ИКОНОМИЧЕСКИ ИЗСЛЕДВАНИЯ
ECONOMIC STUDIES
Volume 27 (1), 2018

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COMMERCIAL INSOLVENCY IN BULGARIA THROUGH THE EYES OF GENERATIONS AT WORK: CHALLENGES AND POSSIBLE SOLUTIONS

The article presents the findings of a social survey on generations at work, conducted in October-November 2016 and focused on the prewar/war generation of people born 1925-1944, the generation of transition from patriarchy to modernity of people born 1945-1964, the generation of growth comprising people born in 1965-1980, and the digital generation of people born in 1981-2000. The author argues that, due to the small degree of institutionalization of commercial insolvency in Bulgaria after 1989, generations at work tend to externalize rather than internalize the possibilities of insolvency as an institution and as a social process. The author identifies nine challenges facing the executive and legislative branches of government and outlines possible solutions for achieving the transition from externalization to internalization of insolvency in Bulgarian society.
JEL: A14; G33

Introduction

The scientific interest in commercial insolvency[2] displayed by researchers in various scientific and professional fields (jurists, economists, sociologists, psychologists, managers, etc.) stems foremost from the social importance of the phenomenon as an institution and a social process. This interest arises mainly in connection with the social order provided by the institution in question as it regulates the mutual relations and interaction between debtors and creditors in cases of permanent insolvency and/or over-indebtedness of traders (sole traders and commercial companies). ***On the other hand***, this interest stems from the variety of the phenomenon (corporate, bank, insurance, consumer, civil insolvency), its temporal and spatial range (with its century-long traditions throughout the world) and its constantly growing topical importance under conditions of market relations and fair or unfair competition. ***Thirdly***, an important factor of this interest is the hardly avoidable stigma attached to it and the accumulated stereotypes connected to it in Bulgarian and other

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[2] In Bulgarian social and legislative practice, the concept of *insolvency (nesastoyatelnost*) is synonymous with business failure, concourse, krida, insolvency, while the concept of bankruptcy means culpable insolvency.

European societies. ***Fourthly***, it is due to the need for *expanding the circle of economic actors/subjects* (Bulgarians and foreigners in Bulgaria) with regard to whom insolvency proceedings may be initiated.[3] ***Fifthly,*** a serious and unavoidable challenge arises from the *enhanced institutionalization and internalization of insolvency* due to the unification of Bulgarian legislation on insolvency with that of the EU member states.[4] Official statistical information and social surveys have demonstrated that, desired or not, insolvency is a fact and is constantly displaying its functional possibilities and viability both in Bulgarian and European practice. According to Eurostat data (1994-2006), an average of 50% of the newly created enterprises in EU-25 did not survive the first five years of functioning and an annual average of 7% of existing firms become insolvent.[5] In the period 2008-2015, the dynamics of corporate failures in EU-17 marked growth as a result of the global financial-economic crisis.[6] The data in Table 1 show that this growth was highest in 2013, increasing by nearly one fifth compared with 2008, and then commenced decreasing –by 5.5% in 2014 compared with 2013 and by about 3% in 2015 compared with 2014.

The annual Coface Report (2013) on Central and Eastern European countries (CEE) indicated a 5% average annual growth of companies declared insolvent. Of the observed 13 countries, in 2012 Bulgaria had the largest growth of failed companies – nearly twice the number in 2011. Next in order were Czech Republic with a growth of 32.4%, and Slovakia with 12.2%.[7] In Table 2, we see that, according to official European statistics, in the post-crisis period (2010-2015), commercial failures in the 12 CEE countries observed nearly doubled in number. The most drastic increase in 2015 was in Croatia, where it was nearly triple compared with 2014, and in 2014 in Hungary – nearly 1.3 times compared with 2013; while in 2013 the greatest increase was in Rumania – 1.3 times compared with 2012. In 2015, there was a general decrease in the number of failures in nearly all countries in the region.[8]

[3] So that it would comprise not only *traders, which has been the case until now, but also non-traders* (for instance, physical entities conducting commercial activities); it is also necessary to define with greater precision the *specific insolvency proceedings* for traders going into liquidation, auxiliary insolvency proceedings for foreigners, for public enterprises (under state monopoly or created by special law), for banks, insurance companies, as well as for the equally important *exceptions to the principle of commercial insolvency*, including hidden complicity (through a figurehead, a company with co-participation, or an indirect representative), the unlimited liability partners in commercial partnerships (CP), comandite companies (CC) and comandite companies with stocks (CCS); insolvency after the death of a physical entity, etc.

[4] Regulation EC № 1346/2000 and the Lisbon Strategy for overcoming stigmatization of companies declared insolvent and for the elaboration of "second chance" policies regarding already stigmatized companies.

[5] Insolvencies in Europe 2005/2006, Creditreform Economic Research Unit.

[6] Insolvencies in Europe 2012/2013, p.2, 17; Insolvencies in Europe 2014/2015, p. 2, 20.

[7] Coface insolvencies survey. The situation in the countries of Central and Eastern Europe, 15.05.2014, http://www.chambersz.com/pdf/Coface.pdf

[8] Coface on Bulgaria, Annual Report (2013) – data for 2008 и 2009; Insolvencies in Europe 2012-2013, p. 2, 17; Insolvencies in Europe 2015-2016, p. 2, 20.

Table 1

Insolvencies in Western Europe in the period 2008-2015 (by number of cases)

Countries	2008	2009	2010	2011	2012	2013	2014	2015
Austria	6500	7076	6657	6194	6266	5626	5600	5422
Belgium	8476	9382	9570	10224	10587	11739	10736	9762
Denmark	3709	5710	6461	5468	5456	4993	4059	4029
Finland	2612	3275	2864	2944	2956	3131	2954	2574
France	49723	53547	51060	49506	48340	60980	60853	61379
Germany	29580	32930	32060	30120	28720	26120	24030	23180
Greece	359	355	355	445	415	392	330	189
Ireland	773	1406	1525	1638	1684	1365	1164	1049
Italy	6498	8354	10089	10844	12311	14272	16101	16015
Luxembourg	590	698	918	961	1033	1016	845	873
Netherlands	4635	8040	7211	6176	7373	8375	6645	5271
Norway	3637	5013	4435	4355	3814	4563	4803	4462
Portugal	3267	4450	5144	6077	8605	8131	6773	7288
Spain	2528	4984	4845	5910	7799	8934	6564	4916
Sweden	6298	7892	7546	7229	7737	7701	7158	6432
Switzerland	4222	5215	6255	6661	6841	6495	5867	6098
United Kingdom	16268	19908	17468	18467	17748	18935	17660	15952
Total	149675	178235	174463	173219	177685	192769	182132	174891

Source: Insolvencies in Europe 2012-2013, p. 2; Insolvencies in Europe 2015-2016, p. 2.

