonomy; feedback (p. 71-72). Consequently, the characteristics of the job can contribute to its high subjective significance. Of course, in the modern times, this characteristic can differ and nowadays, people can value other job characteristics. Based on the work of several authors, examining the modern jobs characteristics model, Oldham and Fried (2016) emphasize social characteristics – interaction with coworkers; friendship opportunities; feedback from agents (p. 24). Controversially, other authors suggest different characteristics with regard to good job projecting. The common among them all is that they come from the postulates of the intrinsic motivation. The main idea in every job characteristics model is that the work itself can motivate the individual without any further expectations on the eventual results or eventual rewards for the execution of a given task.

Consequently, the work in the theory of work motivation differs in several of aspects. As we have examined above, early work of scholars linked motivation mainly within the desired outcomes from work. Later, they suggested that not only the rewards can motivate individuals, but also the inner states of the mind. Many authors already examined the significance of the job and stated that in some cases, the job itself can be motivating for the individual. Some theorists go even further in their understanding on the intrinsic motivation, which brings us to the final part of the current paper.

#### **4. The theory of intrinsic motivation – future of or a doomed theory**

As we have discussed above, many of the authors occupied with the theory of motivation, have suggested a certain intrinsic aspect of it. Humans are far too complex beings to be motivated only by the lack of something and the desire of acquiring it. As we investigated, some authors suggest that most of the material stimulation affect motivation in a very small aspect, and Herzberg accepts them only as a factor which can contribute to the lack of dissatisfaction. With the development of such views, some authors even concluded that rewards could suppress the human motivation. In the current part of the paper, we will examine the work related to the “Self-determination theory” of motivation. In our opinion, one of the most valuable theories for human motivation examined in the labor management.

The theory was formulated in the 80s, resulting from many empirical studies conducted by the authors of the theory – Edward Deci and Richard Ryan. As a starting point in the theory, the authors accept the postulate that humans are active, growth-oriented organisms who are naturally inclined toward integration of their psychic elements into a unified sense of self and integration of themselves into larger social structures (Deci, Ryan, 2000, p. 229). Consequently, the theory assumes that people are actively seeking forms of improvement in their lives, often such possible improvements can be traced in work. The theory acknowledges three sets of needs. As Gagne and Deci (2005) describe – the needs for **competence** and **autonomy** underlie intrinsic motivation, but also a third basic – the need for **relatedness** can be also crucial for internalization (p. 337). As in the above-examined theories, the authors do examine needs as part of the motivation process. Contrary to the need theories, SDT accepts the needs as innate organic necessities, instead of acquired motives (Deci, Ryan, 2000, p. 229). Therefore, needs in the examined theory are accepted as psychologically valuable necessities which have a vital role within the constant physiological development of the individual, integrity and well-being. While in most of the need theories, needs were the result of a certain desire, which can cause irritation in the organism, and should drive the individual to a certain direction of behavior. The authors examining the theory do not accept the physiology as a motivator, they accept only the psychological effects caused by it. Therefore, once the individual is hungry, the drive for receiving the needed food cannot be described as a process of directed and motivated behavior. We will examine the influence upon the three proposed needs by SDT, individually.

**Autonomy** refers to an experience of volition and integrity, the sense that one's behavior is authentic and self-organized rather than internally conflicted and pressured or externally coerced (Domenico, Ryan, 2017, p. 3). Therefore, this need contributes to the self-organization and self-regulation of the individual. Often, autonomy support can be vital within the development of the worker. People feel much more secure in their jobs when their leaders are supporting autonomy in a certain amount. Alternatively, as Rigby and Ryan (2018) state people want to feel “ownership” and volition in their work. Far from being alienated or “burned out”, autonomous workers greatly value doing work well (p. 139). The shorter route to identification of workers with the organization is namely by providing high levels of autonomy in their work. Like so, people tend to value their work more, put more effort and feel more engaged with the tasks. The engagement with the task, mostly depends on the type of regulation within its formulation. SDT acknowledges *integrated and controlled* regulation. According to Gavin, Kern, Patrick and Ryan (2018), *integrated* regulation occurs when identified values fit together and are congruent, so the person can be wholeheartedly engaged. In contrast, *controlled* regulation involves behaviors that are performed due to causes perceived to be external to the self, and thus volitional component of behavior is either partially or completely absent (p. 708). Consequently,

decisions which are externally imposed upon the workers can face higher levels of refusal of execution, less engagement and less effort given for the tasks. It can be said controversially about the integrated decisions in the workplace.

By all means, not in all cases high autonomy can lead to higher intrinsic motivation. In order to have the required effect, the **competence** has to be in a certain, appropriate for the level of autonomy, which bring us to the examination of the need for competence. Domenico and Ryan (2017), describe it as feeling of efectance, the sense of growing mastery in activities that are optimally challenging and that further develop one's capacities (p. 3). The development of the skills of a certain task is one of the most important aspects of the level of readiness for doing the job. Often times, people tend to rebuff from tasks on which they do not have the required skill set. Controversially, they tend to take over task more enthusiastically, when they believe that they have the skills for the proper execution. Therefore, the levels of mastery on the job must be in unison with the levels of autonomy. High levels of competence must be accompanied by high levels of autonomy in work. The controversially can lead to dissatisfaction and often low level of motivation for work. Moreover, Deci and Ryan (2000), accept this need as one of the fundamentally important aspects responsible for energizing human activity, and long-term psychological health (p. 231). Consequently, satisfaction with the competence can be vital not only for the work life, but also for the social life of the individual. Within the lack of mastery and competence, person can find doubt, indifference and latency, which can cause a negative state of the mind, eventually leading to psychopathology. Mastery on the other hand, can contribute to the personal development of the individual and can often be the source of psychological integrity and wellbeing. In the aspects of human resource management, the fulfillment of this need can contribute to numerous positive aspects in work behavior, which can lead to better results of the worker; on one hand, by the mastery, which he is acquiring and on the other, from the positive psychological states resulting from the sustainable need supporting.

Within SDT, competence and autonomy are seen as essential elements in people's active propensities to seek out challenges, to be curious and interested, and to develop and express their capacities: when these needs are thwarted, intrinsic motivation is undermined (Domenico, Ryan, 2017, p. 3). Therefore, when human resource managers are implementing this theory within their organization, they need to apply enough possibilities for increasing the mastery within the work place and then provide correspondingly levels of autonomy at work. Only then, people will feel well, energized and engaged with their job. Contemporary human resources managers tend to seek talented people who possess great intellect and high morale (Angelova, 2019, p. 33). This evokes the need of not only competent people, but also cadre who demonstrate ethical behaviour, intrinsic motivation and innovative thinking.

Even though, the authors of SDT, suggest that the exanimated needs as vital for the psychological well-being, they acknowledge the importance of the need of

**relatedness** as well. This aspect of SDT, refers to the desire to feel connected to others – to love and care and to be loved and cared for (Deci, Ryan, 2000, p. 231). This is projection of the neurotically pledged characteristic in almost every human. In the past, to be part of a group and to have someone who cares for you was vital for survival. Therefore, humans have a very deep, almost instinctive sense to relate and to connect with others. When we examine this need in the aspect of human resources in the work place, we can find that people seek such interaction in a very high level. Actually, in some cases social aspects in work are most important when examining the various kinds of motivation (Ivanov, Usheva, 2020, p. 5). Consequently, although this need does not provide prerequisite for personal development, it is vital for the wellbeing of the individual.

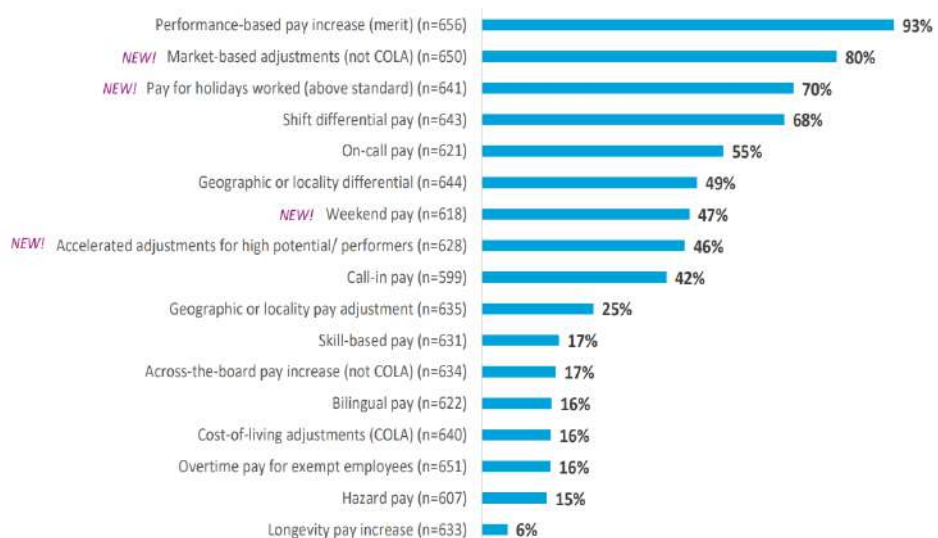
As we stated, the fulfilment of the needs in SDT is crucial for the psychological integrity of people. Controversially, the authors do not accept these needs as it was within the classical need theories. They accept the needs in the first place as a mandatory condition of psychological integrity and personal development within social, or professional life. Moreover, Reis et al. (2000) linked relatedness with positive outcomes within human behavior in a positive and significant way, controversially the correlation between negative emotional states was negative (p. 429). The authors confirmed the positive influence on positive aspects of behavior also for the rest of the three needs, examined by SDT (Reis et al., 2000, p. 431). Therefore, there is an empirical validation of the influence of the needs for competence, autonomy and relatedness. Consequently, in work conditions there must be favorable environment, which contributes in a significant way to the fulfillment of these needs.

The most valuable aspect within the Self-determination theory is the view about intrinsic motivation. Deci (1975) defines it as an action, for which there is not possible external reward, except the action itself. The action is the reward, not the reason for such (p. 23-24). The author accepts intrinsic motivation as a state of self-motivation, which does not involve the expectance for possible reward or the drive for fulfilment of a certain need. Consequently, the characteristics of the action itself will define the drive for accomplishment. Alternatively, Olafsen, Deci and Halvari (2017) state, that people are not motivated by the results, which are a consequence from the taken action and the good execution of the task. They tend to take actions, which are interesting and have more deep meaning for them (p. 179). Therefore, within the aspects of inner motivation, rewards have no high significance as in need theories. In the case of labor management, the interesting task should come within the characteristics of the job. Consequently, possibilities for such formulation within the work place can be found in the different aspects of the job characteristics model. However, what is the role of pay and material rewards within the Self-determination theory?

Olafsen, Halvari, Forest and Deci (2015) concluded that satisfaction of the needs within SDT is strongly correlated to the levels of intrinsic motivation.

Furthermore, the factors related to results in work and pay are not linked directly and significantly with the satisfaction of autonomy, competence and relatedness, neither with the levels of intrinsic motivation (p. 453). Consequently, material stimulation does not contribute in a significant way to the satisfaction of the needs in SDT. Moreover, Desi and Ryan (2000) report a meta-analytic study, examining the influence of material rewards on intrinsic motivation. The study proves that, not only all monetary rewards, but also all tangible rewards, significantly diminish intrinsic motivation (p. 234). In other words, there is enough evidence of the negative influence of rewards within the formulation and sustainable presence of intrinsic motivation within the workplace. Another example of such interaction between the rewards and intrinsic motivation is the work of Kohn (1999), which reports a study proving the negative effect of rewards on results in work and school environment (p. 49-52). Therefore, rewards should be reduced in the work place in order to acquire better results from workers. Of course, there can be a possible positive implication of work within the work place. Even though there is proof of the negative correlation of rewards within intrinsic motivation, there can be possible implications which can contribute to higher results. In the examined studies the culture factors are not kept in mind. For example, Linz (2003) reports a significant preference among Russian workers, when it comes to material and monetary rewards (p. 49). Therefore, in some national cultures rewards can play a vital role within the process of motivation. This can be the result of lower income level within the country or other culture aspects. Contrary to the view of Linz, Ivanov and Usheva (2020) report for little significance of the monetary incentives among Bulgarian workers (p. 5).

Figure 2. Stimulation programs at work



Source: World at work: Inventory of total rewards program and practice 2019



Dimitrova (2020) argues, that positions with higher quality which provide feedback, opportunities for self-control and learning are a good opportunity to strengthen the internal motivation of employees.

Having in mind the above-mentioned research related to rewards, we should expect little application in the practice of human resource management. Controversially to everything reported by various pieces of research related to intrinsic motivation, practitioners tend to use more material rewards than any other kind of stimulation. In Figure 2 we show research regarding this aspect.

As we can see in the figure the most applied forms of stimulation are based on performance pay. Therefore, companies use a completely controversial to the theoretical work form of motivation within the work place. This means that in most of the modern enterprises' motivation is based mostly on external rewards, which can lead to low levels of intrinsic motivation and can be the cause of low satisfaction and commitment in work. Consequently, there is a big disproportion between the empirical results regarding intrinsic motivation and the forms of stimulation applied in practice. Therefore, most of the modern enterprises rely mostly on externally motivated people, for which work is the easiest way for gaining more monetary rewards.

## **5. Conclusion**

For many years scholars have been examining human motivation. They have proved that non-material stimulation, or stimulation leading to increase of the intrinsic motivation has the most significant and sustainable influence on performance of workers. Of course, there are not less exceptions. Nonetheless, creation of motivated and energetic people must be accomplished mostly within the formulation of intrinsic motivation. Controversially, managers occupied with labor motivation seem not to understand this correlation. As we have examined, the most applied forms of motivation remain the material ones. This can lead to formulation of short-lived and unstable form of motivation, which can result in the creation of highly dependent workers, for whom the only vital goal can be the eventual reward. Despite this, the high application only based on performance rewards could lead to dissatisfaction and low levels of commitment, which can cause worse results in the work.

The evolution of the motivation theory came upon different aspects, which eventually led to the formulation of theories based on the intrinsic forms of motivation in the work place. Although these views are relatively new, such ideas came upon as early as in the works of Herzberg. He stated that material rewards could have insignificant influence upon the motivation of workers. Hackman and Oldham stated that the job characteristics could be far more motivating for workers than material stimulation. In addition, there was numerous different researches on such topics,

which resulted in the view formulated by Deci and Ryan that rewards can diminish intrinsic motivation in a significant way.

Therefore, we can conclude that there is an objective necessity of change in the focus of labour stimulation. Practitioners must highly rely on development, higher levels of autonomy at work and formulation of connectedness within the work place. Nonetheless, material stimulation must be a part of the whole process of motivation in the work place but it cannot be the only way of motivation. The formulation of intrinsic motivation can lead to higher levels of satisfaction among workers, which can cause them to identify with the goals of the organization to a greater degree, which can lead to higher levels of commitment and eventual better results of the work.

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## THE EU'S POLICY FOR THE DEVELOPMENT OF RAILWAY TRANSPORT "2021 – THE EUROPEAN YEAR OF RAIL"

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### *Abstract*

*One of the priorities of Europe's transport policy in 2021 is to focus on the stable development of railway transport by emphasizing the benefits it provides for people, economies and the climate. For this purpose, and in order to achieve the goals of the European Green Deal in the field of transport, the European Commission proposed that 2021 be named "The European Year of Rail". A series of activities, campaigns and initiatives for encouraging the use of railway transport as a stable and innovative type of land transport for carrying passengers and cargo will be organized throughout this year. The present article surveys Europe's transport policy as a whole, more specifically – the policy aimed at the stable development of railway transport. It indicates the adopted measures which will help railway carriers overcome the crisis caused by the COVID-19 pandemic faster.*

**Keywords:** *transport policy; stable development of railway transport; the COVID-19 pandemic*

**JEL Codes:** *R41, R48, R49*

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### **1. Introduction**

Railway transport plays a key role in European integration, market expansion, employment and the reduction of the harmful influence of transport on the environment, as well as the stable development of the all-European transport system as a whole. Its undeniable advantages, which include safety and stability, make it a preferred means of transporting passengers and cargo within the European Union and award it a key place in the creation of stable mobility for the European transport system. Furthermore, it should be underlined that this is the only type of transport to record a drop in harmful CO<sub>2</sub> emissions along with an increase in freight volume in recent years, which serves as proof of European engineering experience and is also part of European heritage and culture.

Based on the tremendous potential of this type of transport, the European Parliament's Committee on Transport and Tourism (TRAN) recently ratified the

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motion for naming 2021 “The European Year of Rail”. The motion was also made in support of the goals of the Green Deal, which in particular called for expediting the transition towards more stable and intelligent mobility. Although the transport sector is responsible for producing a quarter of the greenhouse emissions in the EU, it is the EU’s goal to reduce those emissions by 90% by 2050. As part of the Green Deal, the European Commission calls for transferring a sizable volume of the 75% share of land cargo freights, which are currently carried out by road transport, to railway transport and water transport.

The European Year of Rail will be the first full year throughout which the rules negotiated within the fourth legislative package in the field of railway transport will be implemented across the entire EU. A number of events for informing citizens, businesses and public authorities about the advantages and stability of this type of transport and encouraging them to prioritize its use over motor transport, which pollutes the environment with harmful emissions, are set to be initiated throughout Europe in 2021.

The achievement of the EU’s goals for creating a Unified European Railway Area and the popularization of railway transport involve the overcoming of many more challenges and obstacles such as reducing noise, reducing costs and increasing investments; however, this will modernize railways and allow them to become a more appealing means of carrying passengers and cargo.

## **2. The EU’s Transport Policy**

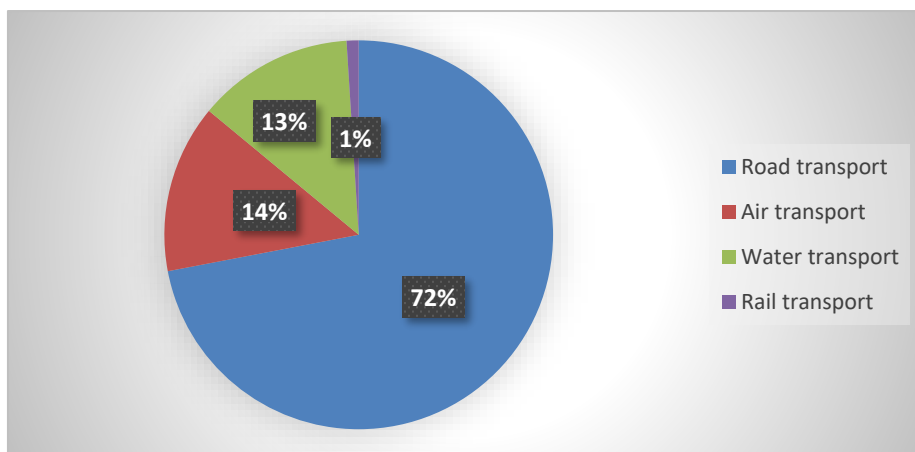
The transport policy has held a key place in the EU’s common policies since its foundation. Ever since the signing of the Treaty of Rome the member states have been emphasizing the significance of the common transport policy, dedicating a separate contractual share to it, thus making transport one of the Community’s leading policies.

The EU’s initial priorities were focused on establishing a common transport market which allows freedom of supplying services and opening transport markets. This objective was largely accomplished because even national railway markets were gradually opened to competitors. At the same time, the opening of transport markets aimed to create conditions for loyal competition for the individual types of transport, as well as the connections between them. Therefore, harmonization continued to gain significance, encompassing the legal, normative and administrative decrees of the member states, as well as the technical, social and tax framework conditions within which the respective transport services are provided. The volume of cargo and passenger freights grew as a result of the liberalization and opening of transport markets, the complete establishment of the European home market, the elimination of internal borders and the reduced prices of transport services.

Along with the opening of transport markets to competitors and the establishment of trans-European transport networks, the topic of “stable mobility” became particularly crucial in the context of the ever-increasing volume of greenhouse

emissions from the transport sector. The dynamic and economically successful transport sector still faces many challenges regarding stability, which poses a serious danger to the EU's transport policy in terms of climate change and the reduction of greenhouse emissions (see Figure 1).

