

THE COMPETITIVENESS OF SMALL ENTERPRISES IN BULGARIA – CURRENT SITUATION

On May 29th 2008 in the European College of Economics and Management (ECEM), Plovdiv a Roundtable on Improving the Competitiveness of Small Enterprises took place. The whole undertaking was a joint researching project of the European College of Economics and Management and the Institute of Economics at the Bulgarian Academy of Science (BAS). It is part of a wide-ranging program of the college for joint activities with other universities, scientific organizations and institutions. The reports, discussions and statements have involved most of the college academic community, students and outstanding scientists from the Institute of Economics at BAS. The practical application of the discussed subjects has been ensured by the impressive participation of company managers from various economy sectors, doing business in Plovdiv City and Plovdiv District, as well as by the presence of Executive Agency for Promotion of Small and Middle-sized Enterprises' representatives, Bulgarian Industrial Association, Association for Plovdiv, the district and municipal administration of Plovdiv, the Union for Citizens' Economic Initiative, European Innovation Centre, banking sector, etc.

Important input in the forum with reports, statements and opinions expressed in the discussions made also: senior assistant professor Georgi Georgiev, Technical University - Sofia, Plovdiv branch; Professor Georgi Kuzmanov Ph.D., ECEM; Associate Professor Georgi Mishev, University for National and World Economy; Associate Professor Pavel Paskalev, Agricultural University-Plovdiv; Vasil Georgiev, business manager; Professor Georgi Bogoev Ph.D., ECEM; Ivan Sokolov, CEO of International Fair - Plovdiv; Boyko Boev, manager of Nordix TC; Dimitar Blagov, manager of Blagov Winery; Georgi Grigorov, Deputy Mayor of Plovdiv municipality; Gencho Bojilov, manager of Exact Engineering; Neno Lazarov, SG Expressbank; Alexandar Arangelov, SG Expressbank; Dimitar Blaskov, manager of BC INSART LTD.; Dimo Zafirov, manager of BIG Ltd. Plovdiv; Stoyka Masheva, Vegetable Cultures Institute Maritza - Plovdiv; Miroslav Mikov, Vegetable Cultures Institute Maritza - Plovdiv; Hristo Nikolov, quality manager of Bibov & Co. Ltd.; Ass. Prof. Rayna Balabanova, ECEM; Maria Deneva, financial director of Moni MG Ltd.; Tosho Stoyanov, SG Expressbank; Hristo Ivanov, manager of Artistico Co.; Dimitar Mihov, sales manager of Artistico; Associate Professor Victor Hristov, ECEM; Ivan Stoilov, manager of Dema Ltd.; Dimitrina Gineva, Holtzma Tech Ltd.; Suzana Nikolova, Deputy Chairperson of the Municipal Council of Plovdiv; Senior Research Associate Vasil Tzanov, the Institute of Economics at BAS; Georgi Getov, Ph.D., of the Institute of Economics at BAS; Hristo Angelov, the Institute of Economics at the BAS; Zlatomira Draganska, Executive Director of the Tobacco Factory - Plovdiv; Senior Research Associate Rositsa Chobanova Ph.D., the Institute of Economics at BAS; Senior Assistant Professor Yordanka Liubetska, Ph.D., ECEM; Professor Ivan Ivanov Ph.D., ECEM;

Professor Maria Kapitanova, Ph.D., Deputy Rector of ECEM; Professor Mariana Mihailova Ph.D., ECEM President; senior assistant professor Maria Stoeva, ECEM; Professor Jelka Genova Ph.D., ECEM; Senior Research Associate Radka Ileva Ph.D., Institute of Economics at BAS; Senior Research Associate Pobeda Lukanova Ph.D., the Institute of Economics at BAS; Associate Professor Tzvetan Kolev, Rector of ECEM; Senior Research Associate Mitko Dimitrov Ph.D., Director of the Institute of Economics at BAS; Asen Popov, ECEM; Boris Popchev, manager of AIBO-S.