Table 2

Insolvency in CEE in the period 2010-2015 (by numbers)

Counties	2008	2009	2010	2011	2012	2013	2014	2015
Bulgaria	239	312	700	685	1285	1232	1031	1083
Croatia	-	-	1501	4878	7000	9019	7776	20531
Czech R.	-	-	5559	5880	7723	6021	3563	3004
Estonia	-	-	504	623	558	469	428	376
Hungary	-	-	36274	30757	17487	46397	60596	47131
Latvia	-	-	862	813	2402	-	-	-
Lithuania	-	-	1354	1302	1496	1561	1594	2012
Poland	-	-	881	762	665	926	864	846
Rumania	-	-	21974	22650	21692	27924	20696	10269
Serbia	-	-	-	-	-	-	2062	2072
Slovakia	-	-	830	870	866	880	831	715
Slovenia	-	-	510	675	595	941	1302	1154
Total	-	-	53351	69895	79407	96188	101707	90069

Sources: Coface for Bulgaria, annual report (2013) – data for 2008 and 2009; Insolvencies in Europe 2012-2013, p. 17; Insolvencies in Europe 2015-2016, p. 20.

According to social surveys conducted by the author (Stoyanova, 2002)[9], during the whole transition period in Bulgaria (1989-2000), i.e., over a period of eleven years, the total number of declared insolvencies was 765, or an average of 70 companies per year. For comparison, in the year 2015 alone, the number of failures in our country was 1,083, which is 15 times more than the average annual number for the entire transition period and over four times as much as at the start of the world crisis (2008).

The objective of this article is to study the degree of internalization of commercial insolvency and its functional possibilities by the generations at work, and to offer recommendations for social practice.

The thesis I argue is that, due to the low degree of institutionalization of commercial insolvency in Bulgaria after 1989, the generations at work[10] – including the prewar/war generation, the generation of the transition from patriarchy to modernity, the growth generation, and the digital generation – tend to externalize rather than internalize the possibilities of insolvency as an institution and a social process. This empirically established fact is a serious *challenge facing the executive and legislative branches/organs of government in Bulgaria*. In support of this thesis, two *questions* have been addressed: what is commercial insolvency as an institution and social process, and how are the various generations internalizing its functional possibilities?

Insolvency as an Institution and a Social Process

In the age of modernity and postmodernity, insolvency[11] is a regulator of relations between debtors and creditors in a competitive market environment. According to *economists***,** insolvency is "an extreme incapacity of debtors to pay their obligations to creditors" (Stefanova, 1994; Petrov, 1999; Timchev, 2010). *Legal experts* define it as a total set of norms applied to debtors in judicial and extra-judicial insolvency proceedings – specifically, the initiation of insolvency proceedings and declaring insolvency, and the interruption of insolvency proceedings in order for the companies to implement rescue

[9] All empirical data come from the author's personal surveys; it is explicitly pointed out when other data have been used.

[10] The classification of *generations at work* has been elaborated by the author of this article. It is based on the results of the author's social surveys conducted in the period 2008-2010 using the case study method, the accessibility principle and the responding persons principle. This classification offers a snapshot picture of actual social practice of employment in Bulgaria during the period under study; with certain conventions and some approximation, it may be said to reflect the picture of the Bulgarian transition from socialism to capitalism and from central planned economy to market economy after 1989. The author is continuing her studies of generations at work in different aspects – those of mobility, conflict, continuity, inheritance of business, internalization/externalization of insolvency, etc.

[11] The concept of insolvency is a Bulgarian term used as synonymous with business failure, insolvency, concourse, krida. The term used in the Anglo-Saxon legal system is bankruptcy, which in our country means culpable insolvency. In the present article, the concepts of insolvency and business failure are used synonymously.

programs, take part in privatization deals or achieve out-of-court settlement with creditors (Madanska, 2010; Stefanov, Topchieva, Miteva, Nikolova, 2015). *Sociologists* view insolvency in three aspects: *first*, as an interactive model, i.e., as interactions (primary and secondary) between market and non-market contractors and partners of insolvent entities; *second*, as an *institution* that establishes public behaviour patterns by means of values, norms and principles, and *third*, as a social process in which behaviour patterns are followed or violated but also undergo change and development under the influence of various factors (internal and external to the entities) and especially under the impact of society's need for a fair social order for creditors and debtors, an order whereby the interaction between them will be regulated and their interests will be brought in mutual harmony. Hence, insolvency is simultaneously an institution and a social process. Its functional possibilities are presented in these two aspects (Stoyanova, 2002, 2003, 2005, 2011, 2013).

The functional possibilities of insolvency as a social institution refers to the *establishing of behaviour patterns, preserving the material basis of insolvency, affirming the special symbolism of the debtor, providing means for transmission.* The first of these, *establishing behaviour patterns* for society, signifies that, by means of a system of norms, principles, values and status roles, a special social order is provided for the fair resolution of conflicts of interest between debtors and creditors. The behaviour patterns include *norms* (formal and informal rules), *principles* (for fair satisfaction of the interests of debtor and creditor), and *values* (related to economic expediency and effectiveness, economizing, enterprise, justice, responsibility, bona fide relations, purposiveness, honesty). These patterns are legally established and obligatory; their violation entails penalties. A second characteristic is *preserving the material basis of insolvency,* or more precisely, preserving the debtor's property in order to turn it into cash with which to cover the debts to creditors. *Affirming the special symbolism of the debtor* is the third characteristic, which refers to the rule that, in the Trade Register, the sign "insolvency" is inscribed at the name of the trader in order to serve as a warning to creditors, contractors and business partners. The fourth functional possibility, *providing means for transmission,* means *having knowledge* (of the theory and practice of insolvency) and *sharing and transmitting* from generation to generation the norms, principles, values, traditions and legislation of insolvency. Empirical research on insolvency practice in our country shows such continuity is lacking between the first Trade Act (1898), Decree № 56 (1989) and the second Trade Act (1994); on the contrary, there has been a social substitution of the institution of insolvency across these laws.