*Figure 1. Greenhouse emissions according to types of transport*



*Source: NSI*

Figure 1 makes it evident that road transport is the undisputed primary pollutant of the atmosphere, producing 72% of greenhouse emissions, followed by air transport – 14%, water transport – 13% and railway transport – about 1%. It becomes clear that railway transport is the most environmentally friendly one, producing the least amount of greenhouse emissions as a result of its functioning and having a minimum negative effect on the environment.

The transport sector is responsible for about a quarter of the total amount of greenhouse emissions generated by human activity in the EU. Furthermore, the transport sector is the only one in the EU which has been showing a progressive rise in greenhouse emissions over the past 30 years. As a result, the White Paper from 2011, titled “Roadmap to a Single European Transport Area – Towards a Competitive and Resource-Efficient Transport System” (COM (2011)0144) recommends reducing emissions (excluding international sea transport) by 20% between 2008 and 2030 and at least 60% between 1990 and 2050. The White Paper from 2011 calls for achieving the use of 40% of stable low-carbon fuels in aviation by 2050 and advocates for a 50% reduction of the share of automobiles which use conventional fuels in urban transport by 2030, as well as making them completely obsolete by 2050. However, these goals are too insufficient compared to the goals established during the Paris conference on climate issues in December 2015 (also known as “COP 21”), namely – reducing greenhouse emissions by at least 20% between 2021 and 2030. Even if these goals are

achieved, that would mean that in 2030 the levels of transport emissions (excluding international water transport) will still be 4,5% higher compared to 1990, and in 2050 the levels of international water transport emissions will be only 9,5% lower than in 1990. These, along with other related elements, have influenced the plan of action proposed by the Commission (COM (2019) 0640), titled “European Green Pact” which goes beyond its basic ambitions (i.e. “intelligent and stable mobility”) and also includes common legislative objectives in the field of climate, thus turning political obligations into legal obligations.

Europe becoming the first neutral continent in the world with regard to climate by 2050 is the biggest challenge and opportunity of our time. In order to achieve these goals, a package of measures which should provide European citizens and enterprises with the opportunity to take advantage of the transition to green economy has been integrated into the “European Green Pact”. The measures, which are accompanied by an initial road map with key policies, include significant reduction of emissions, investment in vanguard scientific research and innovation and environmental protection in Europe.

The purpose of the common transport policy is to guarantee competition, as well as free provision of services. This requires harmonization of technical rules, administrative rules and safety rules, which is vital to achieving interoperability between individual national railway systems. The measures for environmental protection and consumer protection may require a certain degree of harmonization as well, more specifically, to avoid disrupting the competition and to facilitate the entry of new enterprises on the market. One of the fundamental problems which the EU needs to solve is the creation of a co-measured relation between the various types of transport. The growing inequality between motor transport and railway transport needs to be overcome. The lack of good coordination and control among the competition will lead to a monopoly of motor transport. Therefore, the development of motor transport and other types of transport needs to be controlled and, if possible, limited, in order to stimulate the development of railway transport as the most environmentally friendly type of transport, thus giving it a real opportunity to become a competitive alternative. It is the only way that the relative competitive advantages of the individual types of transport, including railways, will be able to develop and be objectively appreciated. The creation of more equal competitive conditions among the individual types of transport /intermodal competition/ is the foundation necessary for the development of competition within railways as well. It is the only possible direction along which its energy-saving, environmental and logistical advantages can be developed and demonstrated.

On June 19 2020, following the start of the COVID-19 pandemic and its effects on transport, the European Parliament passed a resolution titled “Transport and Tourism in 2020 and Beyond” (2020/2649(RSP) which calls for rapid, short-term and long-term support for the transport sector and the tourism sector in order to guarantee



their survival and competitiveness. After March 2020, the Parliament passed several legislative resolutions through an emergency procedure – resolutions aimed at combating the immediate negative effects of the pandemic on the transport sector.

The Commission's work programmed for 2021 (COM(2020)0690) is expected to address a number of questions related to transport, including: revision of the Emissions Trading System (ETS) (including air and sea transport), the infrastructure for alternative fuels, the standards for CO2 emissions, intelligent transport systems, trans-European networks (TEN-T), the railway corridor initiative (including the revision of the Regulations regarding the European Rail Network for Competitive Freight), and the development for emissions standards beyond Euro 6/VI for passenger cars, vans, trucks and buses.

### **3. The EU's Policy in the Field of Railway Transport**

The goal of Europe's policy in the field of railway transport is the creation of a Unified European Railway Area. The opening of the railway sector to competitors, which began in 2001, has been the subject of three legislative products and one revision over the past ten years. The fourth package, designed to complete the creation of the unified railway area, was adopted in April 2016 (technical pillar) and December 2016 (market pillar).

In recent years the EC has been quite active in its efforts to restructure the European railway market and strengthen the position of railways in comparison to the other types of transport. The Commission's efforts are focused on opening the domestic railway market to competitors, improving operative compatibility and safety, and developing the railway infrastructure. They are crucial to the development of a strong and competitive railway industry:

The purpose of the three legislative act packages in the field of railway transport adopted by the Commission was to open the national markets and increase the competitiveness and interoperability of railways on a EU level.

The main objectives of the first package, adopted in 2001 and designed to ensure equal reforms in the railway sector for the EU's member states, are as follows:

- ✓ creating competition in railway transport;
- ✓ eliminating the monopoly;
- ✓ creating competitive conditions for combined transport;
- ✓ creating conditions for a European railway market by developing the activities of international groups;
- ✓ introducing a transparent and detailed framework for allocation of capacity capabilities and taxing the use of the infrastructure;
- ✓ establishment of regulatory authorities for railway transport in EU countries.

The purpose of the second railway package, adopted in 2004, is the development of what the first package achieved and solves issues related to:

- ✓ the liberalization of cargo railway services by making the market completely open since 01.01.2007;
- ✓ freight safety and establishment of safety authorities in every member state;
- ✓ operational interaction, efficiency and compatibility;
- ✓ creating a European Agency for Railways.

The third railway package regulates the further integration of the railway system in Europe and solves issues related to:

- ✓ the liberalization of passenger railway services;
- ✓ certification of locomotive engine-drivers;
- ✓ passenger rights;
- ✓ the quality of cargo railway transport services;
- ✓ improving freight contracts.

The fourth railway package was presented by the EC on 30.01.2013. It includes six legislative motions aimed at three key fields:

- ✓ renewing the rules for the structure of managing the infrastructure and transport operations;
- ✓ ensuring the further opening of the market for internal services to passenger railway freights;
- ✓ increasing the quality and effectiveness of railway services by eliminating the remaining barriers on the market and strengthening the harmonization of operative compatibility and safety in order to guarantee higher degree of harmonization of the EU's railway network.

The purpose of adopting the fourth railway package was the overall improvement of railway services provided in Europe.

In December 2019 the European Commission presented the European Green Pact for the EU and its citizens; the goal is to achieve neutrality on climate by 2050. Because transport represents a quarter of the greenhouse emissions in the EU, the sector will play a decisive role in that regard, and the goal to achieve a 90% reduction of emissions by 2050 was specified.

As part of the European Green Pact, the Commission is working on a strategy for stable and intelligent mobility which will be aimed at the emissions from all types of transport. As an issue of the highest importance, a significant part of the domestic motor carriage of goods (75%) should be redirected towards railways and domestic waterways.

The spring of 2020 and the spread of COVID-19 throughout Europe challenged multiple sectors, including railway transport. The drop in the number of journeys was observed in the first quarter of the year as a result of the multitude of limitations imposed by the authorities of EU countries.

Eurostat data shows a 37% drop in the number of people who use railway transport in Bulgaria, which is a little over 2 million for the second quarter. The

downward trend was evident in the first three months of the year, when the number of traveling people was almost 4.6 million – a 7% drop on a yearly basis.

In response to the outbreak of the COVID-19 pandemic, the European Commission's services recommended that the member states conclude public service contracts within the meaning of the procurement directives. Additionally, the common rules regarding Services of General Economic Interest (SGEI) are implemented. They set the conditions under which compensation can be provided for SGEI. Provided that all requirements are observed, notifications in accordance with the rules for state assistance are not necessary. The purpose of the proposed COM (2020) 0260 Regulation is to temporarily suspend the rules determined in Directive 2012/34/EU, thus allowing national authorities and interested parties in the railway sector to deal more easily with a number of negative consequences from the COVID-19 pandemic: suspension, reduction or deferral of track access fees for the use of the railway infrastructure, as well as exemption from reservation fees.

As a result of the severe consequences of the pandemic, transport enterprises and operators, as well as other affected parties, may not be able to fulfil the necessary formalities or procedures for observation of certain legal provisions of the EU. Regulation (EU) 2020/698 refers to the implementation of twelve legislative texts (directives and regulations) for all types of transport, including railway transport, and extends the deadlines planned for renewal or extension of certificates, licenses and permits, as well as the delay of certain periodic verifications and training. This text was passed by the Parliament in May 2020. Directive (EU) 2020/700 extends the deadline for transposition of the Regulation regarding the operative compatibility of the railway system within the EU and Directive (EU) 2016/798 regarding the safety of railway transport by three months (from June 16 to September 16), considering that in 2019 only eight member states had transposed both directives.

Following the outbreak of the pandemic, it does seem highly unlikely that the other member states will be able to finish the transposition within the predetermined deadline. Directive (EU) 2020/700 was passed by the Parliament and the Council in May 2020. In September 2020 Parliament accepted the proposal for a regulation about "helping the railway sector deal with the extreme situation created by the COVID-19 pandemic" (2020/0127(COD)), designed to complete the existing framework related to railway transport. This will make it easier for national authorities and interested parties in the railway sector to deal with a number of negative consequences from the COVID-19 pandemic and respond to the pressing needs of the railway sector as long as these consequences continue to exist.

In accordance with fulfilling the goals of the European Green Pact, the European Union declared 2021 the year of railway transport in order to work for achieving neutrality on climate by 2050. With a budget of about 8 million euro, this type of land transport will be popularized on a European level.

During the announcement of the motion, Adina Vălean, the European Commissioner of Transport made the following declaration: “There is no doubt that railway transport brings tremendous benefits in multiple aspects: stability, safety, even speed, when it is organized and designed in accordance with the principles of the 21st Century. However, there is something else, something deeper about railway transport: it connects the EU not just from a physical perspective. The creation of a coordinative and functional network in all of Europe is an expression of political cohesion. The European Year of Rail is not a random event. It has been chosen at the right moment, when the EU needs such a common initiative”.

It is an undeniable fact that the European Year of Rail will help expedite the modernization of railways as the most environmentally friendly and secure land transport, which in turn will attract more passengers and cargo consignors who will prefer it over motor transport. 2021 will be the first full year during which the rules negotiated within the fourth legislative package in the field of railway transport will be implemented across the entire EU. Furthermore, 2021 marks several important anniversaries for railway transport: the 20th anniversary of the first legislative package in the field of railway transport, the 175th anniversary of the first railway link between two EU capitals (Paris – Brussels), as well as the 40th anniversary of high-speed trains in France (TGV) and the 30th anniversary of the German railways’ Inter-City Express (ICE).

#### **4. Conclusion**

Presently, the “Transport” sector shows a considerable rise in greenhouse emissions which has prompted the European Commission (EC) to propose, as part of its plan for the Green deal, that this year additional attention be dedicated to train journeys. Railway transport is also capable of solving other pressing questions related to mobility within the community such as climate neutrality, energy efficiency, crisis resilience and freight safety. For this reason, 2021 is dedicated to the stable development of railway transport through a number of events and campaigns for attracting more people and goods to railways, as well as their popularization. In light of that, the Council of the European Union has introduced changes to the process of increasing the capacity of railway infrastructure, greater awareness, as well as the initiation of activities for popularizing goods carried by railway transport.

The stable development of railway transport will reduce traffic jams and expedite the reduction of harmful emissions in transport which pollute the air, but it requires additional stimulation in order to fulfill its mission and realize its full potential. The announcement of 2021 as “The European Year of Rail” will help expedite the modernization of railways, which is necessary for improving the quality of supplied transport services and increasing their competitiveness. This will be the

first full year throughout which the rules negotiated within the fourth legislative package in the field of railway transport will be implemented across the entire EU.

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## COVID-19 IMPACT ON GREECE'S HEALTH SECTOR

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### Abstract

*The crisis of the pandemic of Covid-19 is considered as a direct threat not only to the global economy, but to the global health systems as well, especially to nations with small and weaker health systems, such as Greece's. The effects were felt by both health professionals and patients. This article analyzes the general impact on Covid-19 on health sector, the financial impact of COVID-19 on health sector, refugees' health during Covid and the impact of Covid-19 on mental health services.*

**Keywords:** Covid-19; health sector; Greece

**JEL Codes:** I15, G01

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### 1. Introduction

The crisis of the pandemic of Covid-19 is considered as a direct threat not only to the global economy, but to the global health systems as well, especially to nations with small and weaker health systems, such as Greece's. According to an essay of Amnesty International (2019) which was dedicated and emphasized on the recent pandemic of Covid-19 and its consequences, it is mentioned that the effects were felt by both health professionals and patients. Amnesty International interviewed seventy-five people seeking public health care and a total number of fifty-five health care employees. An approximate percentage of 90% of the respondents declared, while interviewed, that they had experienced long delays and many described difficulties in accessing healthcare due to the high cost of health care services. Indicatively, some of the answers given during these interviews are the following ones:

One person declared to Amnesty International that "If you do not have money, you cannot get medical care today", while another one pointed out that "If it is not an emergency, you just wait for the pain". The general existing environment is attributed to the statement of one more person: "The groups that have paid for this crisis are the low-income people and the employees. They have paid with their taxes, with their social benefits and with their health" (Amnesty International, 2019).

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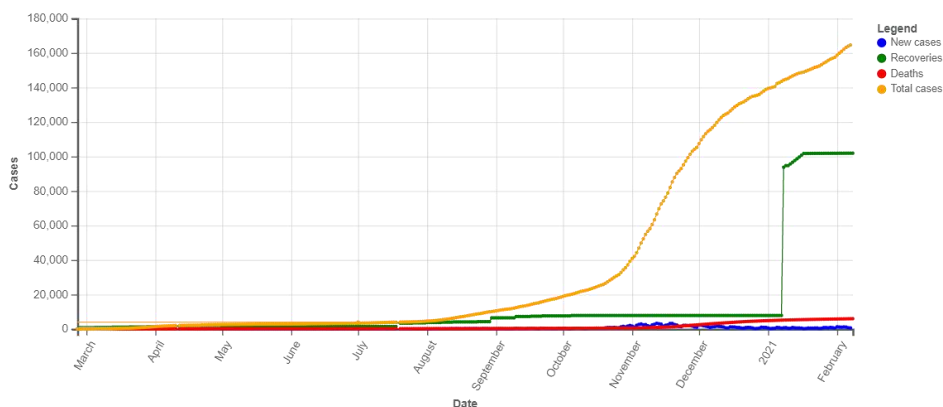
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The aim of this article is to analyze the impact of COVID-19 on health sector of Greece.

## 2. The general impact of COVID-19 on health sector

As Greece emerged from a long period of deep economic and social crisis (Tsobanoglou, 2014), with the public health care system on the verge of collapse, COVID-19 erupted. The first case of COVID-19 was diagnosed in Greece on February 26. On March 1, the first step taken by the Greek government, the cancellation of the carnivals, was considered excessive by the public, as at that time only three cases were confirmed by COVID-19. On March 10, with 89 officially confirmed cases and 0 deaths, all schools and universities closed. Since that day, new regulatory measures have been gradually introduced to reduce the risk of exponential virus transmission. About 4 weeks after the pandemic, with 695 confirmed cases and 17 deaths, on March 23, strict national lock-in measures were implemented. In early April, a health worker pointed out to Amnesty International that "During the financial crisis, when there were cuts in the health sector, this resulted in most hospitals the operation with the half of the required staff... [In our hospital] we work with the half of the required staff and if the [coronavirus] cases increase, it would be impossible [to cope]" (Amnesty International, 2019).

Figure 1. COVID-19 cases in Greece



Source: <https://lab.imedd.org/covid19/?lang=en>

The study by Stephens et al. (2020) is an attempt to provide guidance and advisory dimension of the decision-making process, in the context of the effort to manage the crisis of the Covid-19 pandemic by the Greek health system and in particular by the cardiovascular disease units. The researchers, themselves, say that the challenges facing a pandemic are incomparable, especially in the context of congenital heart surgery to be provided during this kind of crisis. In fact, these

challenges are called to face in an environment full of successive and rapid changes and developments.

The effort of Stephens et al. (2020) is a list and analysis of a series of principles, which on the one hand are feasible in their application and flexible, which means that they can be easily adapted to any new conditions that may apply at any time. Through these principles, which are proposed by the researchers, it is even possible to prioritize the functions of the cardiovascular units, when the available resources are insufficient and when there are insufficient human resources. In the end, they conclude that the measures to be taken, for the effective response of the cardiovascular diseases units of the Greek health system, are unprecedented. Priority should be given to the proper timing and prioritization of tasks in terms of their degree of importance and necessity. The practical guidance to be given is aimed at ensuring the good health of patients and maintaining a balance in the mental health of the staff in these units. The human resources employed in the Greek health system have always staffed positions that require solidarity and care. The cooperation and teamwork of the employees is also important. Likewise, their flexibility, their easy adaptation to new conditions and their readiness. This is a series of qualities that do not exist to a satisfactory degree but must begin to be adopted immediately and urgently in the human resources, which are employed in the Greek health units.

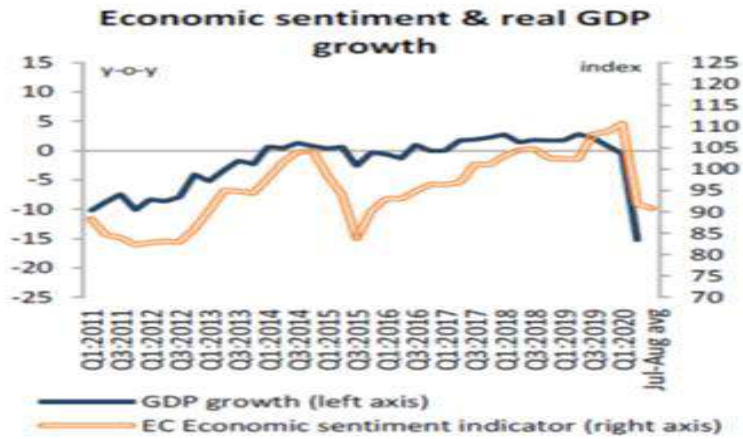
One more problem that is specified by Hargreaves et al. (2020) is the immigration. This is another aggravating point and an additional challenge that health units in all the nations, especially those suffering from severe immigration problems, such as Greece, are called upon to face it. This issue is a challenge for the health systems of the countries that have a large number of immigrants, due to the increasing number of candidates admitted for hospitalization. In addition, immigrants are serious potential outbreaks of Covid-19 due to their living conditions. In addition to the urgent need to address the living conditions of the migrant population, in countries with an immigration problem, solving the problem of universal access to health care by all, regardless of nationality, age, religion, gender, family state, other factors and differentiations. This is a key UN principle, which is being developed in the light of sustainable development. However, it is a fact that millions of migrants are left out of national health systems and forced to depend on services provided by non-governmental organizations (Hargreaves et al., 2020).

### **3. The financial impact of COVID-19 on health sector**

General GDP contracted by 15.2% y-o-y in Q2:2020 when the impact of the lockdown had peaked. The impact of the Covid-19 shock could be further amplified by “financial frictions”. However, so far, there are encouraging signs of a countercyclical response of bank credit.