Participants in Roundtable were welcomed by ECEM President, *Professor Mariana Mihailova, Ph.D.*, who expressed her gratitude for their interest and related experience in the selected topic reflecting an important aspect of Bulgarian economy. She thanked her colleagues from the Economy Institute with the Bulgarian Academy of Science and EI Director for their efforts and support in organizing the forum. Professor Mihailova asked the two co-organizers – Senior Research Associate Mitko Dimitrov Ph.D., Director of the Institute of Economics at BAS and Associate Professor Tzvetan Kolev, Rector of the European College of Economy and Management, to open the forum.

Senior Research Associate Mitko Dimitrov Ph.D. pointed out that through an open and long enough exchange of opinions the Roundtable would allow the researchers, trainers and businessmen to discuss various ideas and solutions how to improve the competitiveness of Bulgarian small enterprises.

Associate Professor Tzvetan Kolev announced that the Roundtable Agenda included two plenary sessions, the first one dedicated to analysis of the factors for improving small enterprises' competitiveness, and the latter dedicated to the establishing of the essential elements contributing for supportive business environment.

The moderator of the first session, *Professor Georgi Bogoev Ph.D.* announced that the Agenda envisioned four reports of the following authors: Senior Research Associate Radka Ileva Ph.D., Professor Georgi Kuzmanov Ph.D., Senior Research Associate Rositsa Chobanova Ph.D. and senior assistant professor Georgi Georgiev.

In her report *Company Strategy – competitiveness' crucial factor in the unified market environment* *Senior Research Associate Radka Ileva Ph.D.* emphasized that the accession of Bulgaria to the European Union and therefore to the unified European market has caused significant changes in Bulgarian economy, related to sector characteristics and circumstances. That is a huge challenge for Bulgarian companies' management and strategies, the managerial preparedness for adequate and appropriate decisions, the skill to create and prove enterprises' strategic advantages in the new environment. All these changes cannot be fulfilled if companies are not prepared for them in advance in a strategic plan. The preparation includes: analysis and prognosis of the changes; reconsidering the competitive advantages from the perspective of situational factors and the intrinsic strengths and weaknesses of companies; optimizing their business portfolios and risk characteristics and synergy of

their systems for instrumental market positioning. Preparedness of Bulgarian companies in regard of their future strategies is of utmost importance not only for their competitiveness but also for the total process of their successful and effective economic presence on the Unified European market, and sometimes (probably very often) for their survival there. The author expected many significant changes in the micro-economic company pricing. These prognostications were founded on the results of interview-based survey – part of the scientific research agenda of the Institute of Economics at BAS.

In his report *"Development of personnel's skills and competence in small enterprises"* Professor Georgi Kuzmanov Ph.D. emphasized how important it was to improve employees' skills and competence, since that was a key factor for increased enterprise competitiveness. In spite of the importance of that factor, sociological researches conducted at SME level have not managed to point out the need for SME to develop human resources and entrepreneurial competitiveness. That results from the fact that traditional researches for human resources' development usually cannot explain clearly that relation. Until now most researches have focused only on the usual methods for workers' training that are understandable from the perspective of the invested time and financial resources in employees' training. That formal knowledge is provided by educational institutions that usually give a certificate for the undergone training. Nevertheless, enterprises in general and SME in specific use other methods for skills and knowledge development of their human resources. These are the so-called informal methods, involving training through action, visits in other enterprises, maintaining a dialogue with clients and providers, meetings for personal development, rotation of workplaces, collective gatherings, etc., all of them very important for SME.

