

ETHICAL INFRASTRUCTURE IN THE POST-SOCIALIST BULGARIA²

The article analyzes the emergence and development of business ethics in Bulgaria from 1989 to the present day, that is, it traces the emergence of ethical infrastructure in the conditions of transition from a centrally planned to a market economy and its development already in the conditions of the country's membership in the EU. The period of the last 30 years is divided into three sub-periods: (a) the collapse of state socialism and the launching of a market economy and democratic principles (1989-1997); (b) the period of deeper structural reforms and the preparation of the economy for EU accession (1997-2007); (c) the years of Bulgaria's EU membership (since 2007 up to now). The research deals with main problems of building ethical infrastructure – at the beginning of the period the ownership change – restitution, privatization, etc., and later on – legislation, freedom of speech, shadow economy, corruption and more are studied. The issues discussed herein are complemented by the results of the surveys conducted in 1996 and 2019. The questions of established business ethics in Bulgaria are posed in the context of the challenges facing the society of this still transforming country.

JEL: H11; J38; J68; P16

Introduction

Post-socialist societies in Central and Eastern Europe (CEE), among which is Bulgaria, have undergone radical changes since the collapse of the former socialist system of centrally planned economies (1989). A fundamental issue for these economies was the change in the political and economic system and the transition to democracy and a market economy in accordance with European Union (EU) norms leading to the CEE countries' subsequent accession. This required the efforts of societies in these countries to develop new political and economic institutions that meet the requirements of today's market conditions and democracy. The emerging managers of companies and companies had to respond adequately to the rapid changes in the market and its environment, to the

¹ Rossitsa Rangelova is Professor, Doctor of Economic Sciences, Economic Research Institute, Bulgarian Academy of Sciences, Sofia. E-mail: r.rangelova@iki.bas.bg

² I am grateful to all respondents in Survey 2019 and to Chief Assistant Dr. Valentin Bilyanski of the University of National and World Economics – Sofia for the processing of the questionnaire data of Survey 2019.

privatization of former state-owned enterprises, to competition and relations with the state and its institutions, the impact of foreign direct investment (FDI) and the effects of financial the 2008 crisis and beyond.

As for business ethics, society had to radically change its moral values. While socialist ethics were characterized by the preference for collective interest, most notably an egalitarian system of remuneration, on the principle of "socialist solidarity", subordinated to equality, etc., the new market environment required a completely different ethic: economic efficiency based on rational behaviour, adaptability, entrepreneurial spirit, personal responsibility and liberal solidarity, subordinate to freedom.

Despite the established ethical environment, the political, economic and social systems in Bulgaria today still face significant challenges with regard to the establishment of ethical infrastructure in the market and business ethics in public relations. There are still many niches and inconsistencies in legal and other systems and many people are tempted to use them. In many cases, lack of experience or just ignorance is bad for existing business practices. Moreover, there is a well-known legacy of the previous system that can be difficult to overcome. In this context, the present study is useful and it outlines the challenges facing building a better ethical climate in the country.

The article has the following structure. *The first part* analyzes the main characteristics of economic and political changes in the country in the field of legislation and institutions during the transition in the first sub-period. These changes were a prerequisite for the creation of a new ethical culture of society, starting with the change of ownership through restitution and privatization, establishment of appropriate institutions, etc. Based on a survey (1996), empirical findings for emerging ethics and business culture in Bulgaria are presented. *The second part* analyzes the economic and political changes in the second and third sub-periods – efforts to build a stable market economy and democratic principles with a view to joining the EU and then years of EU membership as a medium to shape the current business environment. Some aspects of business ethics are discussed, in particular: government, development of business-state relations, changes in business freedom, implementation of European directives and relationships, shadow economy, corruption, media freedom, etc. Based on a partial survey (2019), an attempt was made to trace the change in the ethical evaluation compared to the one considered in the first sub-period. Finally, conclusions are given, outlining the challenges facing Bulgaria in terms of business ethics.

1. Specificity of the radical change in the ethics of Bulgarian society

- The paternalistic approach used in the 4-5 decades of state socialism preceding 1989, was through controlling and solving all problems, with citizens not being widely involved in decision-making. That is why a certain lack of individual responsibility has remained in society's collective mindset and this is a real barrier to renewing and improving the ethical climate in the country. Even today, it is noticeable that society is not used to asserting its rights.

- The illusions of conflict-free situations had to be overcome. The public need to realize that a market society exists in a competitive environment, which means emerging conflicts of interest and more or less interpersonal antagonisms that cause the individual to do his or her best. Emerging dilemmas must be addressed through dialogue, communication, mutual understanding and consensus.
- Because of their daily needs, people are just trying to make a living. For most of them, ethical considerations are second to none, or something like "extra" to what is seen as immediate issues.
- People live in a reality where injustice and aggression often win and dominate right and moral behaviour. Due to the high level of crime, in many cases, people are simply afraid for their lives.
- Probably partly because of past experience, and more so because of the experience gained over the last 30 years, people are very distrustful of claims to promote ethical behaviour through institutional means. As for the value of personal responsibility, it is still underdeveloped.
- It is known that if economic life is governed by the uncontrolled, informal personal relationships establishing illusory regulations, as well as lack of transparency, it seems justifiable for entrepreneurs to take into account only their close personal interest.
- In Bulgaria, the values "equality" and "social justice" are still considered more important than the values "freedom" and "personal enterprise". This is probably due not only to the inheritance of state socialism in the country, but also to the fact that the country was and still is today the one with the lowest incomes compared to other EU countries, with the highest risk of poverty and with the biggest difference in income.

At the beginning of the last 30-year period, it was logical to assume that most of the wrong practices that occur are temporary and will gradually disappear, or at least their effect will weaken, first through better laws. Most people presumed that many of the problems mentioned could be reduced by increasing the efficiency of economies and the integration of post-communist countries in the modern world. There are indications that many who, then and now, are blinded by market behaviour and efforts to turn to Western consumption standards will begin to appreciate such concepts as business ethics, corporate social responsibility and responsiveness as they enter a narrow contact with today's global market economy (Bohata, 1997, pp. 1571-1577).

2. The early transition in Bulgaria as a prerequisite for laying the foundations of the new ethical infrastructure

Already in the first few years after 1989, decisive steps were taken in the political and economic change of the system, especially in the field of institutions and legislation, one of the most important achievements being the beginning of the restoration of private property. The wrong course of reforms in Bulgaria in its transition to a market economy is well known. There was an abundance of publications on the economic transition in the 1990s

and later by authors and institutions in the country as well as by foreign authors and international organizations.

The adoption of entirely new ethical principles and culture by Bulgarian society came under very difficult initial conditions (Rangelova, 1997, p. 220-229).³ In the late 1980s, the country was in the following situation: an over-centralized system of management with almost entirely state ownership of production assets, large disproportions, inefficient production structure and uncompetitive production for foreign markets, irrational employment structure, significant external debt and budgetary deficit, strong attachment to the markets of the former socialist countries, most notably Russia, etc. The roots of the deep crisis and the slow recovery of the country's economy can be traced to three main *internal reasons*: (a) the too unfavourable initial conditions for the transition to a highly centralized country's market economy; (b) poorly thought-out reforms in the early 1990s, inconsistent and slow implementation, frequent changes to enacted laws and long delays in substantive structural reforms; (c) political instability and mismanagement. Added to this is the negative influence of *external factors* such as the conflicts in the former Yugoslavia, the loss of markets in the East, etc.