The functional possibilities of insolvency as a social process consists in *providing recovery of the debtor's enterprise, satisfying the claims of creditors, penalizing the trader who is in debt, and providing information that warns people about the consequences of ignoring the theory and practice of insolvency.*

Rescue of the debtor's enterprise and restoring the trader's rights is effectuated by means of a judicial procedure for initiating insolvency proceedings. This is possible under *three* preconditions: the debtor is a trader; is insolvent and has stopped making payments on liabilities related to commercial deals or public liabilities to the state and municipalities; and is over-indebted, the debtor's property being insufficient to cover monetary obligations to creditors. The ruling of the court to initiate insolvency proceedings stimulates the trader to seek new solutions for recovery of his/her enterprise, such as *achieving out-of-court settlements with creditors and making a rescue plan for the enterprise* .[12] In order to permit out-of-court settlements and the implementation of the rescue plan, the court discontinues insolvency proceedings for a certain period of time. The successful implementation of the out-of-court settlement and/or the rescue plan ensures the rescue (continuation of commercial activity) and restoring of the rights of the indebted trader. On the contrary – the failure to carry these out leads to a declaration of insolvency. Empirical survey data show that, in the last two decades, rescue proceedings in Bulgarian social practice are most often used for single-member companies (SMC) with over 50 percent state or municipal participation, but they are used for a reversed purpose – not in order to continue their activity, but so as to privatize them more quickly (SMLLC Okeanski ribolov, SMLLC Konstruktsionni izdelia, SMLLC Biomash, etc.) (Stoyanova, 2003). Importantly, in recent years rescue proceedings are often replaced by various other practices that border on premeditated failures – such as transference of the assets of a non-profitable firm or declaring the company insolvent, whereby the creditors' claims remain unsatisfied. Thus, this is a substitution for what should be rescue proceedings, and points to the presence of speculative interests and poor knowledge of the application of rescue measures for the recovery of the debtor's enterprise.

The next characteristic refers to ***satisfying the creditors' claims*** by means of liabilities acknowledged/confirmed by the court of justice. The means of satisfying them is defined by a judicial decision, which decrees cashing the debtor's property and dividing the sum between different categories of creditors – those with backed claims, without backed claims, workers and employees in the debtor's enterprise, etc. Survey data show that when single member limited liability companies (SMLLC) with over 50% state and municipal ownership are declared insolvent, creditors receive satisfaction to 100 percent. To the contrary, in the case of private companies (limited liability companies – LLC, joint stock companies – JSC, and commandite companies with stocks – CCS) satisfaction is between 0 percent and at most 20-25%. The low degree of satisfaction of claims has negative consequences both for the creditors (banks, suppliers, the state) and for the workers and employees, whose wages, when the employer is declared insolvent, remain unpaid or are partially paid from the liability insurance fund.

Penalties for the indebted trader is the third possibility implemented by judicial declaration of insolvency. Declaring the indebted trader insolvent is done in ***three*** cases – when the available assets of the company are insufficient to cover debts to creditors; when continuation of activity may harm the property, and when the trader has not succeeded in fulfilling his obligations under an out-of-court settlement or under a rescue plan. The basic *consequences of the court ruling* are related to discontinuing the company's activities, discontinuing the trader's functions as employer, and public stigmatization of the trader.

[12] Rescue proceedings is a modern means for settling obligations of insolvent traders or non-traders. It is present in the current French legislation as "judicial recovery", which is meant as a substitute for insolvency, in American legislation, where it is known as "reorganization" (Ch. 11 of the Federal Insolvency Code), in German legislation, where it is included in the Insolvency Act in force since 1999, and in Bulgaria, where it is defined in the Commerce Act, Part 4 "Insolvency", Chapter 44 "Rescue proceedings for insolvency".

The judgment of the court is inscribed in the trade register, whereby it is publicly acknowledged that *the trader is barred* as a legitimate legal and organizational entity/actor. Regardless of the initiative or willingness the trader might show to make a "new start in business", he/she is under legal restrictions: not having the right to be a commercial manager, sole trader, manager of LLC, member of boards of directors, of managing or supervising committees of JSC; all this limits the trader's possibility to restore or renew his/her business. All these measures stigmatize the trader declared insolvent. In Bulgarian society, the declaration of insolvency is considered a stigma for the indebted traders, a stain on their names and a loss of their social identity. On the other hand, dissolving the enterprise of such a trader tends to "purge" and sanitize the economy as a whole. Surveys have indicated differences between the economic cultures of EU countries and the US and UK: stigmatization in Bulgarian society is identical with that in European societies, where the stigma of being declared insolvent has a negative connotation, unlike British and American societies, where a bankrupt person gets a second chance. Most recently, the Lisbon Strategy regulations formulate ideas for the complete overcoming of stigma in the EU and giving "a second chance" to traders and others declared insolvent (for the sake of reference, the same philosophy underlies the first Bulgarian Trade Act, of 1898, but not the second, of 1994).

The provision of warning information as a functional possibility of insolvency refers, on the one hand, to the preliminary informedness of traders as to the consequences that await them if they do not manage their economic activity rationally and, on the other, to the warning that knowledge must be internalized regarding insolvency, the functional possibilities of insolvency as a social process and institution, and that it must be internalized before the eventual risk (permanent insolvency or over-indebtedness) has actually become a fact.

Data from a number of social surveys conducted in 2008-2010, 2011, 2015 and 2016 reveal ***deficits*** in respondents' familiarity with the functional possibilities of insolvency as a social process and with the application of these possibilities for rescuing the trader and rehabilitating the economy by dissolving insolvent and non-competitive sole traders and single member commercial enterprises in our country.

Internalization and Externalization of Insolvency by the Generations at Work

The functional possibilities of insolvency in both aspects indicate their large scale and multi-layered character, which entails the need for their systematic institutionalization and internalization by society. From a sociological viewpoint, *internalization* of insolvency as an institution represents a *process of acceptance* of the set of norms, principles and values (established by tradition and by insolvency legislation) as obligatory equally for debtors, creditors, syndics, judges, market and non-market partners and contractors, for the various generations and society as a whole. This internalization begins with *learning* about the norms, principles and values concerning insolvency, and passes through the *understanding* of their meaning and importance, until they ultimately become a *conviction* (a personal viewpoint) and a set of *standard (stable patterns*) of conduct before, during and after the insolvency proceedings. *Externalization* is the reverse process whereby the norms, principles and values concerning insolvency (as posited from the outside) are justified and defended by the subjects of insolvency proceedings, by different generations and society in general, as being necessary and useful before, during and after the insolvency proceedings; yet they have not yet become inner convictions and standards (stable patterns) of conduct. The transition from externalization to internalization requires a continuous and systematic education in the theory and practice of insolvency and the transmission of knowledge and experience from generation to generation.

Research has provided empirical proof of the low level of internationalization in Bulgaria regarding insolvency (Stoyanova, 2005). Hence follows the ***conclusion*** that the degree of internalization of the basic principles, norms and values of insolvency in society is also low, as demonstrated by the fact of the social substitution of insolvency as an institution (Stoyanova, 2013). What is occurring in our country is rather an externalization of insolvency, where the norms, principles, and values are justified and defended as necessary and useful rather than accepted on trust and with conviction as being obligatory legal rules for insolvency.