Professor Kuzmanov attempted to answer the question, "Why is it so important for SME to invest in improvement of workers' skills?" The European answer is that enterprises in general and especially SME pay more and more attention on the relation between knowledge, skills and capacities, since the importance of these three factors' development is crucial for improved competitiveness. The author concluded that the successful company includes not only a portfolio of the provided products and services but also a portfolio of capacities for satisfying clients' needs. Therefore, entrepreneurs have to organize their activities in a manner allowing the training of the whole personnel through continuous up-to-dating of workers' knowledge and skills in order to maintain and improve their competitiveness. Continuing his thesis for connection between personnel competence with the enterprises' competitiveness Professor Kuzmanov considers and makes conclusions on the basis of a pilot interview survey among over 700 companies, mostly from South Central Region of Bulgaria, of them 176 small enterprises with personnel under 50 persons. These conclusions are:

1. Many companies (42%) report a need of qualified workers.
2. Over half of the interviewees (61.36%) think that the company they work for needs to improve its staff's skills and competencies.

3. Companies implement – even insufficiently – different forms of competence, development, giving priority to the informal methods.

4. Still, very few companies use consulting services (8%) for improving their personnel's skills and knowledge, as well as training in educational centers (8%). One fifth of them rely on their clients, competitors, suppliers, friends, etc., for expertise and information. That is the most popular path for access to information.

5. A small part of the companies (between 10 and 15%) use methods for development of internal competencies such as attending exhibitions and trade fairs, training courses and seminars with trainers from external organizations, as well as seminars with trainers from the company. The most popular method for development of internal skills and competencies of staff is mentoring.

6. In 68.18% of the companies there is no employee or special unit responsible to determine the necessary skills and competencies, and if there is such a focal point, it is the owner (in 56.67% of all companies) and the managers (in 25.56% of companies). Skills and competence development is a primary responsibility of the management who is in charge to program HR development.

7. In many companies there are no formal trainings, mostly because of insufficient budget and lack of appropriate training courses. 58.97% of the interviewed companies believe that there are no obstacles impeding their participation in programs and training courses for improvement of qualification and competence.

8. Companies conducting training courses for improved competence carry them out mostly after the working hours and their duration is up to one week.

9. Companies' personnel needs in highest degree language training, acquiring of specific vocational and ITC skills.

10. The main reasons for insufficient formal training are limited budget and lack of appropriate training courses.

11. What interviewees expect after the training for improved skills and competences is higher qualification and an opportunity to contribute for company development.

On the grounds of the survey, the author summarizes that Bulgarian small enterprises do not fully utilize different forms for developing the skills and competences of the human resource. There is visible low culture of management, limited experience in strategic business planning, so Bulgarian companies face development difficulties and setbacks when applying under grant programs, mostly because they lack knowledge and capacity for drafting of viable project proposals. In the same tome, the relations between small enterprises and consulting companies, that are the logical source of knowledge and professional support in these areas, are sporadic and undervalued.

According to Professor Kuzmanov, that situation requires certain measures aimed at improving the skills and competence of small enterprises' personnel to be implemented, including provision of available and high-quality consulting services, in order to overcome the lack of necessary management culture and skills. That measure should be combined with efforts to raise enterprises' awareness on the benefits of

such services e.g. increased effectiveness and productivity. The effects would be maximized if consulting services were really easily accessible and available (as location and as sensible price) and of better quality (through introducing of equally high standards for services). The improved quality and accessibility of these services will improve small enterprises' trust and will allow them to unleash their full potential with the assistance of external experts. Consultancy is very beneficial for start-up companies as a means of support in the initial period of their development, in meeting specific for the sector requirements and standards, or in specific areas, for example environmental protection, energy efficiency and support for the promotion of export (information, networking with potential partners, etc.) and drafting and managing of projects under different financial plans for SME. The author believes that the largest coordinated statutory initiative in the area of business services is the JOBS Project of the Ministry of Labour and Social Policy, implemented with the financial support of UN Development Program.