As a result, during the first 4 years of transition, the country went into an acute crisis. GDP fell by one-third, industrial production fell by one-half as much as agriculture (55%). On the other hand, the changing reform philosophy implemented by different governments over time (seven in the first seven years) and three parliaments has created additional difficulties. Limited external financing and slow, inconsistent structural reform, or more precisely imitation of reforms, hindered macroeconomic stabilization. Nearly seven years after the transition began, Bulgaria's economy was still at a crucial stage, that means a significant slowdown in production, employment and investment, liquidation or reduction of a number of branches, industries and activities.

In 1996 a new deterioration of the Bulgarian economy was observed. Along with these negative phenomena, new ones emerged: the collapse of the banking system, the crisis of confidence in the banking sector, the cereal crisis. GDP has fallen by almost 10% since 1995. At the end of the year, the economy was very close to hyperinflation. In early 1997, the nation was actually facing poverty. The parliament was dissolved and the interim government appointed by the President of the Republic of Bulgaria started working to overcome the chaos in the country. From the point of view of the social climate, it is important that for the first time the authorities met the firm reaction of civil society through protests, demanding better governance and an improved standard of living.

Throughout this period, there was a lack of consensus among the legislative, executive and the judiciary, in particular among the main institutions: Parliament, the Presidency and the Government. The controversy spread widely and even reached the high circles of the Bulgarian official Orthodox Church, which led to two central management bodies. A more comprehensive analysis could explain this phenomenon through the painful struggle

³ This publication reflects the emergence of ethical infrastructure in the initial phase of transition from a centrally planned to a market economy in Bulgaria (1989-1997). The current study is a continuation of the period of development of business ethics in this country to the present day and upgrading some ideas, as well as correcting the views expressed in the beginning.

between new and old ways of thinking, as well as with the specifics of political and social life, including stronger personal economic than political interests. At that time, the political elite in the country dominated the economic elite.

Concerning the banking system, Bulgaria was a good example of the widespread practice of unsecured loans and the so-called credit millionaires. In addition, banks with bad credit portfolio were maintained viable through easy refinancing from the central bank. On the other hand, there was mismanagement of commercial banks, professional incompetence, even criminal acts. Banks did not exercise control over capital expenditures and did not disclose their real status, especially capital accountability. State banks neglected the requirements for credit guarantees providing unsecured loans. There was a funny example where a carp in a dam was used as a bank guarantee. This practice led to the collapse of the banking system and therefore to a crisis of confidence in the banking sector (Rangelova, 1999). In 1997, the country went through a severe economic crisis and the IMF introduced a currency board arrangement.

Experience shows that radical political transitions are usually accompanied by an increase in corruption, crime and instability, and sometimes there is a complete breakdown in law and order (Argandoña, 1996). This also happened with the change of the centrally planned with the market economy in Bulgaria, when for a certain period there was neither plan nor market. In other words, the restrictions imposed so far by the laws and sanctions of the past economic and political system do not work, but there are no established moral standards to replace them and guarantee the proper functioning of the economy and civil society. Under these conditions, the hidden economy is booming (estimated at around 30-40% in individual sectors of GDP). The basic rules for the functioning of a market economy are violated by the enormous tax evasion, by the disproportionate profit margin of some monopolists or dominant producers, by the misuse of information obtained while working for personal gain. Not only managers, but also often ordinary employees find it normal to take care of their private companies' business during their public service hours. Corruption and distrust are widespread in practice. Financial machinations and "contracted" auctions, in many cases involving foreign capital, are increasing. Domestic and foreign illegal cash found its way through "money laundry" schemes. Professional thefts (such as antiques) take place under someones ordered. Critics of the transition define it as criminal. People feel more aggression or fear than a desire to cooperate in social relations. In these circumstances, entrepreneurs cannot be expected to be inclined to assume social responsibility.

3. Ethics of restitution and privatization

The paramount role and the enormous importance of appropriate institutions for building an ethical infrastructure of a market society are aware of. But "no institution in the non-socialist world can be compared to the importance of private property and its practice. No institution has ever been such a source of social, economic and political discord" (Galbraith, 1996, p. 29). For this reason, change of ownership was a key element in the transformation of a centrally planned system to a market economy. From an ethical point of

view, however, this issue is very important because it lays the foundations for future market relations, showing the image and nature of new economic agents.

In theory, restitution and privatization are treated as separate but related concepts. Nevertheless, while restitution affects justice, privatization is about restructuring corporate governance, improving microeconomic efficiency, and thus of macroeconomic well-being. In principle, restitution of former owners can only be justified on utilitarian grounds if there is evidence that former property owners or their heirs are better creators of wealth, but most often, there is no evidence of this. However, restitution is a rather weak principle in modern legal systems.

We share the view that restitution is a morally questionable principle for putting a political and economic system in transition. In the conditions of Bulgaria in the first years of the transition, its implementation was waste of considerable energy and time, which would otherwise be more useful for other reforms and for the success of the whole transition. However, restitution cannot satisfy all groups in society. It has more disadvantages than advantages, as was observed in Bulgaria. In practice, it reduces efficiency and creates conflicts. From a rational point of view, restitution is meaningless, but issues of justice, dignity, historical rights even play a role and are political. Given that political conditions dictated restitution, it had to be done.

The initial restitution and privatization process in Bulgaria has some features that we would like to briefly comment from an ethics point of view.

One of the laws voted by Parliament with priority in the early 1990s is the Real Estate (Restitution) Act. It affects about 2-3% of mostly urban people in their 70s. Some of them get high rents from their property; some have made it to their heirs one way or another. On the other hand, property restitution requires the creation of clear ownership of the assets, which is one of the reasons for the considerable delay in privatization. Either way, the ultimate social and economic impact of restitution remains unclear.

In all CEE countries, which were transitioning to a market economy then, a mix of different privatization methods and techniques (techniques) reflecting different ethical principles could be seen. The Czech Republic and Hungary, for example, are taking more or less pragmatic ways of privatization. We can hardly say the same about Bulgaria.

According to a number of sociological surveys conducted in the early 1990s, the majority of the Bulgarian population expresses a negative attitude towards privatization or unwillingness to participate in this process. Due mainly to political motivation, mass privatization techniques have not long been accepted as a form of ownership transformation due to the nature of property redistribution. It was not until 1996 that the process of mass privatization in the country began, which continued under different circumstances and ended with unclear results.