The thesis that insolvency is externalized by four generations at work has been confirmed by the results of surveys conducted in 2011, 2015 and 2016.[13] The ***four generations at work*** are the prewar/war generation, the generation of the transition from patriarchy to modernity, the generation of growth, and the digital generation; these have been empirically identified in Bulgarian social practice (Stoyanova, 2011). The respondents were asked the following *questions:* 1) What do you understand by "insolvency", "failure", and "bankruptcy"? 2) If you were a manager, what would you do to avoid your company's falling into insolvency? 3) Would you undertake a new business (a second time) if you were declared insolvent? 4) Would you invest in an enterprise that has financial difficulties? 5) Would you place orders with an enterprise that had previously undergone failure? ***The first generation,*** called *prewar/war generation,* includes those born in the period 1925-1944. With respect to social and biographical time, this is the eldest generation that is still active, mostly in private business. The life and work course of this generation has passed through two important *transitions* – from capitalism to socialism (after 1944) and from socialism to capitalism (after 1989). The representatives of this generation took part in the construction of socialism and worked in state and municipal enterprises and cooperatives, which is why they are unfamiliar with insolvency. Some of them associate insolvency with small and middle entrepreneurs, who were occupied in small artisan activities before 1944. After 1989, the people of this generation found it hard to undergo

[13] The latest social survey was conducted in October-November 2016 and was focused on four generations at work. The data were collected by means of in-depth interview. The sample consisted of 204 respondents selected randomly according to the principle of accessibility of the units; the respondents included 51 representatives of each generation at work. This was the third survey in a panel series, of which the first was conducted in 2011, the second in 2015 and the third in 2016. It is a non-representative study and the conclusions cannot be generalized. The survey results offer a snapshot of the state of the problem during the period under study. In addition, the results may be compared with those of the two preceding periods, which allows tracing the changes in the degree of internalization and/or externalization of insolvency in our country over the last 5 years.

the mass-scale transformation and restructuring of state and municipal enterprises, their privatization, liquidation, isolation, financial recovery, declaration of insolvency, and the breakdown of the economy, the elimination of whole branches, professions, the change in the nature, content and quality of labour, the motivation to work, etc. This makes them tend to associate the declaration of traders as insolvent with the transition to market economy, the rapid nationalization of property, corruption and "highway robbery" of state and municipal property. The representatives of this generation have undergone serious negative consequences from the transformation processes – some of them have fallen into prolonged unemployment, poverty, and social isolation; others have retired prematurely; still others have lost their skills and continue to work at "anything that turns up"; still others have undergone "personal incapacity", meaning loss of identity, stress and marginalization; others have adapted to the new economic life and have taken part in the restitution of property and privatization, becoming new proprietors, creating personal firms, etc. The new proprietors from this generation display a painful sensitivity towards topics related to insolvency, failure, and bankruptcy. They have a fear of "failing in life" and are ashamed of the eventuality of becoming indebted to the following generations after them. This is because their first notion of insolvency was formed before their working life began, at a time when their parents and grandparents could not accept the thought of being debtors and carrying the stigma of people who had failed at their craft or in agriculture and had left a bad name for their family despite their daily struggle for survival. Their notions and thinking has been corrected for a second time before and/or during their retirement, in the time of transition to a market economy, when the change of ownership provoked a sharp decapitalization of state enterprises and their subsequent privatization, declaration of insolvency or liquidation.

The present study makes it possible to trace the degree of familiarity (or lack of it) with regard to insolvency by representatives of generations at work.

Table 3

Responses to the question "What do you understand by 'insolvency', 'failure', and 'bankruptcy'?" (%)

Generation	Familiar with it	Not familiar	Total
First	13.7	86.3	100.0
Second	21.6	78.4	100.0
Third	37.3	62.7	100.0
Fourth	39.2	60.8	100.0

Source: empirical survey from 2016.

The data in Table 3 show that 86% of the respondents from the first generation are not familiar with the concept of insolvency, failure and bankruptcy – *"they have no clear idea about the content of the concept, do not know about the legal definitions and do not distinguish between them"*. At the same time, they are clear about the fact that underlying these concepts are negative processes in the economy at the national, corporate and individual level – *"enterprises have no gains; production is being stopped; workers are being laid off; they are not able to pay their bills, they become more indebted every day; liquidation of enterprises and the government's failure"*. The respondents are inclined to believe that the existence of laws in this field helps add clarity in the management of enterprises and the economy, so long as the laws are obeyed. It is especially important in this connection that the managers be knowledgeable about the laws, that they have the necessary legal culture to seek for the competent opinion of legal experts when the need arises. According to the respondents, *"besides insolvency legislation, what is also necessary is researches and scientific publications on the topic. The shortage of publications on insolvency, especially regarding its sociological interpretation, only partially explains the disdainful attitude to the current legislation and to the court practice regarding insolvency, as well as the allowing of bad practices, whereby some enterprises are rescued in order not to become insolvent while others, to the contrary, are isolated in order to fail. No less important is the fact that the role of science is disregarded, the role of new knowledge, of the power of modern education in economic development"*. In addition to these comments, respondents also point out the insufficient public light shed on the procedures, media manipulation regarding the role of insolvency in the market environment and the stigmatization of traders declared insolvent (as people who are worthless, having lost the trust of creditors and partners), the lack of civic engagement, etc. These assertions provide a serious basis for explaining the low degree of institutionalization of insolvency in our country.

Only 14 % of the respondents from this generation connect insolvency with *"the lack of any means for existence of the enterprises; the impossibility to pay back credit; the large size of debts in proportion to the available long-term assets and current assets",* though they are unable to define the concept in economic terms as the inability of traders to service their debts toward creditors and the state. Hence, the new proprietors of the pre-war/war generation are stigmatized by insolvency as an institution and are not familiar with its possibilities; all they want is not to burden their heirs with a bad name and debts.

In answer to the question: *"If you were a manager, what would you do to avoid your enterprise's falling into insolvency?" half of the representatives of this generation feel that "they would have to insist that the staff be effective and would have to reduce costs to a minimum"***.** The answers prompt the conclusion that the respondents are not familiar with the functional possibilities of insolvency and do not know how they might use them to put the over-indebted enterprise "back on its feet". They look for the causes primarily in the insufficient effectiveness of the staff and in high production costs. This conclusion is confirmed by previous studies. The other half of the respondents are inclined **"***to draw loans, and to even do the impossible so that the enterprise may continue to work***".** Some of the measures they point out are: studying the market for their produce in the short, middle and long term; studying the behaviour of the competitors; hiring young highly skilled specialists with an innovative spirit; restraining current insurance practice ("hooking people", and in the case of risk, trying to avoid paying indemnities); a precise selection of specialists and constant care for their qualification; constant observation on the dynamics of the labour, commodity, and financial market; constant modernization; in-depth study of the possibilities for implementing new entrepreneurial strategies, especially those that are based on sufficient reliable and original resources in the context of our geographical conditions (for instance, *"we have a unique resource – leucojum – and this is a basis for undertaking a profitable entrepreneurial strategy for the production of nevaline*"). Also interesting is the intention to observe novelties in technology and in the organization of labour in our country, in Europe and in the world; to stimulate the creativity of workers in the enterprise; build an information system for registering innovative ideas and creating conditions for these ideas to be assessed objectively and implemented in order to achieve higher efficiency; establish contacts with universities and national research centers; constantly probe the opinion of management teams on the financial-economic indicators and on the business environment.