"Investments, innovations and competitiveness of SME" was the subject of *Senior Research Associate Rositsa Chobanova Ph.D.* report. Its main thesis is that innovations are the core of small and middle-sized enterprises' competitiveness. In the same time, it reports that most SME cannot afford to invest in modernization that will make them competitive in the international market. In that relation the vital role of trade associations is emphasized. They can unite their efforts and coordinate the launching; funding, implementation and utilization of results of the research and other innovative actions contributing to the improving of SME competitiveness. On the ground of "face-to-face" interviews with representatives of 351 Bulgarian enterprises the following general measures for all small enterprises have been outlined:

- renewal of technology infrastructure, facilitating communications and provision of adequate in quantity and quality information and services in electronic format;
- providing assistance to academic and University institutions for renewal of their equipment that can be used for training, research and production alike;
- providing assistance to enterprises in their training for higher qualification, acquiring new skills that will improve labour quality and productivity, and standardization of the production or services and acquiring of certain certificates and licenses.

Senior assistant professor Georgi Georgiev presented his report entitled *"University – business relation as a factor for increasing Bulgarian companies' capacity for utilization of EU Structure Funds"*. The work was based on the results of a national survey on the entrepreneurs' capacity to utilize the financial resources from EU Structure Funds. The survey's results analysed in the context of report's aims, show that:

- most companies view the partnership with Universities as an important factor for their development - 54% (13% assess it as very important and 41% - as important);
- only 14 % of all companies cooperate with a scientific institution and 21% of them cooperate with a scientist;

- the relationship “company – scientific institution” is the typical form of cooperation for the companies located in Sofia (27.6%), for those with over 250 employees (33.3%) and those dealing with tourism (40%) and financial services (33.3%);

- the level of cooperation depends on the size of the settlement, for example in Sofia and large cities 45% of the companies have that practice.

The main conclusions of the survey are as follows:

- Bulgarian business is not accustomed to cooperate with scientific organizations.

- Large companies are most active in the interaction with representatives of the scientific community, especially those dealing with communal services, tourism and financial services.

- Currently, the prevailing model of cooperation is “one scientist per company”. The model provides good chances for the company to benefit from the Structure Funds opportunities.

- The business-science partnership is not institutionalized.

Mr. G. Georgiev suggested the following recommendations for improving the relationship between companies and scientific institutions:

- institutionalization of the partnership, which will improve the chances for benefiting from the EU Structure funds;

- scientific and educational organizations should take a more pro-active approach in the establishment of partnerships with business;

- a more active approach of the State through policy promoting the partnership between companies and scientific organizations;

- stimulating a process of commercialization of scientific work in Bulgaria;

- raising the awareness of companies and scientific organizations for the partnership's essence and benefits;

- capacity building in companies and scientific organizations for joint drafting and implementation of projects under the National Innovation Fund, Operative Programmes “Development of the competitiveness of the Bulgarian Economy” and EU Seventh Framework Programme (FP7).

On the grounds of that survey the author summarizes that small enterprises have serious problems in regards with the utilization of EU Structure Funds, among them:

- Those enterprises show almost lacking interest in the calls for project proposals under EU funds and programs.

- Small enterprises have not entered even one project proposal in the calls under EU Framework programs for scientific researches and technology development (Fourth, Fifth and Sixth Framework Programme).

- The paperwork and proceedings for the utilization of financial resources under EU Structure funds are complex and bureaucratic.

- Lack of sufficient information on the EU programmes.

•The requirement for co-funding of the projects related with utilization of EU Structure Funds, is an impediment for small companies.