At the beginning of the transition to a market economy, the emergence of the private sector in Bulgaria, in particular the rapid increase in the number of small companies, was the result of the abolition of the state-owned monopoly, the over-concentration of production, and the spontaneous reaction of people to the process of social and economic democratization. Emerging entrepreneurs took the private initiative as a challenge, a way of

survival, a way to make good money. After several years of experience, many of them felt and realized themselves as agents of market relations. A comparative study of small firms (excluding firms in the agricultural sector) in Bulgaria, Slovenia and Hungary was dedicated to these problems, including ones related to ethical perceptions.⁴

The starting points at the beginning of the land return were laid down in the basic specifics of the Land Reform and Land Use Act. According to him, the land has to be restored within the so-called real limits, ie. everyone was to receive the same land owned by him or his heirs immediately before the collectivization of land in Bulgaria in 1946. This law was final as a solution and difficult to implement compared to the reforms undertaken in other CEE countries – Poland, Hungary, Czech Republic and others. This good intention in terms of fairness has in practice created enormous difficulties in its implementation. Given the dynamic social mobility of cities over the preceding 4-5 decades, many people have had to obtain land and assets that they cannot actually use. Much of the land and a large proportion of the former collective assets go to people who are no longer active or not engaged in agricultural production at all. The practical solution to the problem was to rent the land to others. The question arose however, why should land privatized by farmers be privatized so that non-farmers only can obtain it for the sake of letting it to former farmers? No wonder the former leaders of the cooperatives during the socialism (TKZS) became the new entrepreneurs (kulaks) in the villages. They knew how and managed to privatize the cooperative assets almost free of charge, as well as to have contacts with companies in the food industry.

As for the privatization of state-owned enterprises in Bulgaria, as well as in other CEE countries, investment (privatization) funds were used. There are questions about the nature of these funds, especially when compared to well-known institutional investors (mutual funds) in the Western capital markets. From an ethical point of view, for example, the question is what is the distribution of economic power in these new privatization funds in Bulgaria? The first ten and largest funds, created mainly by state financial institutions in 1996, had a book value of capital equal to that of the other 70 privatization funds as a whole. It was doubtful whether this was the right way to privatize through these gigantic institutions, because they were inexperienced and unprepared to create effective governance structures. In doing so, privatization had to take place over several years (the faster, the better).

Summarizing, one can ask: who are the new Bulgarian entrepreneurs? The answer is similar to that for the newly emerged then Czech entrepreneurs: small privatization (tenders) became a major goal for participants in the shadow (irregular) economy, while large-scale privatization favoured the "nomenclature". The latter have taken advantage of the exceptional opportunity to spontaneously privatize the assets of state-owned companies that

⁴ The survey for Bulgaria included 400 small companies (employing between 2 and 50 people, or an average of 12 people), located approximately 90% of the country's territory. The majority of respondents are owners, with about 90% of them being founders of companies. See Bartlett, Rangelova, 1996, p. 66-79; Bartlett, Rangelova, 1997, pp. 231-248.

are in the agony of privatization ("Society and Economy in Central and Eastern Europe", 1994).

4. Business ethics over the last two decades, including Bulgaria's EU membership

Following the adoption of the currency board in 1997, Bulgaria accelerated reforms on the path to building a market economy, stabilizing the financial and monetary system, taking decisive steps towards privatization of state-owned property (through the sale of strategic sites and the creation of worker-management companies), completion of land return, establishment of political and economic institutions, etc. With the adoption of the Treaty of Accession to the EU, the harmonization of legislation with that of the Union and the requirements of the modern market economy and democracy began to fulfil. Significant successes were achieved in the first decade of the new century. As a result of the reformed economy, FDI inflows, expansion of economic ties with EU countries, and others the country achieved rapid economic growth of around 5.5-6% annually until the crisis in 2008, converging to the average level of development in EU countries.

However, the existing political, economic and social systems in Bulgaria were old and new business ethics problems emerged, which are today's challenges related to building an ethical infrastructure on the market. Some of them are considered below.

The current situation in **the banking sector** is in line with the requirements imposed by the ECB in the EU. The presence of foreign (from EU) subsidiaries in Bulgaria, which hold about 72% of the total assets of the banking system, compared to about 22% of local banks, is characteristic. This limits political interference in this sector, but there are exceptions. However, it is difficult to maintain confidence in the banking system, even in currency board terms. Corporate governance in the banking sector needs to be better adapted to current legislation and the requirements of current European and world practice. For example, it is unacceptable to change the terms unilaterally by a bank in a contract already signed. Part of this process is the forthcoming entry of Bulgaria into the Banking Union and further into the Eurozone. The keywords for improving business ethics in the banking sector are transparency, qualified staff, good professionals, etc. (Rangelova, R., 1999).

The judicial system in Bulgaria has a very low-efficiency ratio. Interactions between prosecutors, judiciary and the police are ineffective, which is often mentioned in the EC's recommendations to Bulgaria's policy. The totalitarian nature of the prosecutor's office to control the entire country is enshrined in the Constitution of the Republic of Bulgaria of 1991. The unreformed judicial system has for years prevented Bulgaria from being accepted within the Schengen borders and into the European monetary mechanism. There is a sense of lack of the rule of law among the society.⁵

⁵ These data are confirmed in the Global Competitiveness Report (2019) at the Davos World Economic Forum. According to the indicator "Protection of property rights and intellectual property" Bulgaria is in 101st place, and in the "Organized crime" – in 111th place. Bulgaria's assessments of the efficiency of the judicial system, the reliability of the police system and the regulation of the economy are also too low.

Bulgaria and Romania acceded to the European Union on January 1st, 2007, under the conditions to continued reforms in the area of justice and the rule of law. The compromise was reinforced by a special monitoring mechanism called Mechanism for Cooperation and Verification (MCV). It is an instrument for influencing and continuing the work of the country in eliminating the imperfections of the court and the prosecutor's office, the fight against corruption and organized crime. On it, the European Commission monitors several points and makes recommendations. Each year the EC presents a summary report in July and an interim one at the beginning of the year. For 12 years, both the indicators and the political tone have changed, and with the impetus for change at the beginning, this instrument has proven to have no real impact. On the one hand, the Bulgarian institutions, dominated by the GERB government, with constant tricks, manage to circumvent the implementation of the recommendations. On the other hand, the European institutions, dominated by the GERB partners – the European People's Party – invent in the EC periodic reports on the state of Bulgarian justice an increasingly delicate statement to indicate the lack of progress.

It is encouraging for improving ethics that since the early 1990s young people in Bulgaria have been educated in the social sciences (economics, law, sociology, etc.) about market economy conditions and democratic principles. Since the mid-1990s, the discipline of business ethics has been introduced into the prevailing share of schools and many universities. Banking education, also education in finance and credit at the university is also widespread in high school. Postgraduate education in these subjects is expanded, as are various short-term courses. This means that young and competent people familiar with business ethics are already working in these areas. Scientific and expert work in business ethics, including scientific forums and other events, is encouraging (Ethics in the Bulgarian Economy, 2009).