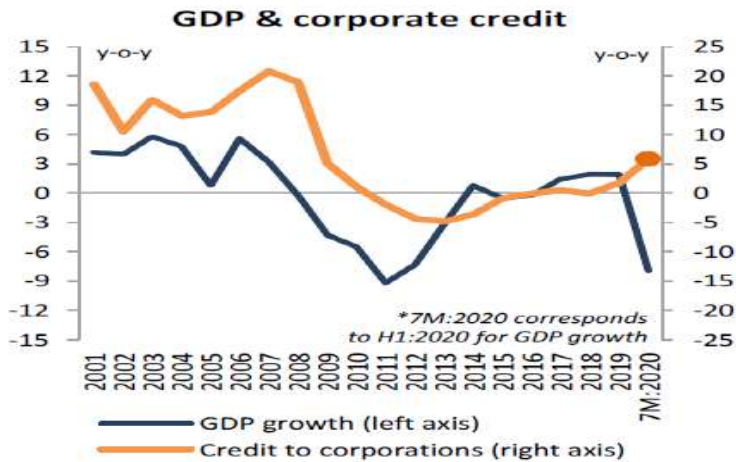


Figure 2. Economic sentiment & real GDP growth



Source: NBG, 2020

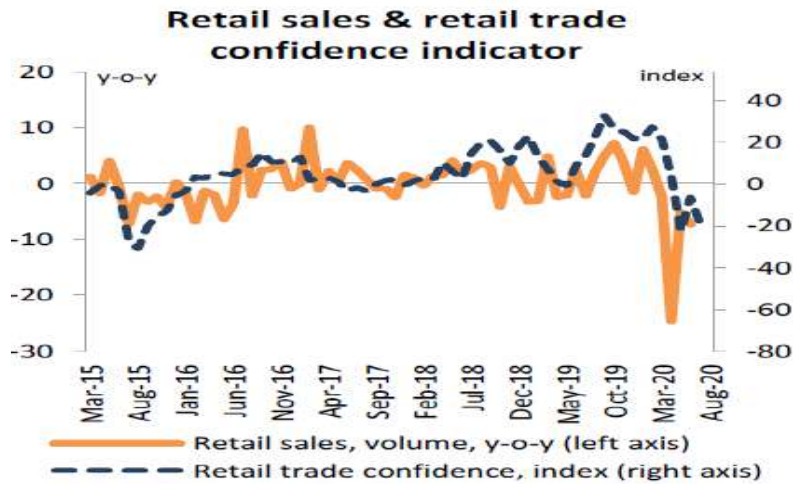
Figure 3. GDP & corporate credit



Source: NBG, 2020

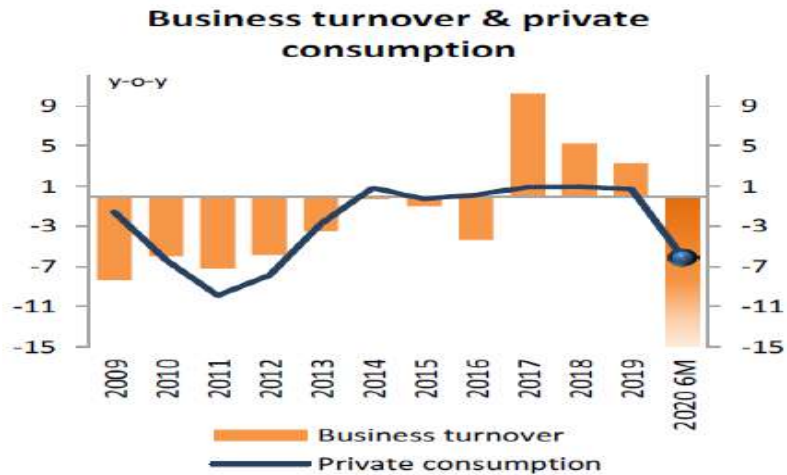
High uncertainty and containment measures took their toll on domestic spending in Q2:2020, leading to an unprecedented decrease in business turnover, which is the main transmission channel of the shock.

Figure 4. Retail sales & retail trade confidence indicator



Source: NBG, 2020

Figure 5. Business turnover & private consumption



Source: NBG, 2020

Public health expenditure in Greece amounts to 5% of GDP, compared to the EU average of 7.2%. Formal or informal out-of-pocket payments account for 35% of total health expenditure, more than doubling the EU average (15%). The largest share of private spending on health (over 90%) for privately purchased services rather than subscriptions (OECD, 2017). The Greek health system is defined by a relatively weak

primary health care (PHC) in terms of access, inclusion in care and follow-up to care (Kringos et al, 2013). One to two-thirds of patients attend hospital emergency departments with problems that could be treated at PHC level (Tountas et al, 2020). Despite many efforts since the early 2000s to strengthen and standardize PHC, Greece continues to strive to achieve a sustainable integrated services model based on policy (Sifaki-Pistolla et al, 2017).

Since 2010, the public health system has been severely affected by the austerity measures implemented by the Troika. High levels of unmet health needs were reported among the unemployed (21.5%) and those in the low-income groups (34.3% in the lowest income versus 0.4% in the highest income quintile) (Baeten et al, 2018). In this context, the government refocused its efforts on improving national health services, enacting two acts in 2014 and 2017, with an emphasis on PHC restructuring and the creation of family care pathways with a family doctor. In addition, in 2016, health coverage was extended to the uninsured (approximately 2.2 million), who nevertheless continued to have access mainly to hospital-based health services (OECD, 2017). Citizens' participation in the PHC system is due to the "mandatory" registration with a family doctor (general practitioner, physician, pediatrician) who operates in any of the PHC facilities or with contracted private doctors. However, due to insufficient funding of the system, only the 20% of the population was recorded.

#### **4. COVID-19 and refugee crisis**

The general consensus on managing this national emergency, combined with the management of the refugee crisis - reinforced by Turkey's organized pressure to open the borders for "refugees" to enter Europe - has galvanized a sense of unity and confidence in government directives (Dianeosis, 2020). Thirteen hospitals have been designated as reference hospitals for COVID-19 cases. The clinics are closed and the wards are being evacuated. Some have been designed to care for infected patients, while others have been converted into COVID-19 ICU beds. Scheduled surgeries and outpatient appointments to outpatients have been canceled and only emergencies remain. The focus of the state's attention in dealing with the COVID-19 pandemic, especially at the level of hospitals and ICU beds, as well as the current interruption of "regular" services provided by hospitals, creates the risk of a significant increase in unmet health needs. In addition, the partial suspension of the regular operation of the rather inadequate PHC system, together with some private surgeries that had to be shut down due to insufficient protective equipment to keep it running, raises serious concerns about access and continuity of care.

On April 4, the "restructuring" of PHC services was announced, with ways to support a more effective targeted healthcare system. Special health centers in six large urban areas (Athens, Thessaloniki, Patras, Larissa and Heraklion) have been designated exclusively for the control of patients with respiratory infections. These COVID-19 Health Centers will be involved in the timely detection, monitoring and

management of potential and confirmed cases of mild symptoms that do not require hospitalization, and will provide voicemail service for these patients diagnosed with COVID-19. However, the long-term shortcomings of the PHC system pose significant challenges in meeting the needs of vulnerable populations, for example, the homeless, drug addicts, Roma, refugees and other socially excluded groups, in a way that requires coordination with prosperity agencies. At the moment, this is being done by a variety of political and religious NGOs and by the local government in a somewhat random way.

One of the most sensitive and difficult issues at the moment is related to the appalling living conditions of some 40,000 asylum seekers in refugee camps in the Aegean islands. The situation found in these camps makes it extremely difficult to take the necessary precautions, such as social distancing and hygiene vigilance. Specialized medical teams were sent to the camps to set up areas for self-isolation and mandatory temperature control. All visits to the camps have been suspended. So far, two refugee camps on the mainland have been quarantined. As of May 3, Greece, with a population of 10.7 million, has 2,620 confirmed cases, 144 deaths, 1,473 cases recovered and 37 hospitalized in the ICU.

## **5. COVID-19 and mental health services**

The psychological impact of long-term strict lock-in measures and the dangers associated with isolation suggest perhaps another side threat from the same invisible enemy of our physical health. The message of the campaign "We live at home has undoubtedly upset everyone's daily routine. What does this message mean for children and parents? As in any crisis, "renegotiation", "reorganization" and "redistribution of meanings" are the new challenges we all have to face. The psychological discomfort caused by prolonged lock-up, along with the evolving feeling of inactivity, boredom, frustration and uncertainty can lead to psychosomatic or psychological problems, alcohol consumption, dysfunctional personal and family coping strategies, increasing coping strategies. Staying at home has put some children and adults at increased risk of domestic violence, as evidenced by the increasing number of reported cases. However, some families have been able to mobilize resilience and functional coping strategies to manage the stress of home confinement and see positive changes in their lives (eg, spending more quality time with their children). The Hellenic National Organization of Public Health (EODY in Greek), Public Authorities and various political associations have set up hotlines for the COVID-19 crisis.

The provision of services to people with mental health problems and their families has been significantly affected. Currently, the Adult Mental Health (AMH) and Child and Adolescent Mental Health (CAMH) community services operate with reduced staff and provide mostly telephone counseling or counseling, with only a few face-to-face clinical work replacements. Skype. Emergencies are addressed to hospitals. Day Hospital / Units is down. Hospital-based AMH and CAMH services

have limited access to outpatient clinics, but continue to provide the necessary treatments (eg warehouse clinic) and emergency services. In addition, psychologists provide support to colleagues on the front line. The above measures, combined with the fear of human transmission, have led to a significant reduction in the number of referrals or evaluation requests, even within the psychiatric liaison service. Telematics health services are advertised and provided by a large number of different professional groups, often without the supervision or use of a system that complies with the General Data Protection Regulation (GDPR).

The Pediatric and Adolescent Psychiatry (CAP) units now apply stricter admission criteria. Only young people with serious mental health problems are accepted. In one hospital, part of the inpatient unit was closed and intended for emergency medical patients with COVID-19. This resulted in the early rejection of patients and the lack of hospital beds. Inpatient CAPs, and in particular their common areas, are not designed for physical distance, which poses a problem in managing patient care. Daily group activity and treatment programs have been suspended, resulting in increased levels of discomfort among young people. Policies have changed regarding patient leave and parental visits, which affects the stability of young people and, for many, feels punitive. Screening procedures for COVID-19 symptoms have been adopted, but no prior negative testing is required. If the patient shows signs of possible infection, he/she is placed in the designated self-isolation room in the ward until the test result returns (usually in 24-36 hours) and if the result is positive, the patient is transferred to a designated COVID-19 unit.

Parents of children with mental health problems have been advised to maintain long-distance, not face-to-face contact with their doctor. It is not clear, however, what percentage of young people and their families continue to receive psychological treatment, as about 80% of services provided by the private sector (reimbursed by the National Health Service) have stopped. It is safe to assume that a significant number have stopped receiving treatment. A minority of people with developmental disorders, including autism spectrum disorders, who, prior to the outbreak of COVID-19, attended psychoeducational intervention programs, continue to receive support either via video conference or through appropriate material sent to parents.

At this point in time, it is difficult to assess the impact of the pandemic on the mental health of children and families. It is expected in the long run, there is likely to be a dramatic increase in stress-related disorders, associated with increased levels of depression and anxiety in parents as a result of financial hardship. A recent survey showed that 63% of Greeks believe that the pandemic will have a negative impact on their mental health and 57.9% on their income (Dianeosis, 2020). The rising rate of Internet addiction and electronic gambling among young people is another side threat of the pandemic.

## 6. Conclusion

Greece, as one of the countries hardest hit by the economic crisis, after 10 years of recession, is entering another crisis, the COVID-19 pandemic. The current situation has dramatic negative effects on the economy with a relative risk to people's mental health. However, the limited resources and gaps in the health system exposed during the COVID-19 epidemic give us a great opportunity to reconsider how services are organized and provided. Maybe now is the time to implement the cardinal changes that will achieve a complete and integrated health care system with procedures for horizontal and vertical connections and coordination between the various levels of care (primary, secondary and tertiary) and the development of a multidisciplinary system.

It is striking that Greece with the highest per capita percentage of licensed specialists among EU Member States (6.2 per 1000 population) has the fourth lowest percentage of healthcare staff employed in hospitals (Economou, 2015). The imposed freeze on recruitment has led many doctors to seek work abroad or in private practice. Greek doctors based in the hospital work daily under "emergency" conditions, as there is no control over patient flows, given the inadequate PHC system, the lack of a gate guard mechanism and inadequate facilities in the provinces, ie outside the big cities. The lack of support staff, the large number of patients (the largest hospitals in Athens receive about 1,000 in a single 24-hour shift), the excessive congestion in the wards (with beds placed in the corridors after the shift) a "normal" working environment for doctors who based on the NHS hospital, especially during seasonal "flu" or on weekends due to endemic road accidents. These working conditions and large volumes, although they may be considered excellent for other countries, are "normal" in Greece, perhaps placing medical staff in Greece in a better position in the current pandemic crisis. Their experience of working under arduous and very difficult conditions, with low pay and insufficient resources at their disposal, may ironically have contributed to the effective management and successful containment of cases, combined with the imposed national lock.

The pandemic, with the introduction of "social distance", can lead to dramatic changes in clinical practice, including the way our treatments are going to be provided in the near future and the extent to which technology can be used to ensure the quality of the services provided. It is important to note that prior to this COVID-19 pandemic, telemedicine was only available on some hospital-based CAMH services, with the possibility of real-time teleconferencing only with connected Health Centers or provincial hospitals. The Ministry of Health recently announced that it is introducing telephone services for patients with COVID-19. This could become a potentially durable tool that allows remote monitoring at home of the elderly and those with chronic illnesses and disabilities. The COVID-19 pandemic is an opportunity to extend the telemedicine system to reach those in remote areas or islands where CAMHS are rare and to provide advice / guidance to PCH providers. To this end, it

would be necessary in our country to enhance training in information and telecommunications technologies, along with the development of protocols and standards, as well as health promotion programs. In dealing with the pandemic, it is considered necessary and urgent to develop telemedicine guidelines and address various legal issues that will allow physicians to work without the threat of liability in the provision of e-care services. Telemedicine technology provides the opportunity for mental health professionals in Greece to develop effective interventions and electronic therapies using digital applications, which today are particularly important in the conditions imposed by the practice of social distance. To this end, there is a need to create evidence for the types of cases where telemedicine may be a preferred treatment alternative and in cases where face-to-face contact cannot be replaced.

In conclusion, the COVID-19 pandemic brought to light the long-term shortcomings and gaps of Greece's underfunded public health system, due to the fundamental imbalance between public and private interests (Tountas et al, 2020). Inadequate job security, a high number of unemployed doctors and a significant informal economy in a "free" market political system define an outdated and ultimately expensive healthcare system. Investing in health should not be seen as a cost but as a priority social investment.

Lockdown has been a successful public health measure, but with the gradual resumption of free movement and activity, every effort should be made to maintain and strengthen the healthcare system by strengthening Community care and establishing its usability. "Reserve army" of health professionals at primary and secondary care level. The pandemic, as a threat to all, must be the reason for the disadvantage of the main Hippocratic method of prevention. It will be a much-needed return to the land that developed it centuries ago (Perlstadt, 2019).

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## CHALLENGES FOR THE DEVELOPMENT OF COMMUNITY CENTRES (CHITALISHTE) IN THE CONDITIONS OF COVID-19

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### Abstract

*The COVID-19 crisis placed the community centres (chitalishte in Bulgarian) in new conditions, which they need to comply with. This unprecedented crisis has impacted the conditions and way of work of all organisations, including the community centres. At the same time, the crisis dictates a new way of behaving and communicating with people. The new conditions require organisations to focus on their functioning in the new digital environment. In this regard, the purpose of this study is to identify the challenges facing community centres as important organisations with socially significant benefits in the crisis COVID-19. The analysis is based on the results of a survey conducted among 26 representatives of the community centres in Blagoevgrad district. Based on the survey, the main problems faced by the community centres in the context of the COVID-19 crisis are identified.*

**Keywords:** community centres; challenges; COVID-19 crisis

**JEL Codes:** D29, D80, O39

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### 1. Introduction

The cultural and creative industries play an important role in the development of society in modern conditions (Madgerova and Kyurova, 2019, p. 103) and especially in the unprecedented COVID-19 crisis. Cultural centres (chitalishte in Bulgarian) are defined as specific organisations, which according to the National Statistical Institute (NSI) of the Republic of Bulgaria, belong to the field of cultural and creative industries (NSI, Demographic and Social Statistics, Culture). It should be borne in mind that these are industries based on cultural values, individual creativity, skills and talent, and contribute to the transfer of knowledge and values and the preservation of the EU's tangible and intangible heritage for the present and future generations (Report on a coherent EU policy on the cultural and creative industries

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(2016/2072 (INI)). Based on values, the norms and forms of behavior are developed (Filipova, 2021, p. 592).

The ongoing unprecedented COVID-19 crisis is severely damaging the development of the economies of all countries. The COVID-19 crisis is one of the largest in the modern world (Wójcik and Ioannou, 2020), and it is the most unpleasant peacetime shock for the world economy (Hryhoruk, Khrushch, Grygoruk, Gorbatiuk and Prystupa, 2021, p. 63). It has led to the fact that on the one hand, a significant part of the regions and countries of the world have been put under complete lockdown by their respective governments and on the other - to deal with the problem of balancing public health considerations and the economic costs of a persistent lockdown (Gros, Valenti, Valenti and Gros, 2020). Simultaneously, human losses and economic damage are already evident, both for countries with developed economies and for those in developing countries (Hryhoruk, Khrushch, Grygoruk, Gorbatiuk and Prystupa, 2021, pp. 63-64).

It is necessary to keep in mind that in today's society, the mobility of the world's population is growing every year, the movement of people is becoming more and more widespread, the migration of workers is constantly increasing (Zolka, Tsarenko, Kushnir, Tsarenko and Havrik, 2021, p. 376). Moreover, the COVID-19 crisis has led to restrictions on the free movement of people from one country to another, which has a negative impact on the functioning and development of organisations, as well as on the overall development of some sectors of individual economies. At the same time, during the pandemic, the main changes in the domestic labour market as well as in the world markets are related to declining employment and labour migration, rising unemployment, falling incomes, loss of jobs and income of individual entrepreneurs (Novikova, Khandii and Shamileva, 2021, pp. 636). All this leads to the restriction of the normal functioning of the organisations, including the community centres, and in certain cases, to their bankruptcy.

The global crisis COVID-19, which started in 2020, had a great impact on the socio-economic life in Bulgaria. It had a negative impact on the activities of organisations in all sectors of the economy and caused changes in their internal and external environment. As a result of the crisis, significant changes have taken place that every organisation needs to deal with. In order to deal with this unusual and relatively new in nature pandemic, organisations are faced with quick and timely decisions. A serious challenge facing organisations is to learn to work in a highly changed and digital environment.

In this context, this paper aims to identify the challenges faced by community centres as important organisations with significant public benefits in the COVID-19 crisis.

## **2. Methodology**

This study has used primary data, which was collected through a survey distributed to 26 community centres. The survey is a self-administered one, based on a representative sampling method.

The study was limited in time and place. The survey was conducted between February-March 2021 in Blagoevgrad region in Bulgaria. Statistical methods were used to analyse and evaluate the results obtained in the study, such as the observation method and the method of grouping, the method of analysis, table method, graph method.

Using questionnaire as a research instrument enables the collection and analysis of quantitative data using descriptive statistics. Data were collected from these community centres using a questionnaire designed by the authors because it corresponds to a high degree to the goals set for the current research.

## **3. Results and discussion**

In times of crisis, outlining the prospects facing organisations in terms of their sustainable development and functioning is essential. This, in turn, will allow organisations to make the right and appropriate decisions. In this context, it is of interest to identify the problems faced by the community centres in the context of the COVID-19 crisis. The results of the study are presented in Table 1 show that the respondents define as the most serious problems the fulfilment of their obligations in the digital environment imposed by the pandemic conditions (92.3%) and the insufficiently qualified employees for the implementation of inherent community centre activities in such an environment (89.9%). The main problems are also the concern of people to participate in amateur activities due to the possibility of infection with the SARS-CoV-2 virus (71.2%), the non-implementation of the activities set in the annual programme, caused by insufficient participation (68.7%) and the lack of sufficient financial resources to carry out their activities (59.7%). It is noteworthy that the community centres define the lack of modern facilities and technical equipment, meeting the new crisis conditions, as less important problems.