When asked **"*Would you undertake a new business (a second time*)**?" in case you are a trader declared insolvent, more than two thirds of respondents firmly declare they would not: ***"I would not, there is a great risk that the same thing may happen again; no, wise people say 'a burnt child dreads the fire'"*** (Table 4).

Table 4

Responses to the question "Would you undertake a new business (a second time)?" (%)

Generation	Yes	No	Total
First	25.4	74.5	100.0
Second	35.3	64.7	100.0
Third	45.1	54.9	100.0
Fourth	47.1	52.9	100.0

Source: an empirical survey from 2016.

Representatives of the first generation are afraid that if a business has undergone a "failure" once, this could happen again. Less than one third of these respondents are inclined to begin over again and to give themselves a "second chance", and they would do this only under certain conditions: *"the presence of an innovative team; state policy that stimulates the national economy and national capital; investment banks stimulating innovative business among traders, even though it is not as profitable as the gambling business for instance"*.

In answer to the question, "***Would you invest in enterprises that have financial difficulties? (Table 5),*** 90.2% of representatives of this generation have answered in the negative, explaining this attitude by their lack of trust and the fact that they are afraid to lose the money they would invest. They believe that this ***"investment has no returns – it is a loss, an uncalculated risk".***

Table 5

Responses to the question "Would you invest in enterprises that are experiencing financial difficulties?" (%)

Generation	Yes	No	Total
First	9.8	90.2	100.0
Second	25.5	74.5	100.0
Third	47.1	52.9	100.0
Fourth	60.8	39.2	100.0

Source: an empirical survey from 2016.

Only about one-tenth of the respondents are inclined to invest in this case, feeling they would be doing a good thing, "*for the common good"*, i.e., they would be helping the enterprise get out of the "financial trap". Though wanting to be useful, these respondents also declare they are prepared to invest only under certain conditions: *"the financial difficulties should not be connected with party politics; the owners and economic teams of the enterprise should be familiar; the concrete cause of the financial difficulties should be known; there should be a clear intention regarding what is being invested in and what the results will be; there should be a possibility to exercise some control over the use of investments"*. Some opinions expressed by respondents of the first generation display a market-oriented viewpoint: "*in general, one avoids investing in an enterprise experiencing financial difficulties, but if you are interested, you investigate and buy for 1 dollar, or you buy separate parts of the enterprises that have been declared for sale…"*. This shows a willingness to continue a business even if it breaks down at some period of its development. Such a way of thinking is characteristic of the transition period, when a significant mass of state and municipal enterprises are declared insolvent and purchases may be made at liquidation prices, which are far lower than the market prices.

The mistrust felt by people of this generation is apparent in the answers they give to the question: "***Would you place an order with an enterprise that has undergone failure in the past?*"**

Table 6

Responses to the question "Would you place an order with an enterprise that has undergone failure in the past?" (%)

Generation	Yes	No	Total
First	25.4	74.5	100.0
Second	51.0	49.0	100.0
Third	62.7	37.3	100.0
Fourth	64.7	35.3	100.0

Source: an empirical survey from 2016.

Three-fourths of the respondents would not take this risk. The remaining one fourth is equally divided between those who definitely agree they would and those who hesitate on the matter: ***"I might, but it depends on the circumstances; on condition that the failure is not provoked on purpose in order to help the enterprise advance".*** These respondents explain their inclination to take a risk by referring to the fact that, when the managers of such an enterprise have undergone insolvency once, they have "learned a lesson" and will be more careful in managing their enterprises: "*why not?, the new president of the US was insolvent twice, but he acquired new experience and learned a lesson from the mistakes he made; yes, at times you can expect prospects from such a firm – improved quality; yes and no – on the one hand, it would be fair to support it, on the other hand, it presents a risk for myself as well"*.

Consequently, the representatives of the first generation are the ones least informed about the functional possibilities connected with insolvency, since they worked at a time of state monopoly and the non-existence of enterprise failures. This explains their negative attitudes to starting a new business after failure, their unwillingness to invest in enterprises undergoing financial difficulties or place orders with an enterprise that has previously undergone failure.

The second generation at work is the ***generation of the transition from patriarchy to modernity,*** which includes those born in the period 1945-1964. The representatives of this generation lived under socialism with guaranteed employment, equal access of all to public healthcare, an equal chance of education, professional training and labour realization. The working life of this generation passed through a period of economic growth and an upward trend of socialism. People of this generation define themselves as *"successful builders of socialism"*, as highly educated and as having surpassed their parents by far in terms of education and professional career. This generation grew up and worked mostly in a centralized plan economy, but also "*bore the burden of the transition to democracy and a market system"*. During the time of socialism, some of these people occupied important positions of leadership in the economy and politics, so it experienced strong shocks after 1989. A large part of the representatives of this generation became unemployed after the transformation of the economy and the change of economic actors. Some were forced to retire (people in the military, miners, airplane pilots), others took part in the privatization and became proprietors, and still others entered politics and/or serviced the political sphere. This generation underwent many metamorphoses: at first, they had been building the institutions of socialism, later they took part in dismantling or destroying them, and then they participated in creating a new type of *"institutions of democracy and market relations"*. That is why the generation is highly stressed, stagnant, stigmatized by everything it has experienced, and especially by the clash between *"building and destroying", "public and private", "ours and yours"*, which it has found difficult to come to terms with. It has experienced a "personal failure", similar to that of its parents of the prewar/war generation.