Also **favourable for the dissemination of ethical behaviour** are the codes of ethics introduced in national, regional and local public institutions, various organizations, including corporations and companies (which can be found on the websites of the respective institutions). There are ethical committees for individual organizational units – permanent or established on a specific occasion. They are an indicator and a guide to the professional behaviour of different sections of society. However, more content remains to be invested in this activity.⁶

⁶ An example of a lack of actual work is the Ethics Committee of the ruling GERB Party in the country, established in 2019 with the aim of preventing compromised and corrupt individuals from candidates for that party in the local elections, which were scheduled for the end of October 2019. It was created in connection with reports of misuse of governing bodies at various levels with European funds. However, the Ethics Committee has acted unethically towards the public, disappearing from public sight all summer long, and has not ruled on any of the numerous corruption scandals surrounding the ruling party's self-serving mayors. The question is what the point of setting up such a committee is and who will be personally responsible.

5. Ethical dimensions in selected spheres of public life

Legislative activity and ethics

The legislative process in the National Assembly (NA) continues to be fraught with serious shortcomings. According to polls, people's approval of the National Assembly for years has been only 8%. Legislative changes are proposed without serious justification, most often there is a lack of cost and results estimates, and no efforts are made to inform citizens what is changing and what the consequences of the amendments will be.⁷ Most often the legislative initiative is motivated by arguments related to EU laws – 24.2%, as well as the inefficiency of existing legislation – 21.5%. The general impression of the public is that in many cases laws are written in favour of the big business and especially some of its representatives. The practice of passing bills by which other laws are amended in the transitional and final provisions is cited as dangerous in the cited study (38%). In 94.7% of the bills, there is no information on public consultations or discussions on the problems and reasons for the change. The reasons are almost always (92%) lacking the views of stakeholders. In 70.4% of the bills, there were no specified deadlines for achieving their goals. Most often (in 77.4%) the amount of funds that would be necessary for the implementation of the adopted new legislation is not indicated. In 96.4% of the cases, there are no mechanisms for assessing the costs and results of the relevant legislative initiative. A whopping 89.9% of the bills do not include any references to research and scientific expertise in their justification. This confirms the well-established notion that legislative changes are written without the assistance of competent specialists in the relevant fields. Moreover, in the current composition of the National Assembly of 240 representatives, less than 20 have a legal education.

A special Advisory Council on Legislation was therefore set up at the NA. However, its work failed to amount to something meaningful, forcing its chairman, respected lawyer Prof. O. Gerdzhikov, propose its disband.

Ethics, as well as the principles of government in the legislation in Bulgaria, are considered to be violated due to the fact that almost all adopted laws are based on the strong influence of the executive authority. The latter, in turn, is in line with the interests of the popular phrase in the country "hoops", that is, oligarchic firms that financially support political parties.

Freedom of speech – ethical dimensions

In recent years, the public media meet increasing disapproval in society. Media ownership is not clear and this has been maintained for years. However, it is not difficult for the public to understand whom they serve. Their coarse empowerment is being observed, appointing

⁷ This is indicated in the analysis of the legislative activity for the first two years of the term of the 44th National Assembly, made by the National Center for Parliamentary Studies. 388 bills are the subject of the study. See. Laws are passed without serious justification and public debate, July 15, 2019, available at: https://www.dnevnik.bg/politika/2019/07/15/3938390_zakonite_se_priemat_bez_seriozna_obosnovka_i/

people in positions of power without the necessary qualifications but convenient by political criteria. Instead, active journalists are isolated or threatened with dismissal, whose professional positions may be intimidated by certain executives or circles. The media seemingly enjoy freedom, but the tabloid media prevails and in practice, the public is not properly, objectively informed. The participation of journalists in public appearances by the government is restricted. For example, at the public announcement of the newly elected EC President and the Prime Minister of Bulgaria (September 2019 in Sofia), microphones were physically removed (not only switched off) in order to exclude media participation. Many of the statements do not demonstrate values and principles, and journalists use self-censorship to say what they are expected to say and which is politically correct.

This can be explained by the dramatic decline in Bulgaria's rating in the Press Freedom rankings organized by Reporters Without Borders.⁸ From index 38 for 2002, the rating has steadily and steeply increased to index 70 for 2010, 113 for 2016, having remained at 111 in the last two years (Figure 1).⁹ Thus, the country falls into the group of *those with visible problems*. For comparison, in 2018, Norway is the first, followed by other countries, including the EU-members: Netherlands – 3, Belgium – 7, Estonia – 12, Germany – 15, Latvia – 24, Spain – 31, France – 33, Romania – 44, Italy – 44, etc.

The picture could be summarised using the opinion of the Transparency International: “It is often unclear who owns which media outlets in Bulgaria and what political connections they may have. In addition, many outlets are financially dependent on state advertising, which may colour their reporting and affect any criticism they may otherwise provide to government authorities. Our chapter, Transparency International Bulgaria, is working to

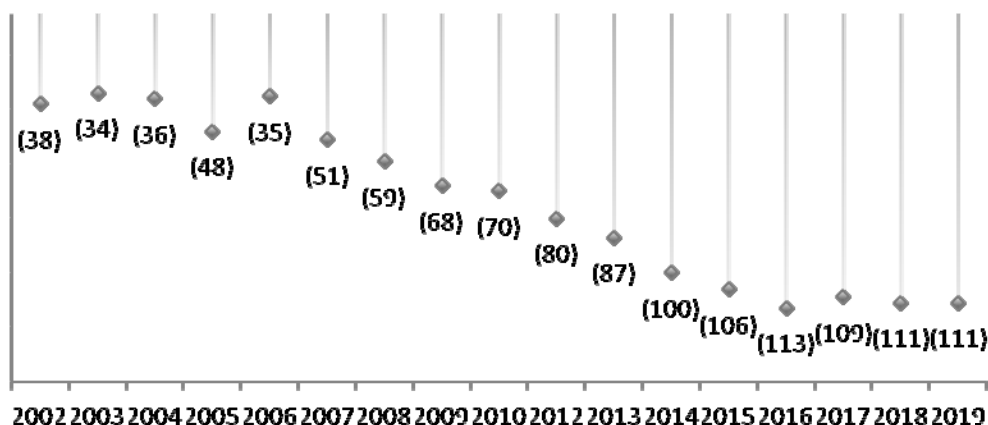
⁸ The Press Freedom Index is an annual media freedom ranking compiled and published by Reporters Without Borders. The ranking reflects the degree of freedom of journalists, the media and Internet users in each country, as well as the efforts of the authorities to respect that freedom. The assessments are based on the responses to a questionnaire created by Reporters without Borders and distributed to experts in all 180 countries surveyed. The questionnaire includes 87 questions on topics such as pluralism, media independence, media environment, self-censorship, legal frameworks in which the media operates, transparency, and the quality of the infrastructure that facilitates the production of news and information. The qualitative analysis criteria are combined and form a rating that takes a numerical value from 1 to 100. Each country is rated on this principle, with high index values indicating non-free media and low being free.