Factors impeding companies to benefit from the EU funds and programmes are summarized in the Table below:

Table

	All companies	Companies that have applied	Companies that have not applied
Too high expenses for applying	14.1	26.4	12.7
Programs do not meet company's needs	12.6	12.3	12.6
Lack of information for the programs	28.4	38.7	27.2
Difficulties with filling the documents and application forms	14.4	30.2	12.6
Slow and bureaucratic procedure of application	29.1	67.0	24.6
Finding partners – sub-contractors	13.5	25.5	12.0
Provision of co-funding	15.3	30.2	13.6
Lack of foreign language proficiency	10.8	15.1	10.3
Complex procedure of the financial statements and accountancy	15.7	36.8	13.3
Additional expenses for mediators	16.8	38.7	14.3
Lack of qualified personnel in the company	16.0	18.9	15.7
Other	1.4	6.6	0.8

The author has summarized his evaluation of companies' preparedness to work with EU Structure funds in the following manner:

•SME are almost unaware regarding the opportunities for access to EU Structure funds. Companies prefer to remain passive and wait.

•An insignificant level of participation is expected in the first calls for proposals immediately after the accession of Bulgaria to the EU, due to their lack of information for the opportunities of the Operative Programmes (OP).

•During the first three years after Bulgaria's EU accession small companies will rely mostly on their own funding and bank credits as main sources for funding of investment projects. Those who would apply for funding through the Operative Programmes are below 20%.

•Sectors with highest level of preparedness to apply for funding under EU Operative Programmes are the processing industry; trade; reconstruction and construction; transportation and communications; production of electricity, heating, fuels and water.

The following recommendations for the effective utilization of EU Structure Funds' financial resources:

•launching a wide, diverse and on-going awareness raising campaign on behalf of the state public institutions for the opportunities provided by EU Structure funds through the Operative Programmes;

- activating the partnership between private organizations and local government in the utilization of EU Structure Funds' financial resources (public-private partnership);
- creating specialized publications informing businessmen on the opportunities provided in EU Structure funds through the Operative Programmes;
- coordinating the efforts of the Ministry of Economics and Energy and the Ministry of Education and Science for participation of Bulgarian companies in Operative Programmes "Competitiveness" and EU Seventh Framework Programme;
- drafting of national programs for co-funding of the projects under the Operative Programmes;
- public announcement of information on the municipal development plans and their programs, projects and investment intentions;
- clearly regulated relations between business and state administration.

In the discussion that followed associate professor *Dimo Zafirov* (Technical University, Plovdiv) pointed that the competitiveness of small businesses depends on their products, i.e. if the products are competitive, so are the enterprises. Therefore, competitive products should be searched, but currently small enterprises cannot finance their development. That problem needs some work and attention. Small enterprises of a certain trade or sector have to unite their efforts in order to offer competitive products.

Associate Professor Victor Hristov stated that small enterprises' competitiveness is related to the level of activity correspondence to market's always changing requirements regarding the quality of products and services, the expenses for their production and price. In that context, factors for increased competitiveness of small business could be defined in the following manner:

- cultivating supportive for small enterprises business environment, including conditions promoting innovations;
- promoting employment in small enterprises;
- ensuring good management of the small enterprises through development of personnel competence;
- strengthening the relationship between science and small business in the implementation of innovations and utilization of EU Structure Funds financial resources;
- regional and local dimension of the programs for development with business strategies of small business.

According to *Dimitar Blaskov*, the skills and competence of small enterprises' personnel in the field of financial services is built upon good software that is an almost uniform solution to most HR-related problems. It is not only hard to cultivate qualified workers but it is almost impossible to find appropriate persons. That can be achieved if there is a good software product that makes the business viable. Another positive trait of the good software product for maintaining the level of competitiveness is that through it companies can provide equally good services for

their small and large clients alike. The key characteristic of software is that it is know-how. When a small company purchases such product, no matter how expensive it may seem, it is prepared to enter the knowledge market. The company enters that market not for the program code, not for a single CD with a single program, but in order to attain knowledge that allows it to produce a product that equals the one produced by large companies.

Jan Videnov stressed out that the energy consumption of products and services is of crucial significance for any small enterprise. The limited energy resources, the private monopolies in energy distribution, gas supply, central heating system and production of liquid fuel condemn small companies, unless they solve the problem of energy consumption of their production, to market marginalization. That issue, however, is the weak point of Bulgarian production. Small enterprises should cooperate and network in order to influence the State and government to intervene and relieve the burden of energy expenditures, making it more independent of private interests and more bearable.