Given the problem of insufficiently qualified staff to carry out inherent community centre activities in a digital environment in the new conditions, it is of interest to establish the areas in which staff need to be trained. In this regard, the study results show that in the context of the COVID-19 crisis, respondents stated that they need to acquire skills to work in a digital environment (working with different platforms and sites, content marketing, email marketing, social networks marketing and others). According to a significant part of the respondents (86.9%), other problems related to the qualification of employees remain those of language qualification and work with computers and other equipment, which stood in front of the community centres before the crisis.

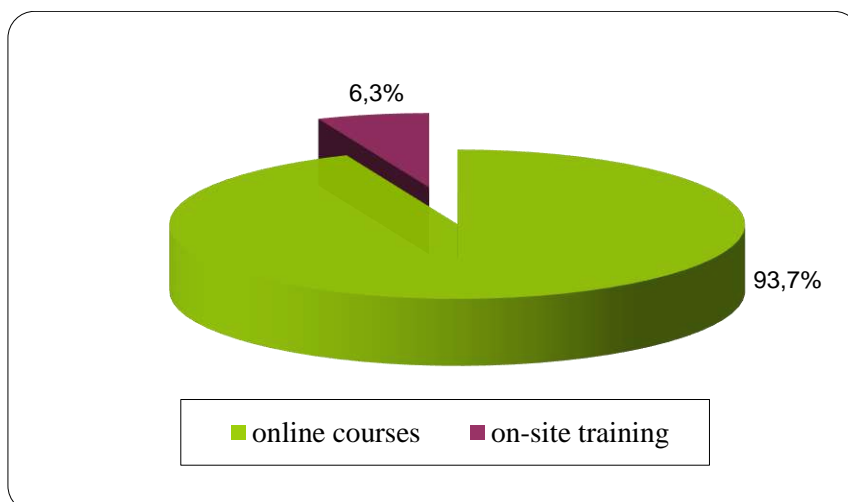
*Table 1. Problems of community centres in the conditions of COVID-19*

<b>Problems</b>	<b>Respondents, %</b>
fulfilment of obligations in the digital environment imposed by the pandemic conditions	92.3
insufficient qualified staff to implement the inherent community centre activities in the digital environment in the new conditions	89.9
concerns about participating in amateur activities due to the possibility of infection with the SARS-CoV-2 virus	71.2
non-implementation of activities set in the annual programme as a result of insufficient number of participations	68.7
lack of sufficient financial resources to carry out the activity	59.7
lack of modern facilities meeting the new crisis conditions	38.5
lack of modern technical equipment meeting the new crisis conditions	36.3

*Source:* authors' own research

*Note:* percentages exceed 100% because more than one answer is possible

*Figure 1. Preferred forms of training in the conditions of COVID-19*

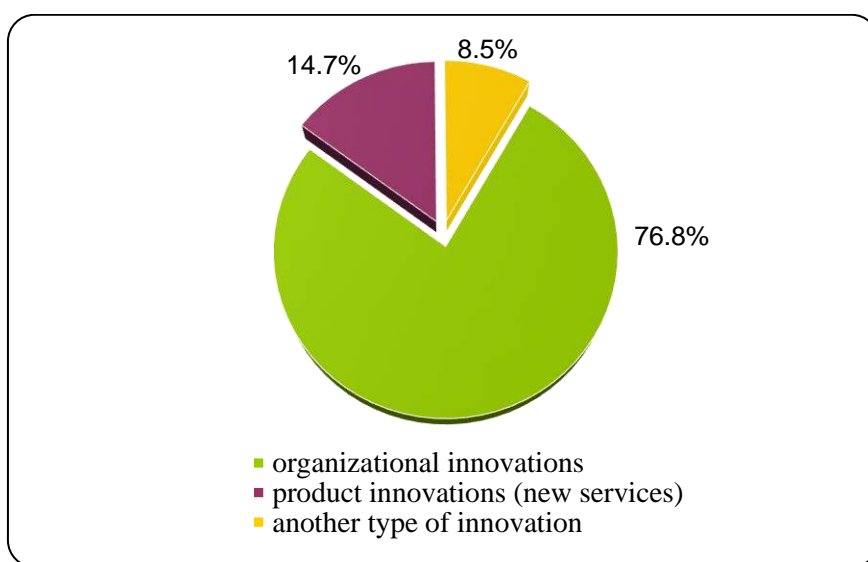


*Source:* authors' own research

Regarding the forms of training, the respondents indicate that the most appropriate in the conditions of the pandemic crisis COVID-19 is the online training, and among them, the priority is occupied by the online courses (93.7%). It is noteworthy that a small part of the respondents (6.3%) prefer on-site training but in compliance with all anti-epidemiological measures (See Fig. 1).

For the survival and adaptation of the community centres, the effective implementation of the activity related to the innovations and investments is essential, especially in the conditions of a pandemic crisis. The data from fig. 2 show that the share of the cultural centres that implement organisational innovations is predominant (76.8%). The share of community centres with implemented product innovations (new services) is relatively small - 14.7%. Only 8.5% of the respondents indicate the implementation of another type of innovation.

*Figure 2. Innovations implemented by the community centres in the conditions of COVID-19*



*Source:* authors' own research

With regard to the investments made by the community centres, it was found that they are mainly aimed at qualifying the staff (81.6%) to work in the digital environment in the new conditions. Only 18.4% indicate that they have invested in the purchase of equipment.

An important issue related to the progress of the activities carried out by the community centres is the application with a project proposal under programs in the conditions of crisis. These programs also provide the community centres with an opportunity for stable development and sustainability over time under the new

conditions. In this regard, the survey shows that a significant part of the community centres (78.9%) take advantage of this favourable opportunity, thus providing them with rapid adaptation to market changes and coping with competitors.

The rapid orientation of the community centres in terms of cooperation with partners is an indicator of their flexibility and adaptability to the new conditions that have arisen as a result of the COVID-19 crisis. In this context, the data presented in Table 2 shows that the community centres carry out cooperation mainly with state institutions, municipal administrations, non-governmental organisations, and educational institutions. It is noteworthy that the share of those who cooperate with business representatives and research organisations is not very large.

*Table 2. Partnerships of the community centres in the conditions of COVID-19*

<b>Partners</b>	<b>Respondents, %</b>
administration institutions	62.4
municipal administrations	68.7
NGOs	52.8
educational institutions	50.3
business representatives	26.5
research organisations	21.2

*Source:* authors' own research

*Note:* percentages exceed 100% because more than one answer is possible

The opportunity to access the complete information on the services of community centres is important for the consumers who use their services. Therefore, the choice of advertising media is important, especially in the conditions of the COVID-19 crisis, which significantly limits the direct access to the offered services. That is why it is observed that the community centres focus their efforts mainly on the internet advertising and on using the opportunities of social networks. This shows that they are aware of the need to prioritise the benefits of online advertising rather than traditional advertising tools such as television, radio, newspapers, magazines, brochures, banners and more.

#### **4. Conclusion**

Clarifying the challenges facing the community centres is an important issue of practical importance, as their in-depth knowledge is a significant prerequisite for setting guidelines for development and achieving sustainability over time in the new conditions resulting from the COVID-19 crisis.

Knowledge of the problems inherent in the community centres helps to make the right and appropriate decisions and take timely measures in response to dynamic changes in the environment. The practice proves that special attention needs to be paid

to the employees' qualification for dealing with the activity of the community centres in the new digital environment and the creation of the necessary favourable conditions for more effective fulfilment of their duties. At the same time, the theory proves that the staff's training is essential for the success of the community centres in the new conditions. That is why the community centres must focus their efforts and attention on the employees' training in modern information technologies and the solution of the problem with the language competencies and the work with computers and other equipment.

Innovation and investment play an essential role in the development of community centres. The survey results show that the representatives of the community centres should take actions in the direction of the realisation of other types of innovations and in the modernisation of the material and technical base.

A key factor for the success of the community centres in the COVID-19 crisis is the expansion of cooperation with business, including IT companies on the one hand and on the other - with research organisations. In this regard, the effective implementation of communication with partners in the modern world is important for the development of community centres. Moreover, modern researchers have identified communication as a priority due to its significant role in the world of business organisations (Kyurova, 2017, p. 67), including community centres. In addition, the focus of community centres on Internet advertising and the use of social networking opportunities as an essential form of communication is a quick response to new market trends.

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## CRISES ANALYSIS AND MANAGEMENT

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### **Abstract**

*The concept of crisis is multidimensional, it indicates the presence of a difficult problem, that it is going through a period of anomaly and abnormal or they are in a critical phase. This article examines the definition of crisis, in along with its types, its characteristic and its main causes. In addition, this article goes through the several phases of crisis management, which is defined as the process by which a crisis is prevented, reduced or resolved.*

**Keywords:** *crisis; causes; types; characteristics; crisis management*

**JEL Codes:** *H12*

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### **1. Introduction**

The concept of crisis is multidimensional, it indicates the presence of a difficult problem, that it is going through a period of anomaly and abnormal or they are in a critical phase. The term "crisis" usually refers to an unpredictable and uncertain situation, which is dominated by tension and insecurity and which may concern the individual, family, business, organization, society, institutions, or the international environment. The crisis often works as a test of the stability of a system (Stuckler et al., 2009; Maes et al., 2010; Liu et al., 2016; Chernobrov, 2016; Crouch, 2014).

According to Rosenthal and Kouzmin (1997), the concept of crisis is related to situations, which are occupied by a serious threat, uncertainty and a sense of urgency.

According to Okumus and Karamustafa (2005), crisis is a large, sudden event that is likely to have negative effects. The event and its consequences can seriously damage an organization and its employees, its products, services, financial situation and reputation.

Crisis situations have features such as surprise for the event, interruption of the routine, escalation of events accompanied by a feeling of loss of control, increased media interest (for the event) and their increased momentum to control the situation, the increased demand for information, the large number of speculations about the

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event, its view by the Media as a crisis and the spread of negative publicity (Ahmed, 2006).

Hence Fearn-Banks (2007) described the crisis as a massive event with a potentially negative impact on an organization, company or industry as well as the target audience, products, services and the "good name".

## **2. Classification of crises**

Crisis is of different types, based on its characteristics and nature and involves different reactions and therefore different means of management.

The following are the main types of crisis:

### *Financial crisis:*

The financial crisis occurs when the business is financially affected by the crisis. An example of a financial crisis is a business that does not have the funds to pay its fees, such as paying dividends, interest, repaying loans, etc. Such a crisis arises when the company suffers losses for significant periods of time or when due to lack of accountability it loses consumer confidence among other situations. This crisis is addressed by mobilizing the required funds as a short-term solution and by making important financial decisions such as restructuring, changing business activities, etc. as long-term solutions (Kindleberger & Aliber, 2005; Laeven & Valencia, 2008).

### *Technological crisis:*

The technological crisis arises as a result of failures in the common scientific and technological tools and devices that we use in a business. If Facebook servers are overloaded and all user accounts and details are deleted, then such a crisis will be a technological crisis. Common technological crisis includes software failure, industrial accidents, etc. Conventional management tools mainly include limiting losses and stopping the effects of failure to affect more people or items. The next step will involve trying to recover what has been damaged or lost with the help of experts in the field and will also include finding the source and cause of the crisis (Ahmed, 2006).

### *Abuse crisis:*

All companies compete with each other. However, some competitors take such extreme measures that they actually try to go under the belt and destroy the other company for their own success. The crisis that occurs as a result of the extreme tactics used by a competitor or criminal to destroy the business is known as a crisis of abuse. These crises include those that arise through the breach of a company's server, breach of their products, etc. Measures include finding the source and minimizing damage as soon as possible by identifying who perpetrated the crisis (Ahmed, 2006).

### *Physical crisis:*

Physical crisis refers to those that are created as a direct result of a natural event, such as a volcano or an earthquake, etc. These crises are completely out of the hands of the administration and cannot be prevented, unlike the other crisis. Crisis

management steps include evacuating the area and taking mitigation measures as precautions such as constructing earthquake-resistant buildings, preparing evacuation plans, etc. *ex ante* (Bankoff et al., 2003).

*Crisis of organizational crimes:*

The Crisis of Organizational Misdeeds includes (Ahmed, 2006):

1. Crisis of deception
2. Crisis of Remarkable Management Values
3. Judgment of Corrective Unjust Law

The crisis of deception is the result of concealing important information from management or consumers from management. This is done in order to make illegal profits from the business and to gain unjustified wealth. This concealment often causes huge losses in places where such events are hidden.

### **3. The Main Causes of Crises**

Every crisis is characterized by the factors that cause it. Based on the factors, the management plan of the respective crisis is formed. The main categories in which critical situations are classified are four depending on the causes of the crisis, which may come from internal or external factors of the organization and may be characterized as technical-economic or human-organizational social factors (Shrivastava & Mitroff, 1987).

Regarding the theory of international relations, Michael Brecher states that the reasons that can cause a change in relations or an increase in tension between two or more states, in order for an international crisis to occur, are (Brecher, 1993):

- An action or event,
- An oral or written threatening statement,
- A political action such as the severance of diplomatic relations,
- An economic action such as a trade embargo,
- Non-violent military action such as troop movements,
- An indirect act of violence against an ally or client state,
- An immediate military attack,
- An internal challenge to a regime (verbal or physical, or an action to strengthen the position of the rulers),
- A technological or geopolitical change in the environment that weakens a state's ability to protect its vital interests, including its independence.

According to Manolis Sfakianakis, these causes may be financial, organizational, administrative, commercial, competitive, legal, force majeure, etc. In particular, Manolis Sfakianakis classifies the causes of a business crisis as follows (Sfakianakis, 1998):

- Financial causes (adverse financial results, excessive borrowing, debt accumulation, large-scale theft and abuse, incorrect wage and pay policy, incorrect pricing policy, waste and excessive spending, etc.),

- Organizational causes (dysfunctional organizational structure, overcrowded staff, insufficient staffing, insufficient production organization, inappropriate investments, extensions, incorrect reorganizations, insufficient health and safety measures, accidents at work, losses, etc.),
- Administrative causes (insufficient administration, death or departure of an important executive, disputes, staff strikes, disputes with trade unions institutions, disputes with agents, shareholders, investors, notoriety, scandals, etc.).
- Commercial causes (decrease in customers, sales, orders, excessive and sudden increase in raw material prices, poor quality or defective or dangerous products, delays in meeting demand, insufficient distribution network, insufficient advertising and market research, etc.),
- Competitive causes (intense competition, defamation and false publications, misleading competitors' advertisements, industrial espionage, attempts to alienate share capital by competitors / acquisition or merger attempts, etc.),
- Legal causes (legal, labor, tax, insurance violations, disputes and disputes with the local population, organizations and organized interests, etc.),
- Causes due to force majeure (natural disasters, technological disasters, terrorist acts, fires, environmental pollution through the fault of the company, etc.).

#### **4. Crisis characteristics**

Every crisis, regardless of its form and the organism in which it is created, is characterized by the following (Ahmed, 2006):

1) It is escalating in intensity. The situation of a crisis is dynamic. The emerging crises do not manifest from the first moment with their greatest intensity, but escalate.

2) There is a high sense of insecurity and danger. During the crisis, those involved are overwhelmed with anxiety, as they feel they are losing control of the situation.

3) The usual functions and rhythms are affected. The intensity and concern for the worst "scenario" of the development of the events, disturb and change the normal orderly operation of the business.

4) The public / international image of the unit / country is endangered. The consequences of any emerging crisis usually affect the "image".

5) It will be thoroughly checked by the competent state-transnational bodies and by the Mass Media. The manifestation of a crisis inevitably arouses the interest of the competent bodies, but also of the media, as there is an increased demand for information, in order to restore the speculations about the events.

6) Causes damage and property damage. It usually causes moral damage, which damages the power of the country, or the profile of the company, while at the same time causing a malfunction in its commercial activity.

## **5. Crisis Management**

Crisis management is the process by which a crisis is prevented, reduced or resolved (Ritchie, 2004; Baldwin, 1979; Jaques, 2009).

Also, with the crisis management technique is meant the minimization of risk and uncertainty with the ultimate goal of controlling every situation. These are measures aimed at reducing unpleasant situations and preventing them from spreading further (Jaques, 2007; Christensen et al., 2016).

The process of managing a crisis is detailed as it involves making serious decisions. The factor that complicates this process is that these decisions need to be made under pressure and time constraints due to the variability of the environment and a set of busy people working in a context of uncertainty (Moynihan, 2008; Ansell & Boin, 2017; Uitdewilligen & Waller, 2018).

Crisis management is a continuous investigation and analysis of the threats that can harm the company in order to minimize the uncertainty and take all appropriate measures before the crisis and as soon as the crisis breaks out and to provide security to employees and as much as possible to keep intact the image and financial situation of the company (Shivakumar et al., 2011; Johansen et al., 2012; Henderson et al., 2019).

Every business, large or small, public or private, whether it produces products or offers services, is not meant to enter the 21st century without a basic parameter. The board of directors of the company must organize the structure of this parameter, which is the Crisis Management Committee (CRC) (Unlu et al., 2010; Gruber et al., 2015; Christensen et al., 2015).

## **6. The Main Phases of Crisis Management**

The steps taken to deal with the crisis include five phases. These phases are presented as following:

- The first phase is the forecast. During the current phase, the actions related to crisis forecasting are included.

- The second phase is the phase of prevention. During this phase the actions taken to prevent the root cause of the crisis are included.

- The third phase is the phase of operation. At this stage, the measures are created to deal with the crisis before it occurs, while they are preparing for implementation as soon as it breaks out.

- The fourth phase is the phase of reconstruction. The reversal or recovery strategy is built in order for the business to return to its normal course.

- The fifth phase is the phase of research. During this current phase, the reasons for the crisis are analyzed and the way they are managed is evaluated (Seeger et al., 2005).

Particularly important in the context of crisis management by organizations is the prevention phase. This phase includes actions taken to reduce the consequences of a crisis. Prevention activities aim to identify and predict, at best, possible future crises. It consists in identifying the vulnerabilities and functions of the organization and in taking dynamic measures to fill the «gaps» that are identified. These actions consist in the study and review of the current situation. At this stage, the potential hazards and critical parameters are identified (Alkhawlani et al., 2016; Rolka, 2018).

Then, at the context of the same stage, the significance of the risks is assessed. More specifically, the potential risks are assessed in order of gravity. Also included, is the study of worst-case scenarios, as for example the analysis of scenarios and models for predicting risks and crises. Similarly, the study of past situations is included, as for example the retrospective study of similar crises and emergencies. Then there is the search for additional know-how, as for example the identification of specialized people - executives, consultants and associates - required for each possible crisis, as well as the definition of a reliable method of continuous evaluation (Coccia, 2020).

In general, it is impossible to prevent crises altogether. However, prevention efforts increase the likelihood of avoiding or reducing the severity of their consequences. Prevention measures are essential and necessary in order to suggest and direct the activities in the preparation stage of crisis management (Ghio et al., 2020).

The preparation phase of crisis management includes all the measures taken to ensure the capacity to respond effectively in a time of crisis. The preparation activities consist of the planning, in terms of functions and communication, of the main reaction parameters, of the way of management, of the resources required, as well as of the training and the pilot implementation of the action plans (Coombs & Laufer, 2018; Rolka, 2018).

The designation of collaborators to be used during the crisis, also implies the organization of communication channels between the head of the department, or team, and the collaborators, as for example individuals, groups or other organizations. Also, the leadership team should communicate the relevant plan to its partners and all together to harmonize with the approved management program. These relationships and the reciprocal agreements, that will take place before a crisis occurs, are sure to help optimize methods and ultimately coordinate events (Ley et al., 2014; Ginige et al., 2014).