The World Press Freedom Index is an annual media freedom ranking compiled and published by Reporters without Borders, also known under its original name Reporters Sans Frontières. It is an international NGO based in Paris that conducts political advocacy on issues relating to freedom of information and freedom of the press. The ranking reflects the degree of freedom of journalists, the media and Internet users in each country, as well as the efforts of the authorities to respect that freedom. The estimates are based on the responses to a questionnaire created by Reporters without Borders and distributed to experts in all 180 countries surveyed. The questionnaire includes 87 questions on topics such as pluralism, media independence, media environment, self-censorship, legal frameworks in which the media operate, transparency, and the quality of the infrastructure that facilitates the production of news and information. The qualitative analysis criteria are combined and form a rating that takes a numerical value from 1 to 100. Each country is rated on this principle, with high index values indicating non-free media and low being free.

⁹ For a more logical understanding of the process of decline in press freedom, the graph is presented in negative numbers.

help monitor elections, engage citizens in speaking out and advocating for stronger anti-corruption measures across the country.” (Western Europe and EU, 2019).

Figure 1
World Press Freedom Index of Reporters without Borders, 2002-2018



Note: For a more logical understanding of the process of decline in press freedom, the graph is presented in negative numbers.

The shadow economy

The shadow economy is definitely related to the ethical dimensions of business. According to experts, the current level of the shadow economy (grey, hidden, informal) in Europe is about 20-25% of GDP. Three authors analyze the determinants of the shadow economy in 10 CEE member states, based on data from 2003-2016 (Navickas, Jušius, Navickas, 2019, pp. 1-14).¹⁰ Data shows that during this period the shadow economy is the lowest in Slovakia (about 14%), while it is highest in Bulgaria (about 30%). Despite the tendency for this economy to decline over time, it is important to understand which economic factors (variables) predetermine it and how they affect its size.

Empirical results lead to the conclusion that if the freedom of business or GDP per capita increases, the shadow economy will decrease. Furthermore, empirical evidence does not support the theoretical rule that when income tax burden increases, more people may switch to shadow activities to save money.¹¹ This also applies to the case of Bulgaria, where, since

¹⁰ The size of the shadow economy is measured as a percentage of GDP in a regression in which it is a dependent variable, and independent variables are as follows: income tax, unemployment rate, corruption level, income inequality, self-employment rate, freedom of business and two controlling independents – consumption tax and GDP per capita.

¹¹ The authors of the article suggest that this dependence may be due to a defect in the model and is most likely determined by other dependent variables.

2008, Bulgaria has the lowest direct taxes in the EU (10%).¹² The authors' recommendations to the governments of individual countries are to look more deeply at two other variables that affect high levels of the informal economy – corruption and income inequality, categories that are also relevant to business ethics. To address these issues, the Government must take complex decisions such as progressive taxes, increasing fines for illegal acts, introducing measures to increase tax morale, and more. The authors of the article conclude that more opinion polls and further analysis are needed through its results. In order to decline of the hidden economy, responsible government institutions, scientists and experts need to cover the processes more deeply and in detail by conducting studies of different groups of society. This will allow for a differentiated view and, with regard to the tax system, the identification of an "optimal" level of taxation, which would allow maximizing government tax revenue by reducing the size of the shadow economy.

Another study, conducted for Bulgaria, takes a different approach by calculating the Light Economy composite index.¹³ According to the authors, more and more companies are operating in the light today. The number of companies paying taxes and operating legally increases from 74.55% in 2017 to 79.10% in 2018. According to the report by 2023, 84% of the Bulgarian economy will operate "in light". The most widespread and the most problematic events in 2018 are the areas related to business ethics: employment relations; corruption and opacity in the selection of contractors; non-issuance of cash vouchers in the field of services. According to the authors, more attention should be paid to the planning and implementation of future actions to curb and prevent the informal economy.

Corruption in Bulgaria – Ethical Aspects

Corruption as an abuse of state power has been a major problem for Bulgaria over the past 30 years since the transition to democracy and a market economy. It is a major impediment in achieving economic and social progress to this day, including the foreign capital's fear to enter Bulgaria. The adverse impact of corruption practices in Bulgaria has been repeatedly reflected in EC monitoring reports,¹⁴ followed by sanctions such as suspension of the European Phare Pre-Accession Programs (2008) and others (Report from the Commission..., 2014).

As M. Dimitrov notes, the normal functioning of a market economy presupposes the presence of an effective administration with control over the fraudulent and corrupt economic behaviour. This also requires the presence of real democracy, separation and control between the authorities, an effective and independent judiciary, independent media, etc. However, tax fraud is widespread in Bulgaria and has a significant impact on the country's economic life. Adding to the unfavourable level of corruption, the high share of

¹² It has been proven in practice that even a significant reduction in the tax burden does not lead to a significant reduction in the size of the shadow economy.

¹³ Report of the Bulgarian Industrial Capital Association (AICB). National Center for Light Economy. Sofia. 1.07.2019 Available at: <https://www.investor.bg/>.

¹⁴ A mechanism for co-operation and verification through which the European Commission monitors the progress of the establishment of an independent judiciary, the fight against corruption and organized crime in Bulgaria.

the grey and black economies, this environment is a strong risk factor that threatens the stability and normal functioning of the economic system (Dimitrov, 2017, p. 39-43).

The widespread deployment of corrupt practices, the failed judicial system and the apparent lack of justice are among the most serious factors hampering the development of civil society and triggering a large-scale emigration wave, which in turn exacerbates the country's dramatic demographic crisis. The presence of persistent and pervasive corruption scandals affecting prime ministers, ministers and MPs, as well as the refusal to hold them accountable for their crimes (the most common measure is removal from office), devalue not only democratic values but also confidence in politics. As a result, instead of through responsibility and active action, society reacts with apathy and personal survival behaviour. As is sometimes found, corruption practices have taken hold of state institutions to a degree that threatens national security and poses a direct threat to statehood.¹⁵

Bulgaria was first included in Transparency International's (TI) Corruption Perceptions Index (CPI) in 1998 at 2.9 (29).¹⁶ Over the period from 1998 to 2002 it significantly increased up to 40 (Fig. 2). In 2002-2007 the CPI remained at almost the same level. This was a successful period of development during which Bulgaria was vigorously preparing for EU accession. GDP grew significantly, which has been reported as a success in counteracting corruption (Rangelova, R., 2010, 196-201). In 2005, Bulgaria had a higher index than countries close to it, such as the Czech Republic, Croatia or Greece. In 2008, the country with index 36 reached the bottom of the EU-wide corruption ranking with an average index of 65. This ranks Bulgaria last in the fight against high-level corruption and organized crime, as well as the lack of evidence that bribery is punished. Moreover, even countries such as FYR Macedonia, Turkey, Albania and Romania have marked an increase in CPI, which means improving the anti-corruption environment. As noted in the 2008 TI Report: "Over the last two years, corruption in public procurement and strategic concession contracts, paralyzed by corrupt structures of the justice system and abuse of EU funds intended to modernize the country – for which it was recently imposed sanctions – have reversed Bulgaria's progress so far, severely damaged its international reputation and diminished confidence in national institutions." The CPI for Bulgaria remains at a low level in the three years following the global economic crisis in 2008. In 2011, the country's index was 33 and the country was 86th in the TI ranking. Since then, the CPI has risen to a little over 40, but it remains permanently at this low level and our country is in the position of the most corrupt in the EU.