According to *Dimitar Blagov* the State could change its attitude to accompanying activities of enterprises' infrastructure; to be a little more tolerant and to assist partially its funding. Anyway, the State could contribute itself. That would demonstrate its attitude and strategy for middle-sized and small business. There are many countries that assist companies in the establishment of that infrastructure – for electricity, water, roads to the building site. That is responsibility of the State.

Regarding new products, small enterprises do not have advertising niche. The State could provide 10 – 20% of the advertising time of National television for start-up companies in Bulgaria, in order to encourage entrepreneurship and business.

Senior Research Associate Mitko Dimitrov Ph.D. expressed his doubts if it was necessary to continue in that direction and discuss what the government should do, as no one could influence it. He also said, "I fully agree all these sad observations and disappointments, etc. Let us see what we can do and find something positive that will have real impact. The subject of energy saving is clear. The main sufferer will be companies that trade in the internal market. Those who sell their products on the international market can expect positive results because prices in Bulgaria are approximately 40% of those in Western Europe. Therefore we should look for those tools for reduction of prices, organizational service, functioning and marketing that could have positive effect."

Gencho Bojilov said that the issue of human resources was very serious. Companies with mass or flow production strive to achieve the lowest possible cost price of goods and rely on high technologies. It is necessary to eliminate the subjectivity factor. The employer has no rights. Employee can leave anytime, while employer has invested money in his or her qualification and acquired skills. Since that problem is not regulated by law, we have to cope ourselves. The second point is the price and the quality of the product. Large-scale business, big companies

and enterprises should have their satellites, small companies. The big company is slow-moving. Therefore small, flexible and viable companies are needed and must be assisted. The correlation is obvious. Small enterprises cannot be considered irrespectively of large ones. The state has tried to take some steps to relieve small and middle-sized companies with the elaboration of certain programs.

Boris Popchev emphasized that “business development is at normal level and reflects several factors. One of them is the external environment – the processes that are going on worldwide and the events that took place in Bulgaria after county’s accession to the European Union. For us the latter means good perspectives in future, while for the developed European countries it means a free market and occupying territories and investing in that market. The opportunities for cooperation there are not so many. Maybe the ideas for satellites and joint projects can be useful.

The other source of influence is the internal environment, i.e. national environment. In regard of cooperation with Bulgarian science, we have a patent over two products. That is a brilliant project of two Institutes – the Asen Zlatarov Higher Chemical Engineering Institute in Burgas and the Angel Kanchev University of Rousse. We met very good understanding and goodwill from the rector, the deans and heads of faculties. I believe that innovations will be introduced there. I think that academic scientists are starving for orders from the business.”

The moderator of the second session *Senior Research Associate Radka Ileva Ph.D.* announced that the Agenda included three entries – the report of Senior Research Associate Vasil Tzanov Ph.D., the report of Associate Professor Georgi Mishev and the report of Professor Georgi Bogoev and Associate Professor Pavel Paskalev.

In his report “*Development of the labour market in Bulgaria: impact on small business*” *Senior Research Associate Vasil Tzanov Ph.D.* reviews and analysed the influence of changes in Bulgarian labour market on small business in the past few years. These changes are considered from different perspectives. On one hand, the labour market provides beneficial conditions for hiring of personnel with different qualification, but it encourages competitiveness, on the other hand.

The author explained that growing labour market involved inactive workforce and gave employers more opportunities to select workers with specific qualification. That allows small entrepreneurs with limited resources to hire the workers they need. In the same time, having in mind that these are mostly low-qualified workers (because of lack or loss of qualification due to long-term unemployment), employers have to pay for additional vocational training. In that sense, increased supply of labour generates not only better choice but it also often urges employers to invest in the human capital.