The importance of the installation of the system is also special. The system that will emerge from the above analysis must necessarily include all the necessary resources and other infrastructure, which will ensure that during the crisis, the system and consequently the organization itself, will be operational. The components of the system are the infrastructures of the organization, such as the facilities, the logistical infrastructure and other similar elements, the available resources, as for example the financial resources, the credit capacity, the available stocks and other similar elements, the human resources of the organization, as for example trained staff and available response teams, emergency response teams and rehabilitation teams (Engelbach et al., 2014).

Of course, it is considered necessary for the administration to assure that all of the above are available in advance and that the equipment, that has been provided, is operational at all times. At this point, it is emphasized that the «immediate response» equipment, which should be available, concerns the predetermined location of the crisis management team, the available communication equipment, such as telephone lines, mobile phones, and also backup systems and support staff (Al-Dahash et al., 2014; Bowers et al., 2017).

In any case, regardless of the crisis caused, the plan drawn up, like any other corresponding plan, can very easily prove to be useless and ineffective if it is not tested, simulating the real conditions. By itself, it is possible to give the agency management a false sense of security and, of course, a false impression of the levels of preparation and readiness. In order to avoid keeping a plan «on paper», it is necessary to periodically implement the prescribed measures and actions with the participation of the crisis management team and all the rest of the staff involved. However, before any exercise, all participants should receive the appropriate training in the issues related to the implementation of the plan (Doumouras et al., 2012; Bellomo et al., 2016).

The training and the pilot application of the crisis management actions will mainly contribute to maintaining a high level of readiness, to familiarizing the staff with the coping plans, such as functions and communications, to confirming that all stakeholders know their role in the plan and their responsibilities and obligations, to practical implement the provisions of the plan, and to create opportunities for discussion and exchange of views (Hart & Sundelius, 2013).

During the exercise and regardless of the magnitude of the simulated crisis, the top management of the organization must necessarily be actively involved in it, as it is the one who at a given time will be called to decide, or not, the activation of the plans and taking, in a real situation now, countermeasures (Schraagen et al., 2010; Christensen et al., 2016; Coombs & Laufer, 2018).

Each simulation exercise should be followed by a thorough discussion and drawing conclusions about what went well and what did not. This discussion will provide an opportunity to review the plans, both at the level of infrastructure and at

the level of human resources, with possible redeployments or redistributions, in terms of the assigned responsibilities and obligations (Doumouras et al., 2012; Bellomo et al., 2016).

As part of the response phase, actions are taken by the organization in an effort to control the consequences of a crisis. These actions have, as their main goal, the mitigation of the negative effects and results of the crisis and it must be understood that they must be continuous, repetitive and simultaneous, due to the uncertainty surrounding the crises and emergencies. This phase and the actions taken are characterized by a set of coordinating actions and methods of communication, which depend directly on the nature and severity of the crisis (Van Wart & Kapucu, 2011).

The response phase can be characterized by three distinct steps. Initially, there is a process of assessing the situation. More specifically, the assessment of the situation consists primarily in the collection, assembly of information and the control of the reliability of data sources. This initial step will contribute decisively to the assessment of the nature of the crisis, thus determining the part of the organization that will take action. According to the result of the evaluation and given the level of power that has been granted, the response and communication plans will be activated, if this is deemed necessary. This phase will characterize the crisis, its evolution and its consequences. Oligarchy or devaluation of the situation brings disastrous results (Haddawy et al., 2015; Schwarzer, 2015).

This step is followed by the activation of the operational response plans, which presupposes the immediate establishment of the response team envisaged by them. It is usually accompanied by direct communication with other internal or external factors in order to determine the priority of actions. The lead department immediately submits short-term solution proposals, which will reduce the risk and minimize the damage caused. This point in time is not suitable for permanent and long-term solutions (Israeli et al., 2011; Jessop, 2012).

Activating the communication plan is the next step and initially consists in the short time preparation and recording of the official position of the head of the organization. The next immediate steps include identifying or investigating the current state of interest in the media, selecting the appropriate, if not predetermined, person to be appointed as a spokesperson, assigning tasks with full and detailed information about the event, the parties involved and the positions of the organization, the compilation and coordination of the transmission of the agreed message of the organization and finally, the preparation of the information requested or to be requested by the media (Alexander, 2013).

The response given to the media will identify and explain the subject matter of the problem and assure the public that immediate action has been taken to control the situation. The lead department should maintain constant contact and communication with the internal and external public throughout this period, in order to provide



appropriate and correct information (Ucaktürk et al., 2011; Johansen et al., 2012; Alexander, 2013; Henderson et al., 2019).

An equally important phase of crisis management is the recovery phase. The recovery and rehabilitation phase consist of a variety of actions, which are undertaken as a consequence and result of the crisis. These actions include, initially, the official statement - announcement of the organization, which announces the end of the crisis and the maintenance of contact with the media and the collaborating bodies and organizations, as well as the provision of support to its members, but also the evaluation and utilization of the acquired knowledge (Ristvej & Zagorecki, 2011).

Return to normal operation requires a formal statement to end the crisis. Despite the fact that the situation is gradually moving away, the department that had taken over the management of the incident must remain in contact with the media and other collaborating bodies and organizations. This will enable the design and implementation of medium- and long-term solutions, as identified during the previous phase. At the same time, special attention should be paid to the support of the members of the organization, who have obviously made a great effort and have suffered from tension, stress and possible fatigue, in order to deal with the crisis (McConnell, 2011; Alexander, 2013).

The recovery phase should include an organizational learning process in order to assess the knowledge and experiences gained during the crisis, as it is mentioned in the study of Hiltz et al. (2011). Crises can have positive or negative effects on an organization's professional and public image. In any case, the organization should not be tempted to ignore the necessary corrective actions it must take after crisis management. On the one hand, an organization that has just emerged from a crisis can consider that it is now ready to overcome all other similar situations. On the other hand, if it has been hurt by a crisis, it may find it extremely difficult to recover and try to take advantage of the experience (Grundy & Moxon, 2013).

Finally, the informed management of the organization should in any case take advantage of the opportunity, organize a formal review of operations and procedures and carefully review the results, without rushing to take responsibility, emphasizing the improvement of the organizational structure and the preparation for the next difficult situations and crises (Doumouras et al., 2012).

## **7. Conclusion and Recommendations**

Not every crisis is a simple and unambiguous event. It is a complex and multifaceted event that affects many areas at once and for a Plan to be effective it must follow a basic principle. To anticipate everything that constitutes the crisis, meaning all the adverse consequences, and for each of them to oppose a measure. This principle also determines the content of a Plan. As part of the process of defining the Plan, the crisis to be addressed must first be identified and its characteristics must then be defined as well. Every crisis, as mentioned above, is a result of the manifestation of a

phenomenon if and when the phenomenon causes adverse effects that as a whole, constitute the crisis (Maes et al., 2010; Liu et al., 2016; Chernobrov, 2016; Crouch, 2014).

At this point, it is argued that phenomena that have adverse effects are known and examined by the competent sciences. Their characteristics and the results of their event are also known. Consequently, every crisis, depending on the phenomenon that causes it, is more or less known. Its characteristics that depend on the characteristics of the phenomenon are also known (Rosenthal & Kouzmin, 1997; Health, 2005; Okumus & Karamustafa, 2005).

At this point should be mentioned that a crisis management Planner can make reasonable assumptions about both unobserved and unrecorded contingencies. Thus, all possible adverse effects of the phenomenon or the generative cause of the crisis are collected and recorded, as for example all the elements of a possible crisis, as well as the possible adverse side effects and all the versions in the evolution of the crisis. In this way, the planner, who is usually also the crisis manager, knows exactly what he has to face. For all that needs to be addressed, a measure is defined and assigned for each one separately (Hausmann & Rodrik, 2003).

Based on the above, the content of a Crisis Management Plan includes all the adverse effects of a crisis -theoretical, recorded, hypothetical- and all measures to address them. By contingency measure it is meant the way people act and the way they use the necessary means and materials to properly manage the contingency, in order to have a desired result (Boin & McConnell, 2007).

At this point, it should be emphasized that the more detailed and accurate a plan is, in terms of the possibilities of the crisis and the measures to deal with them, the more effective it is (Moriarty et al., 1993; Comfort et al., 2001).

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## COLORS IN THE INTERNATIONAL MARKETING

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### Abstract

Companies achieve great benefits when they sell products and services abroad. The advantages of International trade are numerous, such as efficient allocation and better utilization of resources, efficiency in production, increased revenues, more employment, higher market share, longer product lifespan, enhanced reputation, etc. Without a thorough marketing research of the foreign (local) market, as well as the understanding of cultural peculiarities, many companies, even the famous ones, are making mistakes that can jeopardize their business. International marketing blunders are related to poor translations of slogans into a different language, unacceptable product designs, inappropriate or ambiguous brand names, packaging methods, and even the use of colours and visual effects.

For the importance of the colours in International marketing, a research speaks that found that 93% of consumers focus on visual appearance, and close to 85% claim colour is a primary reason when they make a purchase. It is known that the colour can attract attention, can stimulate emotional responses, can influence the perception of individuals, can influence on attitudes formation, improves learning and persuasion of consumers to buy a particular product. Colour affects the human behaviour and the purchasing decision making. As a brand's identity element, companies must be careful when they use it in the product itself, packaging, product's logo, slogan, display, name, design, signage. Colour meanings differ dramatically from culture to culture. There are a range of cultural influences that affect the usage of a specific colour: political and historical associations (flag colours, political parties), mythological and religious associations (references to colour in spiritual texts), linguistic associations (idioms and expressions), tradition (weddings, funerals, children birth, graduation), etc.

**Keywords:** colour; marketing; international marketing; consumers; blunders; marketing research

**JEL Codes:** M31, M37

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### 1. Introduction

A color wheel is the best tool for understanding colors (Dash, 2021). The most basic form illustrates **primary, secondary, and tertiary colors** and how they work

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with or against each other to create color palettes used in art, decorating, and marketing. Primary colors are the three base colors from which all colors are created. Secondary colors are the three colors created by mixing equal parts of two primary colors. There are six tertiary colors created by combining equal parts of a primary and secondary color.

**The primary colors** are red, yellow, and blue and they are the foundation of all other colors, presented in the most fundamental of elements that humans experience on Earth: fire, water, and sunshine. Red is associated with strong emotions, can incite action, and can even cause physiological changes, all of which impact how consumers make decisions. Yellow is the color of happiness, brightness, and possibility. These ideas spark enthusiasm and draw customers to a product or service. Blue is the color of peace and tranquillity. Consumers can trust in the stability and calm of a product using this color.

**Secondary colors** are orange, green, and purple. Orange, the combination of red and yellow, provides the excitement of red with the optimism of yellow. This creates the idea of encouragement and results with positive feelings. It's something people often look for when choosing brands in any category. Green, the mixture of yellow and blue, is the color of nature. Fresh and soothing, it is the color of new growth, simple origins, and luck. Customers may intuit an idea of abundance or refreshment from this color too. Purple, the mixture of red and blue, is the color of royalty and magic. It conveys a sense of luxury, imagination, and wisdom, suggesting a brand can deliver the best of the best in what it offers.

**A tertiary color** is made by mixing an equal amount of a primary color with a secondary color. Examples include aqua or teal which are combinations of blue and green. Magenta is a combination of red and purple. Amber is a combination of yellow and orange. Tertiary colors play an important role in color psychology because they add deeper and more varied colors to the brand palette.

Dash, also talks about **warm and cold colors**. **Warm colors** consist of red, yellow, and orange in various combinations. They are considered warm because they are likened to elements associated with heat, such as fire, sunlight, and lava. They are known to heighten emotions and passions, creating feelings of joy, playfulness, enthusiasm, and creativity. Frito Lay uses the color meanings of red and yellow to convey anticipation in craving a delicious chip and the satisfaction you feel as you satiate your hunger.

**Cool colors** are blue, green, and purple, in various combinations. They are thought of as cool because they relate to elements associated with cold, such as water, grass, and trees. They bring feelings of calmness, relaxation, and rejuvenation. Green is the color of Sprite, a light, refreshing beverage made from the pure, natural flavours of lime and lemon.

**Cultural differences** may have an effect on consumers' behaviour (Hermeking, 2005). Thus, for being successful on global scene, companies should



consider the cultural habits of consumers and existing communication practices. There are different classifications of culture, starting from single dimension models, such as high-context vs. low-context (Hall, 1976) to models with six dimensions (Hofstede, 2017). The concept of high/low-context cultures goes in line with Hofstede's (2017) description of individualistic/collectivistic cultures (Broeder, 2018). Asian cultures more commonly can be characterised as high-context and collectivistic cultures: personal touch is very important, relationships are closer and little needs to be said, in order to be understood. The preferred communication style is more informal, indirect and often based on symbols or pictures. High-context cultures make more use of implicit information (Hofstede, 2011). On the contrary, people from Western cultures (low-context and individualistic) prefer explicit information. This means that they wish to know the specific contents of what one is saying and rely heavily on written word.

**So, what are the best colors in Marketing?** The truth is that there are no "best" marketing colors. It all depends on the brand image the company wishes to convey, whether bold, sophisticated, friendly, reliable, or creative, and the response it wants to elicit from customers. The choice depends on the company itself.

## **2. Methodology**

For the purposes of this paper, quantitative statistics were used as well as the comparative method. Namely, an analysis of the theoretical knowledge for usage of proper colour in international marketing is made. Practical experiences use examples from the Internet and from various electronic websites. Also for this paper an extensive marketing domestic and foreign literature is consulted.

## **3. Analysis and discussion**

Colours affect **different people in different ways**. Colours influence the way people feel, think and behave. Cimbalò et al. (1978) tested the relationship between colours and emotions and found that yellow, orange and blue are the happiest colours, and red, black and brown are the saddest.

In a multicultural study, Wieggersma and Vander Elst (1988) found that **blue** was the most preferred, universally acceptable, most recognizable colour among cultures. Blue is associated with sky and sea, natural phenomena well-known the world over, that gives a sense of inner stability. Blue is known for its trust, tranquility, wisdom, reliability and mentally soothing. The colour blue, this calming colour, is raised on a pedestal in Asian cultures as a sign of immortality. According to Interbrand, more than a quarter (26%) of the world's 100 most valuable brands use blue as a dominant colour in their logo. Companies that rely on blue to create a strong brand presence include IBM, GE, Intel, Nokia, HP, American Express and Gillette (Dash, 2021). Blue is sometimes associated with authority or discipline (many shades

of blue used by police officers and military personnel). However, in Iran, blue is a colour of mourning.

In Western civilizations, **green** is the colour of nature, progress, good health, vitality, growth, balance, harmony, but also money and envy. In the Middle East it is a sacred colour that means strength, fertility, happiness and wealth.

The colour green is found among the world's leading brands. Five out of the top 100 global brands, Google, eBay, Sprite, Heineken, and Starbucks, use green (Dash, 2021). Green is actually one of the most positive colours that marketers can choose on a global scale. It is used in stores to relax customers and promote environmental issues. Green shows that Starbucks hopes to promote a sense of relaxation in its cafes, inviting customers to come in for a coffee break during a stressful day.

However, in China green is often associated with infidelity. A green hat is a symbol that a man's wife is being unfaithful. In North Africa, green symbolizes corruption, whereas in Japan, green signifies eternal life. Green is considered to be a symbol of bad news in Israel. In many Latin and South American cultures, green is the colour of death.

The **red** colour of Western cultures evokes both positive and negative emotions, i.e. on one hand love, passion, excitement, and on the other hand anger, aggression, power, danger. This colour in India, as well as in China (famous Chinese red restaurants) symbolizes good luck, long life, happiness, prosperity and joy. At weddings, the bride wears red. During holidays and other special occasions, gift-giving includes red envelopes containing money.

Attention-grabbing red is also a popular shade for top global brands. Coca-Cola, McDonalds chose red as their dominant colour as it encourages appetite and thirst. In China, red is even more popular among leading brands, with exactly half of the country's top 10 brands using this colour (Dash, 2021).

But red in the Middle East is considered a "devilish" colour, and in South Africa as a colour of pain and mourning. The red section of the country's flag represents the bloodshed, both in terms of violence and sacrifice, that occurred during the country's struggle for independence. The Japanese flag is a white rectangle with a central crimson-red disc. Perhaps this is why most Japanese children often draw the sun as a large red circle.

**Orange** in Western cultures is associated with harvest, early autumn, heat, the changing leaves and a candle's glow in a pumpkin's carved smile. In the Netherlands is the colour of the royal family. There's a phenomenon in the Netherlands called Oranjegekte (orange craze) that occurs during major sporting events, the F1 Grand Prix, and an annual holiday that celebrates the king's birthday. When the orange craze takes over the Dutch they wear orange clothing and decorate their cars, houses, shops, and streets in orange. It started as a way to celebrate the Dutch royal family, the House of Orange-Nassau (Dash, 2021).

Orange is also known to be a colour of motivation, lends a positive attitude, and general enthusiasm for life. Overall, orange is great for bringing comfort in tough times, and creating a sense of fun or freedom. Harley Davidson uses orange to communicate adventure, excitement, and vitality. The Western world also associates orange with frivolity and amusement. Clowns often wear orange wigs.

In Tibet it is a sacred colour (saffron). In the Middle East this colour is synonymous with pain and sorrow.

**Yellow** is the epitome of joy, happiness, cheerfulness, optimism, because it is synonymous with sunshine, warmth, light and hospitality in many Western cultures. Anything happy is almost always yellow. Yellow is the most visible colour on the spectrum and the first colour the human eye notices. Yellow is the first colour infants respond to. The yellow ochre pigment dates back thousands of years, and thus was one of the first colours in human artwork. For example, the Lascaux cave in France has a 17,000-year-old painting of a yellow horse.

In China, yellow has strong historical and cultural associations. The first emperor was called the Yellow Emperor. After the Song Dynasty, which ended in 1279, only the emperor was allowed to wear bright yellow. Distinguished visitors to China were honored with a yellow carpet.

Yellow is a sacred colour in Polynesia, considered to be the colour of divine essence. In local languages, the word for yellow is the same as the name of the curcuma longa plant, which is thought to be the food of the gods.

In Africa, only the upper classes can wear this colour as a sign of rank, wealth and money. The more gold variations of the colour are universally associated with money, quality and success in most world cultures.

Yellow is used to express happiness and warmth in most parts of North America. Latin America, conversely, sees yellows as a sign of death, sorrow and mourning. In Germany it is the colour of envy.

In France, its connotations are more sinister, evoking thoughts of weakness, contradiction, betrayal and jealousy. In the 10th century, French criminals' and traitors' doors were daubed in yellow paint, clearly marking their shortcomings for all to see.

In the West, the colour **purple** associates with royalty, fame, power, wealth, wisdom, as well as mystery and new ideas. Purple is often used to show luxury, loyalty, courage, mystery, and magic. It stimulates problem-solving as well as creativity. It also means modernization and progress. Hallmark, Yahoo, Craigslist uses this colour. It is also seen frequently promoting beauty and anti-aging products (Dash, 2021).

In Thailand and Brazil, it is a colour of death and mourning. Thai widows wear purple, as do devout Catholic mourners in Brazil.

Italy also strongly associates purple with funerals. Therefore, Italians consider wrapping a gift in purple paper poor taste, and brides avoid the colour when planning their big day. It's even considered bad luck to wear purple to an Italian opera.

**Black**, is almost everywhere in the world an association of mortality, end, formality, sorrow, even evil in Thailand and Tibet. It is also considered a mystical colour. Black is a colour of sophistication, seriousness, control, and independence. It is associated with authority, power, stability, confidence, and strength. Often a symbol of intelligence, it can become overwhelming if used too frequently.

Black is tricky to use in marketing, but some have done it successfully. On global scene, Nike and Chanel use this colour successfully. Nike's logo, a combination of black and white, evokes power, strength, and stability. Chanel uses black to convey luxury, elegance, sophistication, timelessness, and maybe a hint of mystery. These prove to be precisely the qualities Coco Chanel created her brand to embody (Dash, 2021).