In the TI survey for 2018, the feeling of corruption in Bulgaria continues to be highest among EU countries. Among the 180 countries surveyed in the world, Bulgaria ranks 77th with CPI 42 at the EU average 66.¹⁷ Romania ranked 61st with CPI 47 has reported progress in recent years, gradually moving ahead of Bulgaria. Despite EC monitoring under the

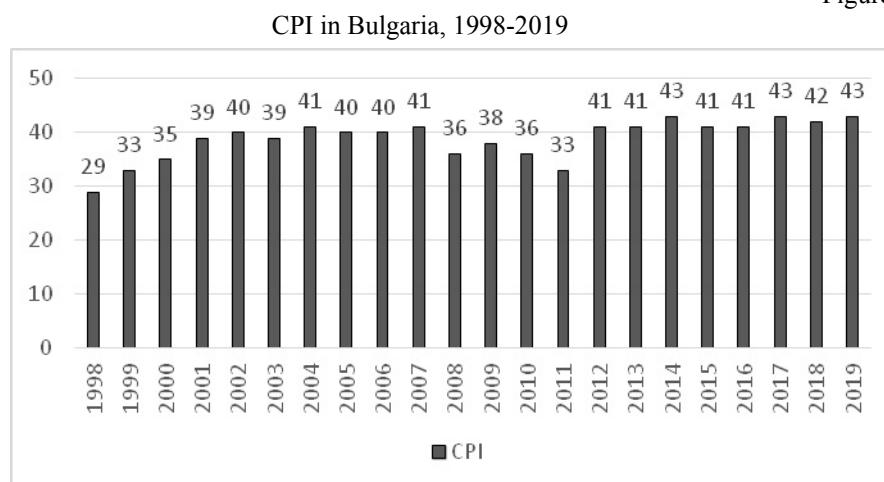
¹⁵ See: Historical overview of corruption in Bulgaria during the years of democratic transition (1989-2014). The Corruptionist Bulgaria Project, 2016. America for Bulgaria Foundation. Libertarian Civil Society.

¹⁶ By 2011, the CPI are reported on a scale of 1 to 10, and then transferred to a system of 1 to 100. This study uses the current used scale.

¹⁷ With CPI 42 for 2018, Bulgaria is commensurate with countries such as Burkina Faso, Ghana, India, Turkey, Lesotho, Kuwait. Available at: <https://www.transparency.org/cpi2018>.

MCV, Bulgaria remains last among the EU countries. By latest estimates (2019), the best achievements in terms of high CPI have the Scandinavian countries, with Denmark – 87, Finland – 86, Sweden – 85, etc., but very close to Bulgaria (43) are Hungary and Romania – 44.

Figure 2



Source: TI.

It turns out that Bulgaria's EU membership has not only not had a positive impact on the fight against corruption in power, but has a deterioration. This is mainly due to the lack of political will and hence the lack of anti-corruption measures taken, and to the tolerance of the public for corrupt practices in power. Romania, which was traditionally after or around Bulgaria, has already registered better development. It has long been recognized that Bulgaria needs a new approach to counteract corruption. In the upper echelons of power, employees are subject to financial temptation and dependence, and they want to emulate the material conditions of the Western European way of life. Officials may have less resistance to corruption because, in many cases, they have been catapulted from lower positions of authority and therefore lack a sense of mission and responsibility.

The main areas of corruption are the following: strategic concession deals, public procurement, the judiciary and misuse of European funds, which undermine the country's international image and diminish confidence in the institutions. In the TI Report 2008 is stated that in Bulgaria, the majority of citizens do not trust the political institutions and do not feel well represented. Supervision of party funding is limited and the country lacks independent and transparent media. It is not clear who owns certain media, many media are financially dependent on state advertising, and this may affect their work and the criticism they would otherwise apply to government authorities. Urgent action is needed to combat political corruption at the top of power, but there is no political will to take such action. A widely shared opinion by experts and the public is that it is unacceptable for high-level

corruption officials or just people caught in a conflict of interest to be dismissed with gratitude for a job well done. They should be fired and sent to the prosecutor's office.¹⁸

The trends in the change of the CPI indices for Bulgaria point to the main conclusions. *Firstly*, during economic progress, corruption seems to be diminishing and vice versa is during times of economic and political hardship. *Secondly*, with the distance from the central planning period, there is a tendency for corruption to increase. This means that no direct link to the legacy of state socialism can be sought and the reasons for this can find in the fundamentally different conditions of the two systems – totalitarian management with limited channels of corrupt transactions with limited financial resources under socialism in difference with the current reality of a market economy and its peculiarities. It turns out that even in conditions of democratic governance, schemes and lasting forms of corruption can be built on the levels of power. *Thirdly*, it is unacceptable for Bulgaria not to experience a positive change in reducing corruption over this relatively long period of EU membership. This means that the measures taken at the national management level, as well as the activities of individual anti-corruption organizations, have no influence.

6. Empirical findings for emerging and developing business ethics in Bulgaria

Survey 1996

The study of business ethics examines business practice in the light of human values. The author of this article organized and conducted a public opinion poll on business ethics in Bulgaria in 1996. Its results give an indication of the ethical infrastructure of the emerging market in the then emerging then market in Bulgaria, and more generally, of the ethics of the Bulgarian society and of the emerging business culture in the country in the initial phase of transition. The purpose of the study is to outline the state of business ethics in Bulgaria, to seek connections with political and economic problems and traditions.¹⁹ The results obtained serve as a concrete basis for a critical review of business ethics, as well as for finding the necessary questions and ways to improve the ethical climate in the country (Rangelova, 1997, p. 220-229).²⁰

In terms of morality and ethics, the real situation in Bulgaria is rated as “rather bad” by 71% of all respondents, “very bad” by 23% and “rather good” by only 6%.²¹ The overall average score of all groups is 3.15 with an average estimate of the state of Czech society

¹⁸ Available at: <http://www.transparency-bg.org/>.

¹⁹ It should be noted that it is extremely difficult to empirically and accurately measure ethical values. Using questionnaires as research tools, researchers are aware that they provide more data on *ethical principles than on ethical behaviour*.

²⁰ The total number of respondents in Bulgaria is 300, distributed evenly by groups. These groups are as follows: management students, law students, economics scholars, business representatives (over 50% of their companies work in sales and distribution, others work in manufacturing, industrial and financial services), workers and public servants: teachers, journalists, economists, administrators, agronomists, translators, editors, accountants and more.

²¹ The using scale is: 1 = very good; 2 = somewhat good; 3 = a little bad; 4 = very bad. The average scores for each group are 3 (for businessmen) and above (for others).

2.89 for the population, including 2.91 for Czech companies and 2.78 for foreign companies.²² Judging by these results, we can conclude that either the situation of Bulgarian society in terms of ethics and moral behaviour is worse than that of Czech society, or Bulgarians are more critical of reality (or both).