Valuable effect of the better functioning labour market is the increased competition for qualified workers. The decrease of unemployment rate and increased remuneration create preconditions for stronger competition on the labour market. In the past few years the phenomenon of “stealing qualified personnel” has become more visible. In that competitive environment in the labour market small and middle-sized

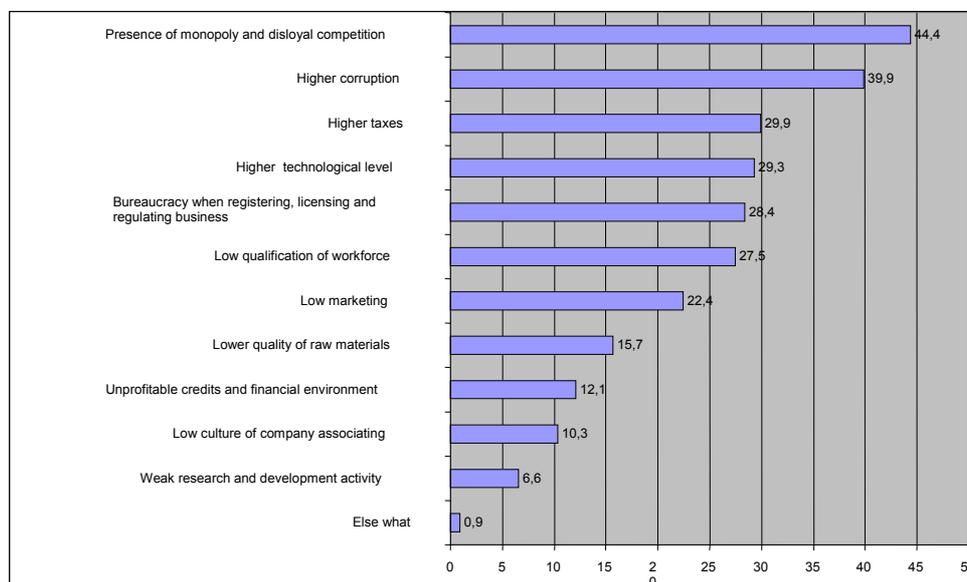
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companies have a slim chance to attract qualified workers because of their limited financial resources and opportunities.

The significant growth of the minimum wages could have a negative effect on employment in small enterprises. Depending on the number of employed at minimum wages the labour expenses will grow and business' competitiveness will drop, and in order to keep their market positions employers will have to reduce the number of their employees. Therefore, the sharp increase of minimum wages could have negative effects on that business in spite of the improved flexibility of the enterprises.

The report "Some of the Main Characteristics of Competitiveness in Bulgaria in the period 2003-2007" of Associate Professor Georgi Mishev presented the results a business environment survey in Bulgaria. The aim of the survey was to assess competitiveness in relation with economic, political, social and technologic components with view of creating opportunities for prognosticate the economic situation in the following year.

The survey accentuates on some basic characteristics of business environment, connected to the competitiveness of Bulgarian economy. The assessment of indicators that characterize directly or indirectly competitiveness, have been analysed. They also outline the expectations and actions aimed to delop the competitive advantages of Bulgarian companies. The main reasons for Bulgarian business' lower competitiveness compared to European business and the first two of them are most impressive.



Here are the factors having significant bearing on the production of competitive products - technology and industrial equipment, companies' organizational structure, investments in innovations.

The fulfillment of stated intention for changes in the range of products and services, technology and production equipment and management structure of companies depend on investments. Possible resources of funding could be the EU Operative Programmes supporting Bulgarian business.

It was stated that 73.4% of all interviewed companies do not intend to submit proposals under EU Operative Programmes. According to author one of the possible reasons for that situation is the inadequate information. In the same time, the number of managers intending to apply under OP Development of the Competitiveness of the Bulgarian Economy, was impressive.