Eastern and Asian cultures Black can be connected to masculinity and is the colour for boys in China. It also represents wealth, health and prosperity. Latin cultures also associate the colour with masculinity and is the preferred colour for men's clothing. It is also linked to mourning. Middle East Black has somewhat contrasting but symbiotic meanings – it represents both rebirth and mourning. Evil and mystery are also associated with black.

**White** is the colour of peace, purity, innocence, cleanliness, sterility and peace. White can also represent new beginnings, providing a blank slate, and gives refreshment for new ideas. White is a great colour for simplicity, cleanliness, and idea creation; however, it has to be avoid using too much as it can cause isolation, loneliness, and emptiness. The Bedouin (Arab-speaking nomads of the Middle Eastern deserts), associate white with milk. As camel milk is a staple food for the people, highly nutritious, good for the bones, and a strengthener of the immune system, it makes sense that white is considered the colour of gratitude, fertility, and joy.

Many are familiar with the Western tradition of brides in white dresses. Some believe this dates back more than 2,000 years to the Roman Republic, when brides wore white tunics to represent their chastity. The modern trend came into fashion thanks to Queen Victoria, who in 1840 chose to wear a white lace gown instead of the coronation robes of royal tradition (Dash, 2021).

It may not be the best colour for every business. But using white in marketing can be effective for a minimalist brand or approach. Subway's use of white suggests the blank slate concept. It is your sandwich to create, with endless possibilities offered by fresh, clean ingredients. Lego's brand literally spells out the company name in white on a red background. This represents the fun and excitement children have in playing with a product that provides infinite opportunities for building and creating anything the mind can imagine.

However, not every association with white is pleasant. In many cultures, it's the colour of death, ghosts, and phantoms. As expressed in the English saying "pale as a ghost," the colour is connected to the paleness of death. White also represented death in ancient Egypt because of the colour of the lifeless desert that covered much of the land.

In Asian countries it is a sign of death, sterility, unhappiness and misfortune. Around the world The white flag is the universal symbol of truce.

#### **4. Conclusion**

The colors are controversial. Some believe that human color responses are stable, and therefore applicable to everyone, while others disagree and believe that color responses and preferences depend on culture, gender, age, religion. What may prove significant in scientific research may contradict the opinion of marketing experts. It is important for marketing managers to be aware of the importance of colors and their interpretation in different countries and cultures. The colors of the product packaging, the products themselves, the name, the logo, and even the colors of the services can drastically affect the sales. Depending on the target audience, managers should research and choose the most appropriate colors for products and services. Research must be done before launching a new product on the market as the wrong choice of colors can have a negative impact on the image of the product or the company.

In general, red and yellow attract attention, and blue and green are more calming and relaxing. With the reduction of territorial barriers and advances in communications (Internet) it is believed that homogenization in the use of colors around the world will increase. Color can be an important marketing control variable that is not only a direct identifier of the product, but also important for its quality and price.

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## PLATFORM ECONOMY AS AN INEVITABLE DEVELOPMENT OF DIGITAL BUSINESS

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### Abstract

*The growth of digital platforms generates strong network effects and dynamics of all winners, which disrupts systemic growth and further stimulates competition between them. Despite the positive effects, under certain conditions, these same functions make the currently operating platforms vulnerable to competitive strategic moves through platforms where participants can add value for themselves and at the same time avoid pre-investment in value added generation.*

*In this analysis, we use an interpretive synthesis of different theoretical concepts of platform business to theorize these strategies as a new category and their distinctive features. Overall, the study demonstrates the potential for unconventional and opportunistic strategies to compete on platforms that extend beyond more traditional ones, such as network quality, diversity and size.*

**Keywords:** platform economy; business models; digital ecosystem

**JEL Codes:** M20, M21, M29

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### 1. Introduction

Modern markets open up new opportunities for radical changes in the organization of the economic system. As a rapidly evolving category of market structures, platforms provide opportunities for rapid transactions between independent participants to create an optimal and successful business environment (Gawer, 2014). As platforms for conducting monetary transactions, they are structured as open business models for connecting independent participants for inclusion in a value chain (Evans and Gawer, 2016). By multiplying the network effects between

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supply and demand, they pursue and successfully achieve rapid growth and realise potential in pursuit of a dominant position in the market.

Scientists from various fields are interested in these types of organizations, such as (McIntyre and Srinivasan, 2016; Gawer, 2014), and even suggest that these organizations may become a significant organizational model for a new economy (Kenney and Zysman, 2016).

## **2. Analysis and discussion**

To date, however, there is a lack of understanding of the distinctive features of the business model in these markets. While scientists from the late 1990s were interested in effort-based markets on the Internet (Bakos, 1998), the situation is no different today. Existing research focuses mainly on business-to-business transactions as opportunities for more efficient supply and added value (Choudhury et al., 1998). The latest technological advances, and in particular artificial intelligence, the possibilities for new search algorithms and the widespread use of mobile devices, have allowed the development of innovative business models and marketing activities targeting various consumer markets, including transport (Uber), accommodation (Airbnb) or finance (Credit club). Such markets often provide completely renewed value chain offerings, apply new revenue generation models, or revalue private individuals' assets to create new added value (Parker et al., 2016). Their attractiveness is evidenced by more than 30 companies in the market, which currently have a market capitalization of more than a billion dollars (CB Insights, 2017).

The lack of a clear market definition of platform businesses creates a need for a more holistic perspective on how markets create, deliver and add value through their business model configurations. Therefore, to meet this need, it is necessary to study the distinctive types of business models in the market through a systematic study of their elements.

In the context of what has been said, it is necessary to answer two questions:

- 1) What are the types of business models for organizing the platform economy?
- 2) What is the value of the mechanisms for creating, delivering and adding value to these business models?

The analysis shows the importance of the business model concept to classify platform analysis and research. Empirical research enriches theoretical formulations, shedding light on the extent to which digital technologies expand the possibilities for creating, delivering and adding value with different types of platforms. Our findings relate to an analysis of the available literature on the market and platforms and how they can contribute to a more integrative and holistic approach to the research of this type of organizations. Platform business model - this is the most revolutionary model to date. What do Google, Facebook, Alibaba, Uber, and Airbnb have in common, apart from being one of the most expensive companies in recent years, even more so in terms of COVID-19? They are all successful business platforms!

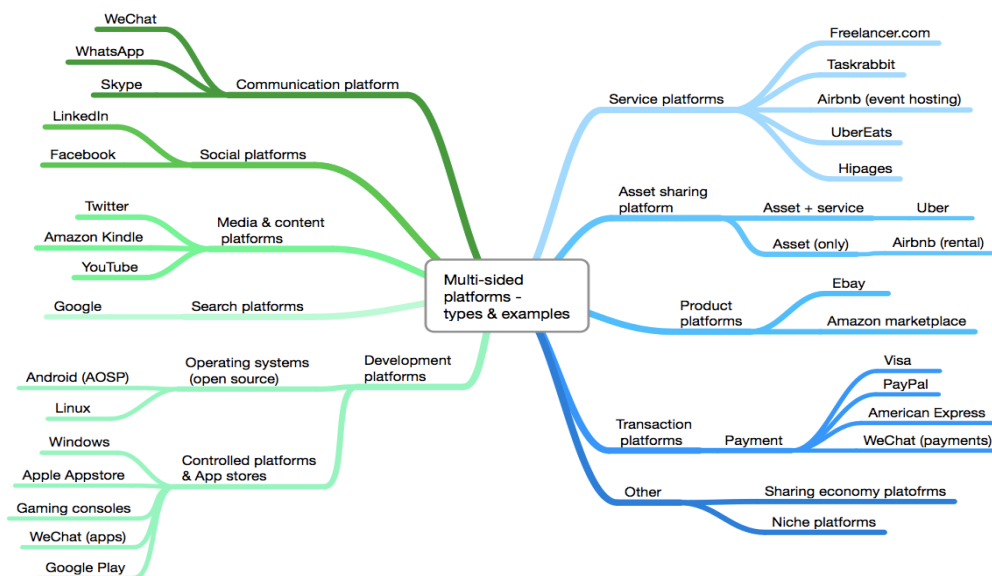
The success of these companies has turned the platform business model into the sacred grail in the world of business models. It is not difficult to find that the platforms do remarkably little compared to traditional companies. They often act as intermediaries in meeting interests. Uber, AirBnB, eBay, Alibaba and most other platforms bring together service providers and service users. It should be noted that the platforms do not provide these services alone. Through other platforms, they connect sellers and buyers of products and services. In addition, they sell the products themselves but do not own the stocks, much less produce them.

Platform theory can be broadly classified:

1. Platform theory of technology / theory of platform components.
2. Platform product theory.

In its first version, the platform theory refers to "common core technologies in the configuration or launch of products" or "common parts that are modulated and used in their diversity and added value." The second meaning of the theory refers to "products and services that have value only when combined with products, services or information provided by other players (such as companies, consumers)." The common aspect between these two platform theories is that they serve as the basis for different products and services. The term 'platform' originally comes from the French word 'plate', which means a horizontal surface or plane. The official definition of the term is considered authorial for Professor Andrei Higiu, a leading professor at Harvard University, who defines multilateral platforms as he follows: "Multilateral platforms are technologies, products or services that create value above all by allowing direct interactions between two or more groups of customers or participants."

*Graff 1. The Platform' three*



*Source:* Uenlue, m. (2017). platform business model [part 1]: the most revolutionary business model right now, <https://innovationtactics.com/platform-business-model-1/>

### **3. Types of platforms**

Although all platforms share the same basic business model (Graff 1), not all platforms are the same. Studies have identified 14 different types of platforms that are most commonly used. They are organized by the type of value that is exchanged in the main transaction of the platform. The main value that is exchanged is (by type of business on the platform):

1. Services market: exchange of intangible assets or services
2. Product market: physical products, materially present
3. Platform for payments between economic agents: payment (P2P or B2C)
4. Investment platform: investment (money in exchange for a financial instrument, whether equity or loan, etc.)
5. Social networks: a network in which the main transaction is a model of interaction with the agreement reached between the two parties
6. Communication platform: direct social communication (e.g. messages)
7. Development platforms
8. Closed development platform: software built to access data (usually via API)
9. Controlled development platform: software built in a controlled, integrated development environment
10. Open development platform: open-source and free software
11. Content platforms
12. Social: a content platform in which the main transaction focuses on discovering and interacting with other people
13. Media: a content platform in which the main transaction focuses on discovering and interacting with the media
14. Social gaming platform: a gaming interaction involving multiple users who compete or collaborate

The conformity of the design of the platform with its type is essential for its success. Platforms that do not meet this condition are usually overwhelmed by the competition. The type of platform affects everything from the design of the main transaction to how the company handles the four functions, making it one of the most fundamental distinctions that any business on the platform needs to understand. Understanding which type of platform, the business fits into should always be one of the first steps in designing a platform.

#### **4. Digital platform ecosystems**

M. Gawer and V.A. Cusumano (2002) states that the role of the platform leader aims to have a strong controlling influence on the 'ecosystem', which includes the platform and complementary products. Following the relationship between the platform leader and additional players, we need to turn our attention to Ecosystem Theory (Adner, 2006). We need to emphasize the contribution of Iansiti and Levien (2004), who used the following description of the ecosystem concept: survival and development. The role of companies in the ecosystem is then classified into keystones, dominators, center owners and niche players. Indicators such as productivity, stability and niche creation are used to measure the health of an ecosystem, and they show that a healthy ecosystem requires rules and a company to play a crucial role in the future development of this ecosystem. In addition, in Iansiti and Levien (2004), *the platform is a series of solutions that allow ecosystem members to use the platform through access points or interfaces, and the keystone is a "package" for sharing ecosystem and value.*

Classical economic logic views platforms as multilateral markets that allow direct interactions between two or more interacting parties (Hagiu, 2014; Hagiu and Wright, 2015). In this view, platforms are conceptualized as interfaces that mediate transactions between parties, such as networks of buyers and sellers or complementary users (McIntyre and Srinivasan, 2017; Rochet and Tirole, 2003). This mediation function allows the parties to interact and create value. However, the new literature further defines different types of digital platform markets, given that they lend themselves to distinctly different economic and strategic logic. Cennamo (2019) distinguishes between multilateral transaction markets that focus on linking transactions from other countries (e.g. Amazon Marketplace and Uber), complementing innovation markets that relate to platform ecosystems that facilitate further innovation by participants and integrated end-user offerings (e.g., Apple iOS and Google Android) and information markets that facilitate the search and exchange of user information (e.g., Twitter, Facebook, and Google Search). The present study examines the second of these types - complementary innovation markets. This category often includes the tensions we mentioned in the introduction: the need for existing platform ecosystems to facilitate the ability to generate consumer visitors, leading to potential vulnerabilities.

According to Kimmo Karhu and Paavo Ritala, (2020), the platforms that correspond to additional innovation markets, and according to Kimmo Karhu and Paavo Ritala, (2020) include three central features: the core of the platform, the marginal resources and the add-ons. Together with users and complementary elements, they make up the platform's ecosystem. The unique competitive advantage of platform ecosystems lies in their ability to provide a coordination structure that integrates new but sufficiently reliable specific additions into its structure (Jacobides et al., 2018). In this sense, the digital platform - often managed by a platform leader, plays a center or central control point around which users' multifaceted ecosystem and complements are formed. The same entity typically owns the core of the platform, which technically refers to a renewable code base to which additions of new agents can be added, along with the interfaces through which they interact (Baldwin and Woodard, 2008). From what has been said so far, a distinction must be made between complements and extensions, where the former refers to organizational or individual participants, such as developers, who provide content that creates added value to users of the platform. The latter are separate units of such content, such as applications with a specific practical focus.

*Of particular importance are the so-called. "Border resources" of the platform (Ghazawneh and Henfridsson, 2013), representing a wide variety of interacting and supporting resources, including application programming interface, software development kits, as well as markets that allow complementaries to provide added value and are additions to the platform. In an ecosystem on a digital platform, add-ons are innovated, which means that the interfaces between the core of the platform and the add-ons are just technical design rules.*

*According to Thomas et al. (2014), digital platform ecosystems create value through the interaction between different market parties. This value creation process relies heavily on the platform's ability to attract a sufficient number of active users and ancillary elements and to generate cross-network effects among these groups. Therefore, to attract input from third countries and encourage innovation, border resources can be used to open up the platform in two ways: (Boudreau, 2010). First, platform owners can access third parties to contribute add-ons by offering an application programming interface and software development kits. Second, to further promote collaboration with complementaries, platform owners can open up and share the platform's core resources and intellectual property rights through open source licenses (West, 2003).*

In addition to automating the value creation process, platform owners need to design value-added management mechanisms, describing revenue models and rules on how different parties can benefit and generate benefits from their platforms. Most of the existing research on the operation of the strategies for the operation of the platform. A. Hagiu (2014) suggests that owners and complementary platforms allocate value based on joint pricing and other rules based on which the platform

operates, as well as through market mechanisms in which the value of complementary entities is determined by the parameters of consumer transactions. For these purposes, platform owners can identify alternative types of marginal resources, such as market space and revenue-generating mechanisms, such as customer purchases through the specific application. Revenue flow is based on many activated models, such as subscriptions or one-time consumer purchases or ads. The platform leader may also choose to limit his business to specific segments, thus allowing complementaries to do business in other segments. (Gawer and Cusumano 2008). For example, Google's Android business generates revenue from advertising services and market revenue, leaving device sales primarily to Open Handset Alliance (OHA) manufacturers and returning 70% of market revenue to complementary. Importantly, it is widely accepted in the literature (as in practice) that all actors in platform ecosystems have been involved in both value creation and value addition within a given ecosystem. That is, they competed for their share of value-added, according to mutually imposed rules and management schemes, as well as the ability of individual complementaries to attract consumers and generate revenue.

### **Conclusions**

Through our article we have revealed a number of conclusions and questions related to how digital platforms work. In our discussion, we will look at and discuss some of the patterns, the most obvious problems we have found, and this is the basis for further work on developing a framework that seeks to limit some of the effects of current theories on platform development. digital business based on the current theory, drawing ideas from the conclusions we have formulated.

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## IMPLEMENTATION ANALYSIS OF THE BUSINESS PLANNING IN ENTREPRENEURIAL SMALL AND MEDIUM-SIZED BUSINESS IN BULGARIA

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### Abstract

*This article analyses the implementation of business planning in entrepreneurial small and medium-sized business in Bulgaria. It presents the opinion of various authors on the need to develop business plans, including strategic business plans, their importance, purpose and elements. Based on the survey results, conclusions were made about the implementation of business planning in the business activities of small and medium-sized enterprises in Bulgaria. The profile of the surveyed enterprises is presented and the obtained results related to the planning process are analyzed - implementation of the business planning, types of used plans and strategies, realization of preliminary researches and analyzes of the environment and development of forecasts. The implementation of planning in the activities of the surveyed companies is due to entrepreneurial initiative and activity in decision-making to start and manage their own business. The conclusion is that the entrepreneurial small and medium-sized business will achieve higher efficiency only if it is guided by a written business plan that shows its goals and the means to achieve them.*

**Keywords:** *entrepreneurial small and medium-sized business; business planning; types of business plans; strategic business plan; strategies; environmental research and forecasting*

**JEL Codes:** *M12, L26, O20*

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### 1. Introduction

The planning of the company's activity is important for the development of the entrepreneurial business. Regardless of the size of the company - small, medium or large, business planning is a key factor for its development.

It is indisputable that business planning, as the main function of management, is necessary both for the creation of the new company and for the organization and implementation of the activity of the long-functioning company with strong market

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positions. At the core of this need is the purpose of the company plan to show the direction of future development.

Business planning issue occupies a significant space in scientific research of the companies and their management problems. The reason for that is providing an opportunity to highlight the priorities of the company and bringing organization and focus to its activities (Madgerova et al., 2012, p. 95) "In the planning process outlines trends in business development, difficulties and possible risks. Approaches to rapid and adequate response to changes, problems and market prospects are defined." (Madgerova et al., 2012, p. 95)

Revealing the role of planning, Yaneva states: „It is clear that planning concerns the rationalization of the company's goals by exploiting company and market opportunities, anticipating, neutralizing or minimizing market risks and threats, overcoming company weaknesses. At the same time, the process contributes to the effective management of resources, coordination between functional areas and facilitationcontrol over the implementation of all company activities.“ (Yaneva, 2020, p. 197-198)

Considering this issue, we believe that we should be guided by the opinion of Peter Drucker that it is necessary to realize three entrepreneurial tasks - to make the existing business effective, to find the potential of business and to create the future of business (Drucker, 2002, p. 24) and that the day-to-day management method does not suit even the smallest company (Drucker, 2002, p. 165). In our opinion, one of the ways to realize these tasks is the development and implementation of a business plan.

The role of planning as a "mandatory and important management function" is strengthened on the basis of "uncertainty and rapid changes in the environment, increasing competition, limited resources of organizations and their pursuit of higher efficiency." (Marinov et al., 2001, p. 212)

In this regard is the opinion of Manov, according to which, the growing complexity of modern macro- and microeconomic systems and the problems of their development makes it necessary to forecast and plan the future of these systems (Manov, 2001, pp. 53-54). The same author shares the opinion the successful transition of any system, including any economic system from one state to another, increasingly needs forecasting and planning (Manov, 2001, p. 54).

Marinov et al state that "planning is a process in which management looks to the future and finds alternative courses of action" and also that "through it the organization determines what it wants to do, when and how to do it and who specifically will do it perform." (Marinov et al, 2001, p. 212)

With all this in mind, the purpose of the article is to analyze the application of business planning in the activities of entrepreneurial small business in Bulgaria. To achieve this goal, an online survey was conducted, covering small and medium enterprises in the country. The first part of the questions in the questionnaire aims to

obtain general information about the company, and the second part of them is aimed at providing information about the state of business planning in enterprises.