The issues of good business ethics in the philosophy of politics and operations of the respondents in Bulgaria are very important for the overwhelming majority of the respondents – 64%, somewhat important – for 25%, slightly important – 9.5%, and they have little importance – for only under 2% from them. In the case of the Czech Republic survey, this issue is very important for 76% of Czech companies and 82% of foreign companies.

Respondents evaluate the situation in selected areas of Bulgarian society in terms of ethics and moral behaviour as follows. The most unethical behaviour one can feel is in political life (MPs, government, political parties), followed by justice and police, as well as people in their daily lives. The most favourable is the attitude towards foreign companies and foreigners in Bulgaria. The ranking of these areas of Czech society is approximately the same, but all average scores are below 3, which means they are "very good" or "somewhat good". Another difference is that Bulgarians are more critical of their daily lives than Czech respondents are. Both studies show good treatment of the media and journalists.

Similar questions were asked in another poll conducted in Bulgaria by the National Center for the Study of Public Opinion (September 1994).²³ It turned out that in terms of morality and integrity, public opinion ranks the professions in descending order as shown on Table 1.

The reasons for ethical and moral problems in business and commerce are divided into three groups, the first being the strongest one related to the reproach of economic reforms and inefficient institutions that do not account for ethical behaviour; the second – with the mentality and rules of behaviour in Bulgarian society, disregarding ethical rules, and the third, with the least influence – with a legacy from the past of state socialism.

The reasons outlined above also suggest ways to reduce ethical problems, which are predominantly based on (in descending order):

- new stricter laws and their consistent implementation;
- education (family, school and influence of different organizations);

²² This survey was conducted within the PHARE ACE Program Building the Ethical Infrastructure of the Market project. Leader: CERGE-EI, 1995–1996. The main difference between this study and the study in the Czech Republic is that the latter examines the ethical climate in entrepreneurial circles, covering both domestic and foreign companies, while in Bulgaria the nature of the questionnaire is taken into account to reflect business ethics throughout society, and not just businessmen. Due to the parallel conduct of the survey in Bulgaria and the Czech Republic, the results obtained are compared in some places.

²³ See: Banker, (weekly newspaper), Sofia, October 3, 1994.

- increased government and parliamentary attention, as well as public attention, the media and journalists;
- consistent removal of the old communist nomenclature from the management of the companies.

Table 1

Ranking the professions according to their level of morality and integrity, 1994 and 2019

№	Year	
	1994	2019
1	teachers	teachers
2	TV journalists	military
3	military	radio journalists
4	radio journalists	priests
5	medicals	medicals
6	priests	TV journalists
7	newspaper journalists	lawyers
8	judges	bankers
9	lawyers	police
10	bankers	judges
11		newspaper journalists
12		prosecutors
13		politicians

Sources: Banker, (weekly newspaper), Sofia, 3 October 1994 and the author's survey from 2019.

Bulgarian respondents focus on legality, while Czech respondents place the role of education first. In both studies, the factor "the consistent removal of the old communist nomenclature from the management of companies" came last.

Violation of ethical standards has economic consequences. Almost all companies in the Czech Republic are convinced that bad business practices cause additional costs for them. Traditional companies are most seriously affected. This very important fact, indirectly illustrating the results, shows that "pay ethics" is less evident in the Bulgarian survey.

The predominant majority of respondents in Bulgaria (57.5%) agree that without active intervention, the moral state of society will not improve. This group consists mainly of researchers and law students. They are followed by those who think that these are temporary problems that will disappear over time (38%). Employees are most represented here. The proportion of respondents who think that there is nothing they can do about the current situation is very small (4.5%). Interestingly, these respondents are among management students and workers.

The Bulgarian respondents expressed their opinion on some personal characteristics that are important for the success of the business. First, they put the ability to learn new things, creativity and innovative approaches, followed by good contacts and patronage, and the negative traits of "power and corruption" and "ruthlessness and the ability to pretend" are placed last.

In general, the main conclusion can be drawn that the authorities (government, parliament, state administration) in Bulgaria in the early years of the transition provoked the disapproval of the people. Political and legislative systems often do not demonstrate or promote ethical behaviour. People need legitimacy, security and control. Effective action is needed to judge individuals who have personally benefited from their positions. However, it is more important to lay the foundations for a principled attitude to this phenomenon.

According to the results, women place greater importance to ethical and moral behaviour than men do. Women and students are more critical about ethical aspects than other groups. Businesspersons have a broader perspective on problems. They are more critical when they have to give an opinion on social and economic life in general and are less critical if the opinion relates to their activity.

Survey 2019 – Comparison of Results

In order to find answers to the questions about how ethics is assessed in Bulgaria today and whether there are changes after more than 20 years, a survey was conducted in 2019 of a sample based on the previous questionnaire.²⁴ The aim is to get a more up-to-date look at ethics, more so additional questions are asked and to make some comparisons with the results of the 1996 survey.

Respondents' answers to the comparison of the morality of the 1990s in Bulgaria and today are quite heterogeneous – the highest percentage, one third say that the picture is worse, the next ones are the ones with the answer – the same – one quarter, improved – over one fifth (22.2%) and changed, but not in plus or minus sign – 14.8%. According to 3.8% of the respondents today, we see a moral decay.

More than two-thirds of those polled are aware of good ethics as very important in politics and business operations; in just over a quarter, it is somewhat important and 7.4% rather insignificant. Given the nature of the sample of respondents and its difference with that of the 1996 survey, it is striking to maintain too close percentages in assessing the importance of ethics for such a long period.

The respondents' opinion on the comparison between the ethics before 1989 and the present can be tentatively followed. Of course, only those who have direct impressions answer this question, which is 54 in number. More than half of them (55.6%) think that the ethical environments of state socialism and the market economy today are too different to compare, but the proportion of those who believe that the previous ethics was better than the current one is 25.9%. In support of today's ethics, 11.1% are declared.

It is interesting to compare the different professions according to the level of morals and honesty of their representatives (Table 1). The comparison leads to some conclusions: (a) Generally speaking, there is a good opinion for teachers as rank leaders and of the military,

²⁴ Total 60 people were interviewed, 25% of them aged 30-40 years, 50% of those aged 40-60 and 25% of those aged over 60. Almost all of them are directly involved in scientific activities in economics – lecturers at various universities and researchers at the Bulgarian Academy of Sciences.

which have an increasingly limited role over time due to their diminishing number and importance. The opinion for priests who played an unfavourable role in the 1990s for schism in the church is increasing. Medical doctors keep their positions, and there is a movement among journalists – increasing the confidence in radio journalists at the expense of TV journalists and reducing this to newspaper journalists. At the bottom of the rankings, that is, the most unethical behaviours are representatives of the law-enforcement system, police officers and politicians (MPs, government, political parties). These general findings are in line with both the results of the 1996 survey, 1994 data and the analysis in the rest of the article.