The data in Table 3 show that the degree of informedness of the surveyed representatives of the second generation as to the concept of insolvency, business failure and bankruptcy is higher by 8 percentage points (21.6%) than that of their parents and grandparents (13.7%) even though part of their professional life had passed during the times of plan economy and the absence of failures of state and municipal enterprises. Most generally, they relate the concept to an abrupt deterioration of the financial condition and the impossibility of paying debts to creditors, suppliers and the state: *"The incapacity of continuing normal commercial activity; debts to the banks; they are not able to pay their costs; indebtedness to creditors; a trader who is insolvent or indebted; the impossibility of functioning; being unsuccessful, a failure, downfall"*. The transition to market economy has enabled some of them to develop a business of their own (not rarely, a business in parallel with state enterprises where they work or that they manage) and, in the course of activity, to run up against privatization procedures, isolation, financial recovery, liquidation, insolvency. The familiarization with the phenomenon of insolvency takes place directly in practice, due to the new political and economic environment in Bulgarian society, the new system of legal regulations for private property, which was unknown to the representatives of this generation in the time of their childhood and previous professional activity. The data show that 78.4% of the respondents are not familiar with the concepts of insolvency, failure, and bankruptcy. Of these respondents, 15.7% offer no interpretation but only point out the supposed causes of the existence of these things: *"bad management, bad firm policy, faulty relations between firms";* they even metaphorically relate the concepts to "the Bulgarian state at present", while 62.7% declare they understand nothing; they are not clear about what to do; "they are seized with panic" when they find out that their companies are accumulating bigger debts than in the preceding periods, while the gains are decreasing and they cannot service their obligations to the state and to creditors. Some people hasten to sell their companies: *"they bought them cheap and can easily part with them"*; others attempt to make "*agreements with creditors for rescheduling of payments"* and continuing their activity; a third group look for partners in order to *"merge the companies and escape the crisis";* a fourth group are prepared *"to voluntarily dissolve the companies "* and escape from their problems; as a last resort, when all else has been tried, "*they ask the court to initiate insolvency proceedings".* Thus, nearly two-thirds of the representatives of this generation are not familiar with insolvency and its functional possibilities; in their opinion, this is because of their insufficient theoretical and practical knowledge and skills. Ignorance, in turn, determines their low willingness to make fast and correct decisions when insolvency and/or over-indebtedness arise.

In answer to the question: "***If you were a manager, what would you do to avoid your company falling into insolvency?*****",** one-third of the respondents of the second generation believe they would seek "***loans, new possibilities to attract fresh money; they would design projects for applying for European programs; they don't exclude selling the company, the business".*** One-fourth of the respondents in this generation believe that, in order not to fall into insolvency, their company needs to "***improve management; reduce staff; increase control over production activity; training and stimulating the staff".*** Over 40% of the respondents believe constant training is necessary. The generalized answers of the respondents indicate that there are shortages in the following scientific areas: enterprise management; trade legislation (concerning insolvency); economics, finance, accountancy, organizational culture and leadership. In their view, the universities should train specialists for a master's degree in the practice of risk, risk capital and risk management, in insolvency and voluntary liquidation, in sociology and psychology of crises, etc.

The data in Table 4 show that, in answer to the question: "***Would you undertake a new business (a second time)*****?**" after insolvency is declared, nearly two-thirds of the members of the second generation definitely answer that they would not give themselves "a second chance". About one third believe they might risk starting a new business. We see that characteristics such as fear, inexperience, ignorance, insecurity, and unwillingness to assume new risks in business, appear among the second generation, as among the generation of their parents, though to a lesser degree.

The answers to the question: "***Would you invest in a company that is undergoing financial difficulties?*** (Table 5), are divided thus: nearly three-fourths of the second-generation respondents would not invest. The reason they point out is that they are not educated enough and cannot assess whether this would be a correct step and how risky such a venture would be. About one fourth are motivated to make investments in a company undergoing financial difficulties so as for help it "***get back on its feet".***

In answer to the question: "***Would you place an order with an enterprise that has undergone business failure in the past*?** (Table 6), half of the respondents believe this would be good for the enterprise while the other half "***do not want to take any risks".***

Thus, the answers of the second-generation respondents clearly show lack of familiarity with insolvency as an institution and a social process. "*They do not know the functional possibilities of insolvency; if they are obliged to, they will seek help from lawyers; they prefer to reach an out-of-court settlement with creditors before insolvency is declared; they would undertake recovery proceeding only to continue their activity and find fresh money, because they have a fear of stigmatization in the eyes of their relatives, acquaintances, clients; undertaking steps for a court procedure for insolvency would be a last measure for them"***.** Despite their lack of familiarity, they are not motivated to study insolvency before the time comes when they are unable to pay creditors and the state or before the risk of insolvency appears. They are not sensitive to business failure, they do not want to provoke destiny, they lack the necessary education, and they cannot assess the degree of risk involved in starting a new business after failure or investing in enterprises undergoing financial difficulties. They are inclined to place orders with a company that has recommenced activity after a business failure, in order to help it function better.

The third generation at work, the *growth generation*, includes people born in the period 1965-1980. Its representatives grew up under conditions of security in the time of the economic growth of socialism and look upon guaranteed employment, education, and healthcare as a given. The specific thing about these people is that they are highly educated, know foreign languages and are mobile in the world. After the changes following 1989, some of them began to look for "new principles", "a new modernity", represented in their view by a democratic society and a market economy (at least in terms of transitology). Although the representatives of this generation grew up in conditions of social security, their professional biography is situated in the time of restored capitalism. This generation is familiar with market principles but not with the defects of the market.

The data in Table 3 show that over one third (37.3%) of these respondents define the concepts of insolvency, failure and bankruptcy as "*a severe financial state of the enterprise; with permanent insolvency and the impossibility to pay creditors; indebtedness towards the state, suppliers, workers and employees; sale of assets; sinking; falling to the bottom; the impossibility of independent existence due to lack of resources, crisis"*. They are aware that the impossibility to cope would lead to the application of the law: submitting a judicial claim for opening insolvency proceedings and/or declaring insolvency. Their correct orientation allows them to strive to manage their companies in a modern way and not to allow declaration of insolvency. They do not consider out-of-court settlement and recovery proceedings to be a rescue measure, because they are not well acquainted with them: "*if necessary, they will study them and apply them"*. According to them, once it has been declared insolvent, the company loses "*its good name and the trust of creditors, clients, users, suppliers. Erasing it from the market provokes public losses – the company provides employment and income, it makes social security payments for the employed and pays taxes, charges, and duties to the state"*. Importantly, the generalized answers of respondents from the growth generation clearly show that, similar in this to their parents and grandparents, they have not become free of the perception of insolvency as a "moral downfall", as a "loss of image in society".

Nearly two-thirds of these respondents (62.7%) cannot define the concept and stress the causes of aggravated financial-economic indicators of the enterprise. What is new and different in comparison with their parents' and grandparents' generations is that they look upon insolvency as a crisis of the enterprise and as a stage in its life cycle. The causes of this crisis they relate to bad (not good) management, to managerial deficits of the new owners, to fraudulent practices and diverting funds for prestigious consumption rather than for investment; to misjudgment of the business environment and disregard and/or inability to react to the ongoing transformations in the country, as well as to external impacts, such as the impact of unfair competition, regional or world crises, etc.

Answering the question: "***If you were a manager, what would you do to avoid your company's falling into insolvency*?,** over one fourth of the respondents of the third generation share that, in this case, they would undertake quick and urgent measures: *"they would seek financial aid from partners, friends and relatives in order to save the business, and only in the extreme case would draw a loan"*. Nearly three-fourths of the respondents emphasize they would attend to improving and modernizing the management of the company, they would strive to make a transition "*from bureaucratic management to management based on trust"*.