### **Literature review**

The issue of business planning is widely discussed in the scientific literature. A number of authors in their publications prove the need and importance of preparing a business plan for the development and effectiveness of the company. Attention is paid to the types of business plans, the main elements of the business plan and practical recommendations are given for its preparation. The reasons for preparing the business plans are highlighted as a written document and other similar issues are addressed.

For example, Gaskill and Auken (1994) pay attention to operational planning in terms of Market Planning, Financial Planning, Personnel Planning and Inventory Planning, considering that it "may positively impact the likelihood of firm success". The authors argue that "by improving operational planning activities in these areas, smaller firms may avoid the resulting distress that was likely experienced by the failed firms." Or, "appropriate planning can assist the small business owner in identifying the correct road and improving the probability of their business success." Therefore, according to them, "small business owners and their consultants would be well advised to devote sufficient resources to market, financial, and inventory planning" (Gaskill, Auken, 1994, pp. 32; 33).

Becherer and Helms discuss the importance of business plans for the successful implementation of start-up ventures. They state that "Business plans are often the starting point for entrepreneurs to be outline their business ideas and develop a plan to seek financing." (Becherer, Helms, 2009, p. 81)

According to the same authors, the business plan is "a formal document which describes a good opportunity and outlines a strategic approach to pursue the opportunity." Their study shows that "business plans have been used more in recent years and that older firms were less likely to use a plan at business start-up." (Becherer, Helms, 2009, pp. 91-92) They made other important conclusions like "business plans were not associated with achieving greater company size, achieving growth goals, or more customer satisfaction success. This may indicate that the primary benefit from a business plan for creating new ventures is creating a financially solid and sustainable organization, but not necessarily one that becomes exceptionally large, achieves high growth or above average customer loyalty. ", There is a positive link between writing a business plan at start - up and creating a business which ultimately provides a higher standard of living for the entrepreneur "and" the entrepreneur has to put the time and effort into the preparation of the business plan. This provides further encouragement for the entrepreneur to invest the necessary time to craft a business plan when launching a new venture" (Becherer, Helms, 2009, p. 92). Nunn and McGuire point out that the business plan is a written document important for business development. They disclose that "the business plan is written to guide the business owner in how to develop and operate the business" (p. 104) and

also that it is “the product of a strategic thinking or planning process”. (Nunn and McGuire, 2010 pp. 104; 105)

Guerrero, Taboada and Moya (2012) consider the business plan in terms of its quality, according to its economic, financial and organizational viability and its importance of business survival. Their opinion is that “business plan is a written document that systematically, and in an orderly fashion, details a firm’s strategic and operational aspects, and should therefore allow for the assessment of a business project’s economic, financial, commercial and legal administrative viability.” They define the business plan as a map that “guides a traveler”, and therefore it “must make it possible to determine in advance where we want to go to, where we are now and the necessary guidelines for achieving the stated goal.” (Guerrero, Taboada, Moya, 2012, p. 2403) The authors consider that “a business plan can be conceived as a project, the first and most important project a start-up must face, to turn a business opportunity into a reality.” (Guerrero, Taboada, Moya, 2012, p. 2404)

Haag (2013) also defines the business plan as "owner's road map for a successful enterprise — a blueprint, a statement of goals and hopes, a compass, and a guideline to planned action", stating that it is "the current and futuristic image of the business." According to the author, “many businesses do not survive because business owners fail to develop an effective plan” and the business plan plays an important role because it focuses on major areas of concern and their contribution to the success of a new business." (Haag, 2013, pp. 19; 20) Also the business plan "enables the owner to take an objective, critical, unemotional look at the business in its entirety", "to assess the competition and establish competitive alternatives and advantages", as well as “offers a true strategic advantage.” (Haag, 2013, pp. 20; 29) Haag reveals that when a business operates without a business plan, “this owner has more time and result in higher costs”, “the owner has no concrete foundation or direction to keep the business focused“ and “the owner might not even know when the business is headed in the wrong direction.” (Haag, 2013, p. 20) In the absence of this most crucial business document, entrepreneurs “often react intuitively to business conditions without properly thinking through all appropriate alternatives.” (Haag, 2013, p. 29)

Quite interesting point of view is shown in the business planning model with feedback represented by Ivanisevic, Katic, Buchmeister and Leber, which "includes planning, monitoring and harmonization of business operations" and “enables the assessment of present and future business results. " (Ivanisevic, Katic, Buchmeister, Leber, 2016, p. 173) The authors conclude that "a flexible planning system, which follows the logic of thinking, that is, understanding of the company's management, should result in generally accepted business philosophy around the world - profit maximization.". (Katic, Buchmeister, Leber, 2016, p. 181)

In the introduction to their book, Schwetje and Vaseghi (2007) emphasize that "the business plan is a versatile means and is not only restricted to start-ups or company founders" and when it comes to big companies, it should be borne in mind

that they "have more or less large staff divisions which have the task of thinking about strategic issues and their orientation in order to work out the plans for the next years", but "in mid-size or small companies, which cannot afford their own staff divisions or planning departments to compile and plan their strategy". "It is the manager's or entrepreneur's task to develop a strategy, to define future plan data and to implement them." According to the authors, "the business plan has to be a means for mid-size and small companies of thinking about their company and positioning it correctly within the market" and to withstand competition (Schwetje and Vaseghi, 2007). Schwetje and Vaseghi consider the business plan "as a document that commercializes" the "business idea as a whole towards potential investors and stakeholders." They identify three important characteristics of a successful business plan: 1) "the short- and long-term objectives are clearly depicted"; 2) "a careful description is given of how the objectives can be achieved in realistic general conditions"; 3) "a description is given of how the realization of the plan will meet the expectations of the investors" and indicate it is important to keep in mind the objectives of the business plan. (Schwetje and Vaseghi, 2007, p. 1)

Wolk and Kreitz (2008) outline the problems of business planning from the social entrepreneurship' point of view. They define business planning as an important factor for sustainable social impact, emphasizing that it "constitutes an important tool not only for organizations seeking to develop and scale solutions for addressing social problems, but also for organizations that invest in them. (Wolk, Kreitz, 2008, p. 3)

Examining the importance of business planning, based on a meta-analysis of literature sources, Honig and Samuelsson (2014) conclude that "the question of whether or not business planning is important for nascent or emergent ventures remains unanswered— however, the evidence does seem to indicate that the newer the firm, the weaker the relationship between planning and performance." (Honig and Samuelsson, 2011, p. 4)

Burke, Fraser and Greene (2010) deduce the multi-effects of business planning, considering, "that the impact of business plans depends on the purpose for and circumstances in which they are being used." (Burke, Fraser, Greene, 2010, p. 391) They make a stipulation that "the impact of business plans on venture performance may not be uniform across entrepreneurial profiles and contexts. According to the authors, "written business plans can make a positive impact on venture performance in two ways: (1) improving the venture's entrepreneurial capability; and (2) increasing the level of resources available to the venture." They see the multi-effects of business planning in the following: business plans are a basic tool "through which financiers try to become better informed in order to be able to make a commercially valid assessment of the risk / reward profile of any particular venture". (Burke, Fraser, Greene, 2010, p. 395) "A written business plan may actually support improvisational activities by enhancing entrepreneurial decision making." (Burke, Fraser, Greene, 2010, p. 406); "By articulating goals and identifying strategies for exploiting

entrepreneurial opportunities, written business plans appear to enhance entrepreneurial decision making even in situations where improvisation is important"; "writing a business plan appears to guide individuals with low human capital, even in low enterprise areas, to grow their venture". (Burke, Fraser, Greene, 2010, p. 407); "written business plans to promote employment growth" (Burke, Fraser, Greene, 2010, p. 408) and expected financial results for a specific time period" and points out that "a key step in planning is to examine and fully develop the three components of business planning: 1) The Feasibility Study; 2) The Business Plan, and 3) The Market Analysis and Strategy." (Lacroix, 2007)

Authors who also look at business planning issues from different perspectives are Campbell and Haley (2006), Lawrence and Moyes (2009), Philbin and Mallo (2016), Hormozi and all (2002), Honig and Karlsson (2004) and others.

Campbell and Haley (2006) prove with practical examples the importance of the business plans for NGOs and reveal their development and key elements (Campbell and Haley, 2006). Lawrence and Moyes state that a business plan should say "anyone who wants to start an entrepreneurial venture" as "it doesn't matter if the venture is high or low tech, high or low growth, nonprofit or social, lifestyle or an entity within a large corporation or government agency" (Lawrence and Moyes, 2009, p. 4). Philbin and Mallo consider the need for Business Planning (Philbin, Mallo, 2016, p. 25). According to Hormozi and all, "planning plays an important role in determining the degree of success realized by a new or small business", "essential elements to business success are identification of goals, followed by development of strategies to meet those goals" and "a business plan is an effective tool used by businesses to organize these goals and objectives into a coherent format" and "to improve internal operations and to inscribe and market the business to potential outside financiers." (Hormozi and all, 2002, p. 755). Honig and Karlsson define a business plan "as a written document that describes the current state and the presupposed future of an organization" and explore "a number of factors influencing why individuals expend effort writing business plans, as well as exploring outcomes to assess what, if any, the effect of the planning process has on new organizations." (Honig and Karlsson, 2004, p. 29).

Special attention in the scientific literature is paid to the purpose of the business plan, which is associated with attracting funds from potential investors or banks, as well as for the future development of the company. For example, the opinion of Guerrero, Taboada and Moya is that business plans are of particular importance for "those companies that turn to public institutions looking for help in launching a new venture", ie "in the case of financial support programs, the business plan stands as a key element in order to be eligible for cheap or free financing, under the premise that a good business plan is a guarantee for the survival of start-ups and that, therefore, public funds are put to good use." (Guerrero, Taboada, Moya, 2012, p. 2413)

Haag writes that "a business plan is key to securing financing, maintaining focus, communicating, and preparing for the unexpected" and provides information to the business owner himself. (Haag, 2013, p. 20) Schwetje and Vaseghi (2007) define the external and internal use of the business plan and state that the external use is related to the financing of the business, "to secure existing or planned business relations between company and your stakeholders and mergers and acquisitions", while "internal use of the business plan is expressed in the fact that the business plan is a valuable management tool of the company", which "can serve as a guide to the daily decision-making and as a control tool in managing the current business." "A systematically elaborated and regularly updated business plan, with a profound insight into all business matters, helps the management to efficiently plan the company development and prepare the necessary modification measures in a structured way." (Schwetje and Vaseghi, 2007, pp. 1-4)

According to Nunn and McGuire, the business plan "is written with the intention of attracting a lender or investor to finance the start-up or next phase of the business, as well as the associates within the company." (Nunn and McGuire, 2010, pp. 104; 105) Lacroix points out that a business plan is used to communicate the business idea "to people who may have an interest in the business, e.g. the investors and the board of directors", "to attract investment capital, secure loans, and to attract strategic business partners", if the entrepreneur is "seeking financing from a bank or other financial institution" and if he decides to sell his company. Along with this the business plan is used as a management tool, as well as to plan the various phases of the business.

Many authors publish sample business plans and manuals for developing a business plan for an existing or start-up business. For example, Walker offers a sample business plan for a start-up business and reveals the algorithm for developing business plans, their main elements and content (Walker, 2009). Nunn and McGuire (2010) reveal the structure of the business plan by describing the content of each element (Nunn, McGuire, 2010, p. 104). Haag reveals the steps that need to be implemented in order to write a business plan and also indicates the components of the business plan and their content (Haag, 2013, pp. 20-28).

Many manuals describe the purpose of the business plan, as well as the steps and basic elements that it must contain to achieve its goal. For example, the publication of the Small Business Center Network (North Carolina Community College System) reveals that "a plan is more than a means to an end" and it "will be both essential and critical for every business endeavor" if the entrepreneur needs a business plan for obtaining capital for the business, seeking equity participation or applying for a loan. The guide states: "most business start-ups fail within three years. They fail for two reasons. The first is that the business has insufficient capital to operate until cash flow can pay expenses and generate an operating profit. The second is due to poor management. A business plan is the first line of defense to make sure

that your business does not succumb due to these two reasons. A good business plan is a road map, showing where your business is going, how it proposes to get there, and the resources needed for the journey. (How to Develop a Business Plan. A Guide for Business Start-Up, p. 2)

The Deloitte & Touche LLP handbook states that it is not enough business plans to reveal the competence of their creators, but "today's plans have to withstand stiff competition in attracting funding, key employees, and other desired relationships." (Writing an Effective Business Plan, 2003, p. 5) In this handbook, the emphasis is on such external uses as: business financing and meeting the requirements of banks and investors, when engaging in strategic alliances with other companies. and in mergers and acquisitions. (Writing an Effective Business Plan, 2003, pp. 8-9) The use of a business plan is defined as "an important management tool", which "enables management to plan company growth and to anticipate changes in a structured way". (Writing an Effective Business Plan, 2003, p. 9) It should be borne in mind that "a successful business plan is a document that conveys the exciting prospects and growth potential of your company", which "might be best viewed as a selling document" and as such "sells the business to potential financial and other backers." (Writing an Effective Business Plan, 2003, pp. 8)

Other similar manuals are that of the Massachusetts Small Business Development Center Network, which provides guidelines for developing a business plan, giving specific examples (Business Plan Guide, Adapted from materials by Donald J. Reilly), and the Minnesota Institute for Sustainable Agriculture handbook. According to the latest, a business plan is a prerequisite for a sustainable business that "helps producers demonstrate that they have fully researched their proposed alternative; they know how to produce their product, how to sell what they produce, and how to manage financial risk." (Building a sustainable business, 2003; 2018, p. 4) An edition of the same type from the Open Society Institute (2003) presents a business plan model for journal developers and publishers, developed by Crow and Goldstein of the SPARC Consulting Group. (Crow, Goldstein, 2003). Professional Accountants in the Business Committee of the International Federation of Accountants (New York, USA) in its newsletter presents the objectives and structure of the business plan and describes its elements and how to develop it. (Business Planning Guide: Practical Application for SMEs, 2006)

A number of authors, such as Shaw, Brown and Bromiley (1998), Karel, Adam and Radomír (2013), Mirzakhani, Parsaamal and Golzar (2014), Turner and Endres (2017), Agwata and Kariuki (2018) and others consider the problems of strategic planning.

Shaw, Brown and Bromiley reveal how to write a strategic business plan so that it can be transformed from a list of bullet points into a story telling everyone not only what goals are but also how to reach them. In this regard, they point out that "planning by narrative is a lot like traditional storytelling. Like a good storyteller, the strategy



planner needs to set the stage-define the current situation in an insightful, coherent manner. That involves analyzing the industry's economics, its key success factors, and the forces that drive change. It also involves defining basic tensions and relationships: Which capabilities and objectives do we have and which do the other players have? What do we believe the other players intend to do? How do our key success factors compare with those of our competitors?" The authors believe that "the plan must tell us how the company can overcome obstacles and win." According to them, "the act of writing a full, logical statement encourages clear thinking and brings out the subtlety and complexity of ideas." (Shaw, G. , R. Brown, P. Bromiley, 1998, pp 44; 47)

As mentioned, the problems of strategic planning are also the subject of research by Karel, Adam and Radomír. They prove that "strategic management and planning takes an important role, however is more or less neglected especially by the SMEs sector managers" especially in the period after the "global economic crisis in around 2007". According to them, strategic planning is important "for gaining competitive advance and better economic results." The results of their study show that "bigger companies pay more attention to strategic management and have more often prepared detailed strategy than smaller enterprises", companies that had a strategic business plan achieved better results than those without a written plan and therefore "it is necessary to put impact on proper strategic planning in all significant business areas." On this basis, they conclude that "thorough (detailed) strategic planning is definitely a reasonable activity of any company." (Karel, Adam, Radomír, 2013, pp. 57; 70-71)

According Mirzakhani, Parsaamal and Golzar, "due to improving and developing the number of corporates and competitive environment, the importance of formulating comprehensive planning like strategic planning, which is playing an important role in empowering organizations, is increased", and only "strategic planning is the process of decisions and activities which lead to one or more effective strategies for attaining the organizational goals." (Mirzakhani, Parsaama, Golzar, 2014, pp 150; 152)

Turner and Endres reveal the importance of marketing plans, strategic and operational business planning for small businesses and consider "business plan effectiveness in identifying and addressing initial challenges and subsequent changes". (Turner, Endres, 2017, pp. 34; 38-39)

Agwata and Kariuki share the view that "in an organization a strategic plan provides a road map for the direction to be taken and the means of getting there. According to them, "strategy is needed to focus effort and promote coordination of activities", "in the process of implementing strategic plans institutions have to write and display their Mission, vision and goals in visible areas" and "during strategy implementation, strategic plans should be modified by the strategic goals, objectives and activities to a large extent." (Agwata, Kariuki, 2018, pp. 778; 781, 782-783)

Mwamisha and Gichinga report that "strategic planning if done effectively will ensure the sustainability" of businesses. According to them, "the use of strategic plans has helped most organizations to be able to achieve organizational direction through following the set goals, objectives, vision and mission." The authors consider "various dimensions of strategic planning (the leadership style, the strategy formulation, strategy implementation and the organizational culture) that affect the sustainability of family hotel businesses." (Mwamisha, Gichinga, 2016, pp, 652; 653)

In literature the strategic planning issue is mentioned also in relation with overcoming various crisis situations. Taking in consideration that small and medium-sized enterprises (SMEs) tend to suffer the 'ripple effect' of many different crises, Vargo and Seville raise the problem of crisis strategic planning. In their view, "strategic planning is concerned with the mid-term future of the organization, enhancing its success by dealing with weaknesses and threats as well as the strengths and opportunities that present themselves to the organization." They argue that "the opportunities inherent in change, especially dramatic change, are often left to such management concepts as strategic planning." In this regard, the authors point out that crisis strategic planning provides a way of thinking about a rapidly changing world and seeking out the positive opportunities. (Vargo, Seville, 2011, pp. 2-3)

Baker, Addams and Davis found that "fast-growth firms develop written business plans as a product of strategic planning," which "are used more for internal management purposes than for start-up funding," such as "the completion of strategic planning is positively associated with a firm's profitability." (Baker, Addams, Davis, 1993, p. 82)

Some authors share the opinion that most entrepreneurs are not guided by a written business plan. The same opinion share Gibb (1999), Mazzarol (2001), Bewayo (2015) and others. As Gibb reports the "typical" small, particularly "micro", business is characterized by "intuitive decision making and "what if" strategic management as opposed to formal planning" and "centralized log frame planning and over-emphasis on reductionist targets will destroy entrepreneurship." (Gibb, 1999, pp. 32; 34) In turn, Mazzarol reveals that the results of his study "suggest that possession of formal business plans is difficult to relate to small business characteristics with the exception of size" and that it is unlikely a written business plan "to be essential to success at least in the very small firm". According to the author, "the existence of a written business plan should not be viewed as an indicator of success." (Mazzarol, 2001, p. 43). Bewayo points out that "start-up entrepreneurs rarely prepare business plans." (Bewayo, 2015, p. 3)

Despite these opinions, the literature review proves the indisputable importance of the business plan for the entrepreneurial business. The literature sources confirm its great role in increasing the efficiency of the business and in determining the perspective for its future development, for its management, for attracting foreign capital and for joining various inter-company associations. In conclusion the literature

review and the research results of the cited authors reveal more benefits than disadvantages of the application of business planning as a management function.