In their report "*Situation, trends and competitiveness of vegetable cultivation and production*" on the grounds of analysis of the state of vegetable cultivation and production in Bulgaria *Professor Georgi Bogoev Ph.D. and Associate Professor Pavel Paskalev* give a suggestion how to make it effective and competitive. The best approach in that situation was improved management of the production in specialized farms. Farmers and vegetable producers must cope with many unresolved issues and the authors have tried to help them with advice in that regard, including in relation with:

- organization of labour in vegetable cultivation and production;
- choosing a really achievable goal;
- business marketing;
- determining opportunities for meeting farmers' needs to maintain reasonably high living standards;
- determining of a rational size and structure of the production and needed resources, supplies, equipment and labour;
- provision of comparatively high income for farmers.

Authors gave also methodological guidelines for organization of vegetable cultivation and production in the existing agriculture co-operations.

In the discussion that followed *Professor Georgi Kuzmanov Ph.D.* stated that his contacts and communications with businessmen are evidence for certain factors for success. Successful companies are such because they stake on permanent and endless innovations. Business is like bicycling. If you stop pedaling, your business stops moving. We are referring to small companies that have to live by the rule "Every day we are getting better than yesterday", because in the face of competition it is necessary to learn from our partners, from the so-called feedback; and to do what we have to instead of what we can do. Obviously, management lies in the foundation of success.

Associate Professor Tzvetan Kolev stressed out that all reports and statements have made clear that innovations are the most powerful factor for enterprises' competitiveness. It would be relevant to define not only the desirable actions on behalf of the State but also, regarding the decentralization of financial

resources and increasing the economic potential of municipalities and regions, it would be wise to consider the decentralization of the financial resources in the field of science and innovations. Here we must mention the important role of the region. Plovdiv is the second largest national scientific and technology center in Bulgaria. It would be wise if the municipality took steps in that direction and to organize the scientific potential of the second largest scientific center in the Republic of Bulgaria. Let us help ourselves. Unfortunately, Bulgarian banks do not have even one risk fund in spite of the enormous gains they fulfill. Associate Professor Kolev said that those conclusions could be taken into account, together with the considerations on the role of regions in the technological development of local business and its contribution aside of infrastructure, etc. It would be wise if some of the suggestions made during the Roundtable could be provided to the respective stakeholders - national and regional authorities, entrepreneurs' associations, NGOs, the Agency for Small and Middle-sized Enterprises, etc.

The moderator, *Senior Research Associate Radka Ileva Ph.D.* mentioned that it was a very timely suggestion. Taking into account the viable and interesting conclusions, she stated that the Roundtable was very beneficial. A common language was found between real business and theoretical and applied analyses.

Senior Research Associate Rositsa Chobanova Ph.D. commented on two of the suggestions. The first one concerned the decentralization of financial resources for research and innovations and the role of regions. Worldwide, a process of concentration and centralization of financial resources for scientific researches, is going on, leading to establishment of large scientific research centers. The companies go there and make agreements how to solve the specific issues and therefore to improve their competitiveness. That is how networking works.

Boris Popchev pointed out that the government had to protect Bulgarian business by introducing quotas, duties and taxes, monetary tools. The situation gets even more complicated because of the invasion of Chinese goods in Bulgaria. And if Turkey became an EU member state in future, thousands small Bulgarian producers would go bankrupt.

Senior Research Associate Mitko Dimitrov Ph.D. focused on the effectiveness of large innovations. One possible solution in line with the abovementioned suggestion of Associate Professor Tzvetan Kolev was the technology center. The municipality can provide the building, while local Universities and scientific institutes can provide their scientific potential, funds and companies can contribute with their representatives. That is the place where mediation is easily achieved. If these centers were organized better, they would function better as well.

Closing the forum, *Professor Mihailova* expressed her satisfaction of the work done, thanked the participants and organizers and voiced her hope that the discussion would be continued.