The generalized opinions of respondents refer to seeking new ideas and ventures; perfecting labour organization; decreasing expenditures to a minimum; seeking investments through projects under European programs; studying the degree of satisfaction of their clients; asking their workers/employees about what can be improved; reducing the variety of produce if necessary; restructuring the enterprise, shutting down the unprofitable units, looking for new partners, new markets; rigorous planning of profits and expenditures. The people of this generation are motivated to do their utmost not to fall into insolvency, not to lose their financial autonomy, not to allow "*large material and social losses*" and their "*moral downfall*" in society.

Even though the respondents of this generation consider themselves successful businesspersons, entrepreneurs and managers, they "*would not imagine even for one second*" they might be declared insolvent. The data in Table 4 show that more than half (54.9%) of the respondents have given a firmly negative answer and less than half (45.1%) a positive one: ***"this is a second chance", "one should give it a try".*** The members of the third generation, unlike their parents' generation, are more self-confident, and strive to surpass their parents in terms of a social status, income, education, mobility, and even to take their place in power positions as soon as possible. At the same time, their level of competence regarding the understanding of insolvency and its possibilities for rescuing the enterprise, continuing business activity and avoiding stigmatization, is still low.

According to the data in Table 5, more than a half (52.9%) of the respondents in the third generation answer that they would not invest in an enterprise that is having financial difficulties, because they are afraid "***they would lose the invested resources; due to a feeling of uncertainty".*** Although they show understanding with respect to serious financial difficulties, they are not willing to give such enterprises support either through between-company loans or by merging with such unsuccessful companies in order to rescue their enterprises. Less than half of the respondents are willing to do so: one in ten (9.8%) is hesitant, saying **"***yes, but it would depend on the enterprise, on its financial condition, in case they see the enterprise has a future*", while 41.2% answer definitely "yes", "*because it is optimistic – this will help them continue their activity; the risk is calculated, because it opens new horizons, and hope dies last; after failure comes success; some profit may be drawn from this situation".*

Unlike their parents and grandparents, the people of the third generation show much greater understanding and willingness to place an order with an enterprise that has previously undergone failure. The data in Table 6 show that nearly two-thirds of these respondents (62.7%) have answered positively: *"yes, the enterprise might be more motivated to fulfil my order quickly and with good quality, since it is striving to restore the clients' trust and to attract new [clients]".* Certain respondents are somewhat hesitant: "*I doubt I would, but if I see it has potential and has changed the thing that pulled it back, then yes; I would support it but with some reservation, only if this were profitable for me; if it is standing firmly on its feet and is advancing"***.** A little more than one third (37.3%) are firmly against making such orders and purchases.

Hence, the third-generation respondents with a more correct understanding of insolvency and its synonymous forms are three times as many as the respective respondents in their grandparents' generation and twice as many as in their parents' generation. Nevertheless, the majority in all three generations are not familiar with the functional possibilities related to insolvency. Nearly one out of two persons of the third generation, one out of four in the first, and one out of three in the second generation, would undertake a new business after a previous business has undergone insolvency, but most of the people in all three generations refuse to try again. One out of ten, one out of four, and nearly one out of two of the respondents in the first, second, and third generation respectively are willing to invest in enterprises undergoing financial difficulties, but again, the major part of all three generations refuse to invest in such an enterprise. The situation is almost the same as regards placing orders with an enterprise that has undergone failure in the past. The highest share of people willing to order and to buy from such enterprises, knowing this is a good cause, are to be found among representatives of the third generation.

The fourth generation, ***the digital generation****,* is that of people born in the period 1981-2000. Its members grew up and became socialized at the time when democracy and the market economy were being built. This is the generation that grew up with new communication and information technologies. Data from the social survey of 2011 show that its representatives have an entirely instrumental orientation and are disloyal to employers and colleagues, and at the same time are firmly set on achieving positions of power and high income. The results of the 2016 survey reveal that people of this generation are not bothered by the idea of insolvency, business failure or bankruptcy. According to the data in Table 3, for 78.4% of the respondents, these are identical concepts which refer to insolvency and over-indebtedness of the enterprise. "*This is a state of breakdown, crisis, financial ruin; the enterprise hasn't the possibility to cover its financial obligations regarding credits, wages, taxes and duties to the state; it cannot work – there is no turnover money; its assets have "grown thin" and are not liquid; complete sinking".* They assume that in the competitive market environment nobody is safe from insolvency. They are confident they would cope with a state of insolvency of their enterprises, although they are not familiar with the details of legal regulations. They assert they would quickly learn them if they need to, but at this stage, and in view of the positions they hold, "*not they, but others, should take care of rescuing the enterprise in case it falls into a crisis"*. Even if the enterprise in which they work was declared insolvent, they are not afraid they might lose their work position because they identify themselves as people with "*competitive capacity on the labour market"* and who are capable of taking part in management, being prepared to replace "*as soon as possible their parents and/or grandparents in managerial positions"*.

More than one fifth of the respondents believe that the basic cause of the critical condition of the enterprises on the market is primarily "*bad management, faulty organization of labour, failure to cope with competition on the market, the lack of strategic thinking among owners and managers, as well as the lack of innovative ideas on the development of the enterprise; finally, they emphasize the unsatisfactory business environment in the country, especially after the crisis of 2008; the big bureaucracy, which kills the spirit of enterprise and puts the fatal end to quite a few enterprises"*. The respondents from this generation are confident in their own capacity, and define themselves as modern, as people with prospects, expressing a willingness to occupy power positions and to manage successfully, "without commercial failure".

Regarding the question: "***If you were a manager, what would you do to avoid your company's falling into insolvency?***", the generalized answers of half (49%) the representatives of the fourth generation tend towards "***wise management, selection of good, competent, qualified employees; expanding the presence on the market through new clients; a new type of organization of labour and organizational culture; a new morality; socially responsible management; attracting new capital by merging with partners in the branch".*** The other half of the respondents admit they do not know, and have never thought about what they would do: "***perhaps the solution lies in selling the enterprise and the business and putting an end to the problems".*** They look upon insolvency as a crisis and a stage in the life cycle of the company, similar in this attitude to the growth generation. They acknowledge that they are not yet prepared to occupy management positions; they have yet "to train a lot and for a long time".

According to the data in Table 4, less than half (47.1%) of the respondents in the fourth generation give an affirmative answer to the question "*Would you undertake a new business (a second time)?*" , their arguments being: "*this would be a second chance, experience and knowledge have been accumulated and the same mistakes would not be made a second time, the stigma of insolvency has been overcome, there is optimism regarding a new start and the future"*. The others, a little more than half of the respondents, express uncertainty and unwillingness to undertake a risky venture: "*I am not a risk player; I don't have the necessary financial resources, but above all, I lack the necessary knowledge and skills"*.