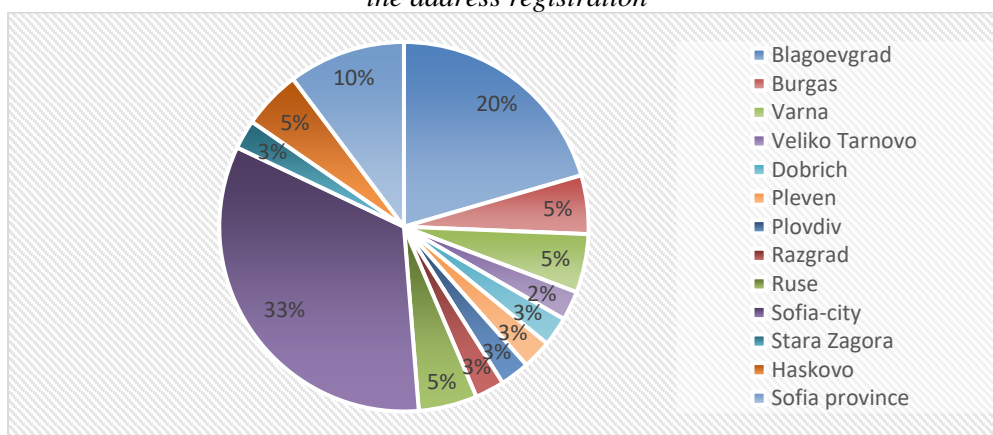
### **Implementation analysis of business planning in entrepreneurial small and medium business in Bulgaria**

Based on the conducted by the authors survey, evidence was presented for the implementation of business planning by entrepreneurs and owners of small and medium enterprises in Bulgaria. The survey was done in April 2021 by the method of respondents. Owners and representatives of 40 companies from the country were part of it.

Small and medium enterprises activity in early 2021 is due to the prolonged crisis resulting from the pandemic of COVID 19. The change in the environment in the past 2020 for enterprises is characterized by uncertainty and is not subject to trend modeling, which requires frequent and economic conditions research of small business in Bulgaria.

The distribution of the companies registered in the survey by address registration shows they are from the six statistical regions in the country and from 13 out of 28 administrative provinces, as the largest number are from the South-Western planning region and specifically from Blagoevgrad province (20.5%), Sofia-city province (33.3%) and Sofia province (10.3%), or a total of 64.1% for the three districts (Figure 1).

*Figure 1. Distribution of companies by administrative provinces according to the address registration*



Source: authors' own research, 2021

The results of the survey shows a significant proportion of respondents (85%) have registered limited liability companies or sole proprietorships with limited liability. In our opinion, the possible reason for the predominant choice of this legal-

organizational form of business activity, is related to the limited obligation of the owners of the capital to the amount of the capital contributions. Only 13% of the enterprises are registered as sole traders (sole proprietors) and 2.5% as joint stock companies (JSC).

The distribution of enterprises according to their size is also important for the research. Table 1 shows that micro-enterprises predominate (with up to 9 employees), with the share of small (up to 49 employees) and medium-sized enterprises (up to 249 employees) being very small. It should be noted that 62.9% of micro-enterprises are registered in the South-West region.

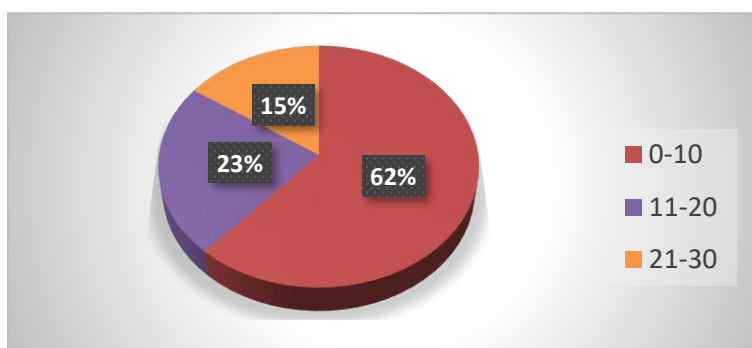
*Table 1. Distribution of enterprises according to the number of employees*

<b>Number of employees</b>	<b>Relative share of enterprises</b>
To 9	89,74
10-49	7,69
50-249	2,56
Total	100,00

*Source:* authors' own research, 2021

A significant share is occupied by enterprises having been established relatively recently or more specifically in the last ten years (62% of the surveyed companies), which can be seen in Figure 2.

*Figure 2. Period of operation of the company in years*

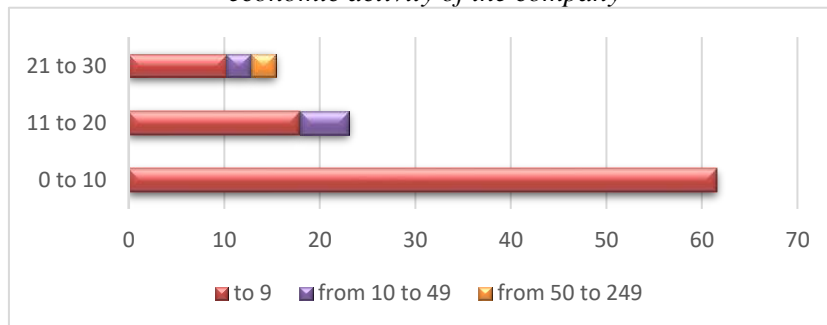


*Source:* authors' own research, 2021

The analysis of the relationship between the number of employees (the size of the company) and the period of active economic activity shows 62% of micro-enterprises were established in the last 10 years, 18% operate between 11 and 20 years and 10% - between 21 and 30 years. With regards to small enterprises, it is found that 5% of them are active between 11 and 20 years of age and 3% between 21 and 30

years of age. Medium-sized companies report a period of economic activity between 21 and 30 years (Figure 3).

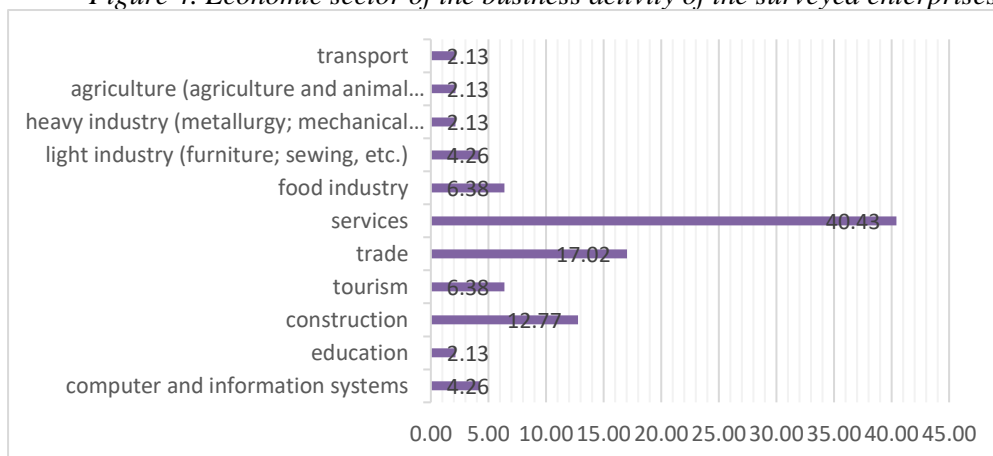
*Figure 3. Relationship between the number of employees and the period of active economic activity of the company*



Source: authors' own research, 2021

Quite interesting point of view for the research is the type of economic sector in which the business respondents of the survey operate. Figure 4 shows that among the studied companies the services sector is the most represented. The survey results show that nearly 13% are employed in industry (including heavy - metallurgy and mechanical engineering, light - furniture, clothing and others, food and other industrial sectors). The relative share of respondents who have registered their activity in the field of trade is about 17%, and three quarters of them are in the Southwestern region of the country. In third place are construction companies, the predominant number of which are micro-enterprises. It should also be noted that the economic activity of companies registered as sole traders is most often related to services, food industry, construction and light industry (furniture, tailoring, etc.). This, in our opinion, is due to the fact that these companies are mainly micro-enterprises.

*Figure 4. Economic sector of the business activity of the surveyed enterprises*



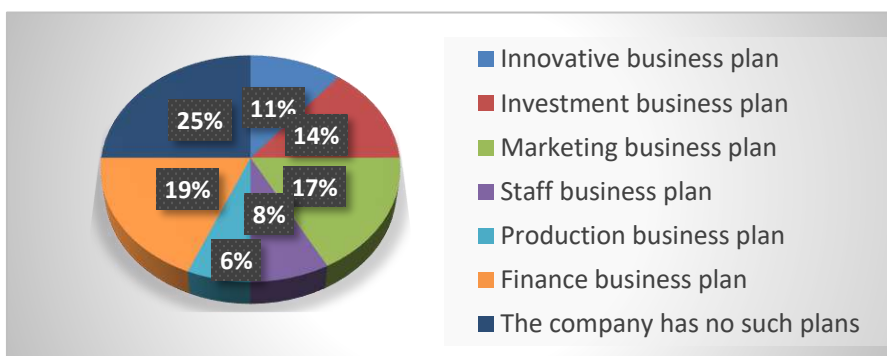
Source: authors' own research, 2021

The profile of the surveyed companies is supplemented by such characteristics as the presence of foreign participation in the company, markets, market share and knowledge of competitors. The analyzes show only 3% of the respondents have over 51% foreign participation in the company, almost 86% operate on local and national markets and only 14.3% enter the international markets, over 61% have a low market share (up to 5 %). On a positive note, 92.31% know their competitors.

Against the background of these characteristics, the implementation of the first management function, namely planning, is important for the company's activity. It is obvious that the surveyed companies would not have achieved success without business plans. In connection with this, the questions related to them are related to business planning. The analysis of the results shows over 56% of them have a plan for business development, and 41% are guided by a strategic business plan. However, more than half of the respondents answered that they have a plan for the development of the company they run, but it is not strategic. From this result we can conclude that most of the small and medium-sized companies in Bulgaria do not have a long-term development strategy, which predetermines wrong management decisions, negative consequences for long-term product quality and difficult to achieve a successful company policy. .

Basically, companies prepare and follow their financial plans - almost 31%. Over 28% create a marketing plan, and the preparation of an innovation plan follows in order of importance (over 23%). Innovations also come to the attention of companies - nearly 18% have an innovation plan. Entrepreneurs. are also guided to a greater or lesser extent by other types of functional plans - investment, personnel and production. But the share of those who do not have development plans is not small (Figure 5).

*Figure 5. Types of functional plans developed in the surveyed enterprises*



*Source:* authors' own research, 2021

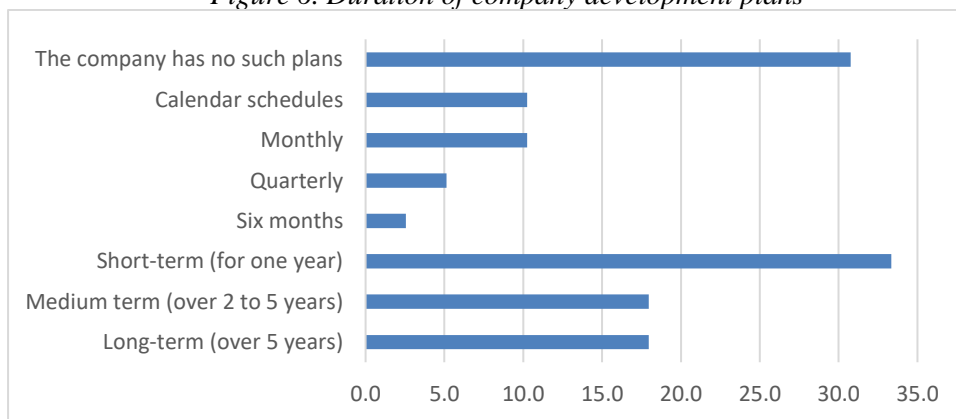
In our opinion, the attention is focused mainly on financial and marketing plans due to the following: 1) the main importance of business financing, the search for financial resources from various external sources and the need for proper allocation

of financial resources to ensure various activities in the company; 2) the need to provide markets for the produced products, expand the markets, increase sales and market share in order to increase the profit for the enterprise; 3) a number of enterprises do not carry out production activity, due to which they do not have production plans, as well as innovation and investment plans are not always developed; 4) the predominant share of the surveyed enterprises is that of the micro-firms, which employ mainly the owners and a small number of staff, due to which the necessary attention is not paid to the staff plans.

One of the survey takeaways is the identification of which types of plans according to their duration are used in companies. To the greatest extent, they prepare short-term plans that must be implemented within one calendar year (over 33%). Next in importance are the development plans of companies with medium and long duration with shares of 18%. Some companies implement plans with a shorter validity period - six-month, quarterly, one-month and calendar schedules (a total of nearly 31%). However, the enterprises that do not draw up development plans at all, but are guided by the daily tasks and management decisions made on the basis of the previous experience of the managers, are nearly 31% (Figure 6).

In Southwestern Bulgaria, on the other hand, there is an even larger relative share of companies that do not prepare and are not guided by a development plan, namely - over one third of the respondents. We believe that this result corresponds to the predominant share of micro-enterprises, which are more often guided by their intuition and do not always develop plans, even for business management and outlining the development perspective.

*Figure 6. Duration of company development plans*



*Source:* authors' own research, 2021

The surveyed SMEs that think strategically apply different types of strategies. The largest is the relative share of those who implement a strategy to increase market share (almost 77%), followed by companies that pay attention and care for the customer (almost 67%), strive for high quality products (close 54%), but not least

those who take care of their employees (34%). Given these data, it can be concluded that the survival of small business in the uncertain, caused by the pandemic of COVID 19, and dynamically developing business environment is significantly determined by the stimulation and satisfaction of individual customer needs, which results in the natural striving to increase the quality of the products of the companies. Many entrepreneurs apply a strategy of product development (30.76%) and also of specialization (20.51%) (Table 2).

*Table 2. Strategies of the surveyed SMEs*

<b>Type of company development strategy</b>	<b>Relative share of companies implementing strategies, %</b>
High quality of the product	53,84
Customer care	66,7
Employee care	35,9
Maintaining market share	38,5
Cooperation with other companies	12,8
Minimum costs	15,4
Entering new markets	17,94
Low prices	17,94
Product differentiation	10,26
Product development	30,76
Specialization	20,51
Increasing market share	76,92
Unique products	10,26
The company has no development strategy	10,26

*Source:* authors' own research, 2021

The main process of planning the company's activity is preceded by conducting research, forecasts and analysis of the business environment. Statistics from the survey show that 69.23% of entrepreneurs base their business plans on preliminary surveys of the environment, but at the same time nearly 31% of them hire such surveys. This result can be considered as a possible threat to the success of these enterprises. Table 3 shows that the greatest attention is paid to the study of product prices (almost 59%) and competitors (nearly 54%). The research frequency of the other elements of the environment and especially on macroeconomic factors and international markets is lower. In our opinion, the weak interest in studying the international markets is mainly due to the fact that the surveyed companies operate mainly in local and national markets.



*Table 3. Study of the environment in connection with the development of business plans*

<b>Types of research before developing the company's plans</b>	<b>Relative share of research companies, %</b>
Business environment	20,51
Providers	20,51
Competitors	53,84
Macroeconomic factors	5,12
International markets	7,69
Availability of similar products on the market	23,07
Market needs and demand for relevant products	25,64
Market supply of the respective products by the competitors	25,64
Market development trends (regional, national and international)	33,33
Product prices	58,97
He doesn't do research	30,77

*Source:* authors' own research, 2021

Forecasting, as an activity preceding the planning process, is used in just over 64% of the surveyed enterprises. There is not a small part of the entrepreneurs who do not develop forecasts to be guided by when compiling the business plan (almost 36%). Table 4 shows that entrepreneurs most often develop forecasts for the income and expenses of companies (over 41%), as well as cash flow (nearly 31%). This can be explained in view of the management and organization of the financial and accounting activities of the enterprises. Many entrepreneurs develop market forecasts - development of international markets, sales, market needs and demand, future changes in product prices and market trends. The development of the business environment is subject to forecasting for almost 18% of entrepreneurs. However, changes in macroeconomic factors, market supply and the behavior of competitors are less often forecast. The analyzed results indicate insufficient understanding of the need to predict the future development of business processes at the macro and micro level, as well as the business environment and their possible impact on business development.

*Table 4. Development of forecasts in connection with business planning*

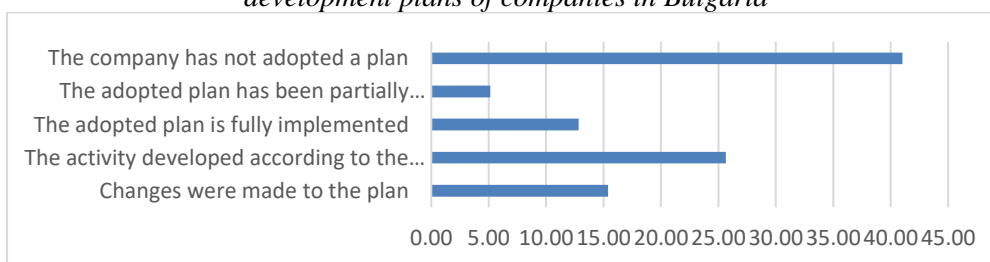
<b>Types of forecasts</b>	<b>Relative share of companies developing forecasts, %</b>
Future market needs and demand for relevant products	23,07
Future change in product prices	23,07
Future marketing of the relevant products by competitors	10,25
Future behavior of competitors	10,25
Changes in macroeconomic factors	12,82
Changes in international markets	25,64

Cash flow	30,77
Revenues and expenses	41,03
Sales	25,64
Development of the business environment	17,95
Market development trends	23,07
Does not develop forecasts	35,90

Source: authors' own research, 2021

One of the important issues studied is to clarify the impact of the crisis caused by the Covid-19 pandemic on the implementation of the companies' plans for 2020. Figure 7 reveals that over 25% of companies that have a business plan for 2020 have acted according to the situation, and 15.4% of them have been forced to make changes to it. It should be noted that there are companies that to some extent mark the implementation of the business plan - a little over 5% have implemented it partially, and almost 13% - fully.

Figure 7. Impact of the crisis from Covid-19 on the implementation of development plans of companies in Bulgaria



Source: authors' own research, 2021

The preparation and implementation of business plans is an important part of the functions of the entrepreneur and the management teams of the companies. The positive results regarding the application of planning in the activities of the surveyed companies, in our opinion, are due to their entrepreneurial initiative and activity in making entrepreneurial decisions to start and manage their own business. According to the data obtained, they are mostly young people, with those aged between 20 and 40 occupying 43.6% of all respondents, while the share of those over this age up to 50 is 33.3%, and entrepreneurs over 50 - 23.07%. The study shows that micro-enterprises are run mainly by relatively young managers between the ages of 25-45. The data on the position of the respondents in the enterprises must also be taken into account. Over 56% of them are not only owners, but also managers such as CEO, manager, sales director, marketing director, CFO, etc. On this basis, it can be assumed that a significant part are well prepared and competent to perform their management functions effectively, including the activity planning.

## CONCLUSION

The analysis of the literature review shows that business planning is derived by the authors as an important function of management, the implementation of which is essential for providing external sources of funding, in finding strategic partners of companies, in mergers and acquisitions and others, as well as for internal use in the business management process. Particular attention is paid to the business plan as a key document for the successful implementation of start-up ventures. Despite some opinions questioning the benefits of developing business plans, the results of specific research of companies and examples from practice presented in the literature review prove the indisputable necessity and importance of business planning.

Our survey and analysis of the results also confirm this conclusion. It is evident that business planning is included in the management tools of a significant part of the studied small and medium enterprises. But at the same time, the presence of SMEs that are not guided by written business plans shows that this management function is neglected by some entrepreneurs who rely more on their intuition and react according to the situation.

The development of mainly financial and marketing plans is an indicator of the company's priorities, aimed primarily at providing financing for the business and markets.

The analyzes show that the surveyed SMEs rarely pay attention to the long-term vision of their activity and are guided mainly by short-term plans. Also, many of these companies do not have strategic thinking about the business and the most commonly applied management strategies are mainly focused on increasing market shares, customer care and high quality.

Preliminary studies, forecasts and analyzes of the business environment are an important prerequisite for the development of effective business plans and this is understood by a significant number of entrepreneurs. At the same time, however, the need to pay more attention to analyzing and anticipating changes in the business environment, macroeconomic and market factors must be emphasized.

In conclusion, it should be noted that ignoring the key role of business planning deprives the company of vision for its future development. It follows that entrepreneurial small and medium-sized businesses, regardless of the size of enterprises, will achieve higher efficiency only if they are guided by a written business plan that shows its goals and means to achieve them.

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