Nearly three-quarters of those surveyed say that the moral level of society will not improve without active intervention, about one-fifth believe that there is nothing they can do about the current situation, and only 7.7% think these are temporary problems that will disappear. The active interventions include: increased attention from the government and parliament, the introduction of new stricter laws and their consistent implementation, increased attention from the media and journalists, increased education in this area (family, school and influence of various organizations) and more.

The question is whether Bulgaria's EU membership has influenced business ethics for 12 years. Regarding the introduced common rules and standards, legal regulations, and so on by equal percentage (42.3%), they said that it had influenced to improve or remain the same, and according to 11.5% the membership had influenced the deterioration of ethics. Another focus is on how the EU membership has influenced business ethics through the international environment, opening the country to the world, and more. Half of those polled believe that the ethics are the same as before the membership, more than a third have improved, and according to 11.5%, membership (as in the previous question) has influenced the deterioration of ethics.

Conclusion – Challenges to Business Ethics in Bulgaria

As a result of the analysis of the established and practised business ethics in Bulgaria over the last 30 years, some generalizations and recommended actions can be outlined with regard to the further development of a sustainable ethical environment in the already established market economy of Bulgaria. Among them are the following:

- The economic development of the country is expected to accelerate in order to achieve a significant increase in the incomes of the population, reduction of poverty and the difference between the incomes of the poor and the rich. Then the view of the poor in terms of business ethics will be encouraged. Something that has not yet taken place in the country because of the great difference between the poor and the affluent is to develop a strong middle class that can organize a stable civil society.
- Another very important issue is to change the established public institutions in order to be effective in their activity and ethics. This concern, first of all, the higher echelons of power, who so far indicate that they have little interest in such a change. If economic and social policies are stable and well regulated, the rules for relations between the

government and the various agents (entrepreneurs, trade unions, society, etc.) are well defined and their cooperation is transparent and publicly controlled, there is a better chance of social responsibility.

- It is very important for people to realize that they themselves have to take their share of the individual responsibility for the whole society. The role of informal organizations is increasing, as are non-governmental (non-profit) organizations or other intermediary structures that would support the spontaneous initiative of citizens. Before that, however, NGOs in Bulgaria themselves have to reevaluate their role, which largely supports clientelism and corruption in the name of their own existence. These organizations must seek greater connection with, and influence over, society.
- The discipline of business ethics should enter into broader courses in economics and business administration, organized by Bulgarian universities and various management training centres. It is appropriate to introduce the subjects of studying the shadow economy and corruption as social phenomena.
- Existing and emerging institutions, companies, associations and other organizations, incl. NGOs should initiate public discussions, scientific conferences and other business ethics initiatives, and conduct ethics education and training programs to promote ethical behaviour.
- The media in Bulgaria should take on the role of the fourth authority to promote ethical standards and business ethics in public life. However, in the current period, the media themselves need a strong and painful reform to be able to do so.

References

(* means the publication is in Bulgarian)

Activity Report for 2018. Transparency International, Sofia.

Argandoña, A. (1996). Economic Ethics and Institutional Change. WP No 302, Published by the Chair of Economics and Ethics. IESE Business School – Universidad de Navarra, January 1996.

Bartlett, W., Rangelova, R. (1997). Nature and Role of Small Firms in Bulgaria. – In: Jones, D. C., Miller, J. (eds.). The Bulgarian Economy: Lessons from Reform During Early Transition, Ashgate, pp. 231-248.

Bartlett, W., Rangelova, R. (1996). Small Firms and New Technologies: The Case of Bulgaria. Chapter 6. – In: Oakey, R. (ed.) New Technology-Based Firms in the 1990s, Paul Chapman Publishing Ltd., pp. 66-79.

Bohata, M. (1997). Business Ethics in Central and Eastern Europe with Special Focus on the Czech Republic. – Journal of Business Ethics 15, p. 1571-1577.

Ethics in the Bulgarian Economy. Proceedings of the Sixth National Conference on Ethics. Institute of Philosophical Studies at the Bulgarian Academy of Sciences and University for National and World Economy, 11-12 June 2009. University Publishing House "Stopanstvo", Sofia.

Galbraith, J. K. (1996). Economics in Perspective (A Critical History). Copyright 1987 by J. K. Galbraith, Publishing House "Christo Botev", Sofia.

- Historical overview of corruption in Bulgaria during the years of democratic transition (1989-2014). The Corruptionist Bulgaria Project, 2016. America for Bulgaria Foundation. Libertarian Civil Society.
- Laws are passed without serious justification and public debate. National Center for Parliamentary Research, Sofia, 15 July 2019, available at: https://www.dnevnik.bg/politika/2019/07/15/3938390_zakonite_se_priemat_bez_seriozna_obosnovka_i/.
- Dimitrov, M. (2017). The European Debt Crisis, Institutional Quality and Economic Growth in Bulgaria. – In: The Impacts of the European Debt Crisis on the Processes of Economic Integration in the European Union. Bulgarian Academy of Sciences, Macedonian Academy of Sciences and Arts. Sofia/Skopje, GorexPress, pp. 32-48.*
- Navickas, M., Juščius, V., Navickas, V. (2019). Determinants of Shadow Economy in Eastern European Countries. – Scientific Annals of Economics and Business 66 (1), pp.1-14 DOI: 10.2478/saeb-2019-0002.
- Rangelova, R. (2010). Corruption and Economic Growth. – In: “Ethics in the Bulgarian Economy”. Proceedings of the Sixth National Conference on Ethics. Institute of Philosophical Studies at the Bulgarian Academy of Sciences and University for National and World Economy, 11-12 June 2009. University Publishing House “Stopanstvo”, Sofia, pp. 196-201.*
- Rangelova, R. (1999). Banking Sector and Business Ethics in Transition Countries: The Case of Bulgaria". Proceedings of the International Conference "Regional Economics and Development", Vilnius University, Kaunas Faculty of Humanities, Lithuania, 21-22 October.
- Rangelova, R. (1997). Building the Ethical Infrastructure of the Market in Post-Communist Countries: The Case of Bulgaria. – Business Ethics: A European Review, Vol. 6, N 4, 4 October, pp. 220-229.
- Report from the Commission to the Council and the European Parliament. EU Anti-corruption Report. Brussels, 3.2.2014. COM(2014) 38 final.
- Society and Economy in Central and Eastern Europe. Proceedings on an International Conference on Ethics and Economics "Economic Policy, Social Justice and Society in Central Europe", Budapest, 22-24 September 1994, ed. by L. Fekete. Published by the Budapest University of Economics Sciences, Vol. XVII, No 5.
- Update Report of the Composite Index on Light Economy as of June 2019. National Center Economy of Light. Association of Industrial Capital in Bulgaria. 7 July 2019, available at: <https://www.investor.bg/>.
- Western Europe and EU: stagnating anti-corruption efforts and weakening democratic institutions. In: “How Corruption Weakens Democracy”. International Transparency. Surveys. 29 January 2019. Available at: <https://www.transparency.org/news/feature/cpi2018-western-europe-eu-regional-analysis>.