According to the data in Table 5, 60.8% of the respondents have given an affirmative answer to the question as to whether they would invest in an enterprise undergoing financial difficulties, but they would do so under certain conditions: *"Yes, if I were certain that through my funding, the enterprise would grow strong and would be successful; if I* *were clear about the company's activity and had a clear idea of its further development; if I saw that my investments would help, that I would give the company a boost; in case there is a correct management of profit/expenditure, the company might improve its condition and this might bring dividends; yes, if it is a proven brand, because it is more difficult to start something new from scratch; yes, because I might find myself in such a situation at any moment."* Negative answers were given by 39.2% of the respondents. They indicate the reasons for their answer as lying in the existing risk of losing their invested financial resources; the uncertainty of effective returns on investments; the unwillingness to pay other people's debts; pessimism as to being able to help a "sinking enterprise".

Nearly two thirds (64.7%) of the respondents have positive attitudes towards placing orders with an enterprise that has undergone failure (see Table 6). According to them, "*if what the enterprise is producing is of good quality and satisfies their interests currently, it does not matter that it failed in the past, because failure does not at all mean the enterprise did not work well, it could have been provoked on purpose"*. Negative attitudes are expressed by 35.3% of the respondents. They share that "*they do not trust such an enterprise, its reliability with regard to fulfilling the order, the quality of the invested materials, the adequacy of the price"*. The people of the digital generation are not interested in the past; what is important for them is the present and the future.

Thus, similar in this to the growth generation, the representatives of the fourth generation interpret insolvency more broadly: both as a regulator and as a crisis and stage in the company's lifecycle. As managers, they believe they can predict coming crises, but they need to acquire training in the field of insolvency if they are to have better knowledge of its functional possibilities and react adequately to lack of liquidity and the loss of financial adequacy of their companies. They do not exclude the option of consulting competent legal experts, financial experts, and accountants, which indicates their higher managerial culture compared with that of the generation of their parents and grandparents. Their orientation to the new and unknown causes them to quickly forget failures, lack of success, losses, without having learning a lesson about what lies ahead. This confirms they have a way of thinking that is similar to that of the growth generation and different from the parents and grandparents' generation.

Challenges and Possible Solutions

The analysis of official statistical data from the author's social survey leads to the conclusion that, whether it be desired or not, insolvency does exist, and the members of the four generations at work, in their role of market and non-market actors, as well as society in general, must take this into account. The conducted social survey has identified the following ***challenges*** that insolvency raises for our society. ***First***, the active working generations do not have deep knowledge and understanding of insolvency and its functional possibilities, so they hardly perceive it as an institution that regulates mutual relations between debtors and creditors or as a social process that resolves conflicts of interests between these two categories. They tend to justify the existence of this phenomenon as something objectively necessary and useful for the health of the economy inasmuch as it frees the economy from losing enterprises; but they have not turned this attitude into personal knowledge and a conviction that this is an obligatory rule for society. ***Secondly***, the ones least familiar with the meaning of the concepts of insolvency, business failure and bankruptcy are members of the first and second generation; better knowledge is displayed by the digital generation (though only in theory) and by the growth generation (both in theory and practice). At the same time, none of the respondents in all four generations can distinguish between bankruptcy and culpable insolvency. For comparison, in British and American legislation, bankruptcy is used in the sense of what Bulgarian legislation refers to as insolvency and EU legislation refers to as failure or insolvency. ***Third*****,** the members of all four generations fear social stigmatization at the declaration of insolvency. ***Fourth*****,** the members of the growth generation display confidence that they can manage their companies successfully and not allow business failure, unlike the members of the parents' and grandparents' generations, who lack this confidence. The difference with respect to the digital generation consists in their understanding that it is not them but the people in government who bear the responsibility for the insolvency of enterprises, and secondly, that they have a broader and more modern conception of insolvency as being not only a regulator and stigma but also an inevitable stage in the life cycle of enterprises. ***Fifth*****,** the representatives of the third and fourth generation show a greater willingness than the parents' and grandparents' generations to begin a new business again and overcome the stigma of insolvency. ***Sixth*****,** representatives of all four generations display understanding and are motivated to invest in enterprises experiencing financial difficulties, and do so in order to help their recovery and successful functioning. ***Seventh***, the members of the digital generation are more inclined to place orders or buy from enterprises that have undergone insolvency; this generation is only interested in the present market situation of the enterprises, not their past. ***Eighth*****,** members of all four generations are afraid of social stigmatization in case of insolvency; they disregard the risk of insolvency, thinking "let's hope it doesn't happen to me"; this too supports the view that there is a low degree of institutionalization of insolvency in society. ***Ninth*****,** all the surveyed respondents admit that they lack knowledge and skills relevant to insolvency, and that they need university training for bachelor's and master's degrees in this sphere.

Consequently, the survey results support the thesis that there is a prevailing externalization, not internalization, of insolvency. This empirically proven fact is a serious challenge facing the government of the country. The basic ***conclusion*** that must be drawn is the need for increasing the degree of institutionalization and internalization of insolvency in Bulgarian society. It is necessary to work for this, since synchronization of insolvency legislation in the EU member states is now in course.

Possible solutions that might help accelerate the internalization of insolvency can be drawn from empirical social data: ***firstly*****,** preparing specialized courses for the study of the functional possibilities related to insolvency; the courses should target a broader audience, including people in practice, media representatives, various categories of the population interested in the problem of insolvency as an institution and as a social process; this would help overcome the limited practice that currently exists of maintaining the level of competence only of syndics, who are given annual refresher training; ***secondly*****,** expanding training on insolvency in some of the universities not only in the legal aspect but also in the economic (financial, accountancy-related), sociological, psychological, managerial, and political aspects; such courses are recommendable not only at the bachelor's degree level but also at master's and doctoral levels; ***thirdly***, organizing parallel practical training in the actual working environment of insolvent enterprises, or among syndics, insolvency judges, and creditors, organizing student internships at the Ministry of Justice, the National Revenue Agency and other institutions dealing with insolvency; ***fourthly***, expanding research on the topic, increasing the number of publication, creating an accepted media image of insolvency as a public necessity and a regulator of the economic life of society.

The expected effects of enhancing training in the theoretical, practical and research aspect, and of enlarging the range of the audience of trainees, are related to raising society's cultural level in this sphere and achieving a natural transition from externalization to internalization and institutionalization of insolvency. This could be brought about through concrete government measures: assigning expert activities for assessing what has been done so far, highlighting the problem areas, designing an action plan for overcoming the problems, and preparing a strategy for perfecting the theory and practice of insolvency in Bulgaria.

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