

SYNERGY AND COMPETITIVENESS OF THE BULGARIAN COMPANIES

At a Round Table Session, held on April 28, 2011 in the building of the European College of Economics and Management, Plovdiv the key results were presented from the completed first stage of the research under the project "Synergy and Competitive-ness of Bulgarian Companies in the European Context".¹

R&D teams from the European College of Economics and Management, the Economic Research Institute, BAS and the Plovdiv University "Paisii Hilendarski" (Faculty of Economics and Social Sciences) work on this project. In addition to the participants of the above three institutions, involved in the project, the round table was attended by representatives of other higher institutes, of businesses, research organizations, agencies and associations, scientists, lecturers and students.

The Round Table Session was opened with the report "*Methodology and methods of the study "Intercorporate Activity Practices" by Prof. Ph. D. Jelka Genova and Ph. D. Tsvetan Kotsev*". The first part of the project deals with a national representative study of the companies in Bulgaria "Studying intercorporate activity practices in order to achieve better effect and higher competitiveness". The paper focuses on the developed philosophy of the basic study and its methodological foundation. In November-December 2010, the National Public Opinion Center (NPOC) conducted 547 semi-standard interviews with corporate owners and managers all over the country. Most of the research work and the reports are based on the results of this study.

The investigation is representative for the companies in Bulgaria. The data basis of "Ciela" was used and the related basis of "Golden Pages" (about 200 000 really functioning companies). The scope of the sample is calculated at a maximum error of 2%. This is the reason for the survey of 500 companies. The sample was increased, due to the tolerance of 20% refusal to take part in the survey. Actually the achieved volume of the survey is 547 from 600 companies.

In view of the irregular regional distribution of the companies and the different number of employees involved in the survey, the stratified sample method was applied with an accidental choice of the monitored units. The distribution of the investigated companies in the settlements is as follows: Sofia – 23.2%; Plovdiv – 10.8%; Varna – 8.7%; Burgas – 7.2%; Blagoevgrad 3.9%; other city – 46.2%. The prevailing companies employ staff as follows: max 9 employees – 87.4%; between 10 and 49 employees – 9.7%; between 50 and 249 – 2.3%; over 250 – 0.7%.

The quantity analysis of the sample and quality analysis of the answers, have unambiguously proven the representativeness of the results of the study and

¹ The project is financed by the fund "Research Studies" of the Ministry of Education, Youth and Science for a period of 36 months. The project activity was initiated in the beginning of 2010.

reliability of the conclusions made on the awareness and application of various types of synergism in the corporate activity of the modern Bulgarian businesses.

The paper "*Commercial Synergism*" by Prof. Mitko Dimitrov has investigated a new way of distribution for our country, where different companies act as a single common system, dominated by one or several companies based on the channel control effects.

Under the present conditions the distribution synergy, known from the classical distribution channel is multiplied many times by the created vertical and horizontal links among the companies, coordinating each other, planning activities together, setting up structures, subordinated to a common channel control. The emerging synergy in such distribution channels, called marketing systems in the economic literature, is allocated among all the stakeholders in the integration process, regardless whether they assume or provide such a control. The efficiency of the vertical marketing systems (VMS) derives the role of the synergy factor of their joint activities, carried out by them as subsystems of a common system of organization of the activities.

The nature of the interaction of such vertical and horizontal marketing systems and the emerging synergy effects have been studied.

The advantages of the vertical marketing systems compared to the traditional distribution channel are associated with the occurrence of some synergy effects:

- Avoiding the conflicts among the participants;
- The common single control enables the better efficiency of functioning;
- The most-effective alternative is carried out from the point of view of dimensions of the channel (number of participants);
- Excluding the duplication of efforts.

In addition to the main distribution activities (the classical function of the distributor) additional or complementary activities also take place in the channels. Their implementation also results in synergies, when we have interaction under the VMS conditions. They could be tested and measured most frequently as follows:

1. Joint research activities – collecting information, planning the market potentials, forecasting the competitive structure and the expected terms of exchange.
2. Sales promotion – creation and propagation of convincing communication for the goods.
3. Establishing contacts – coming and staying in contact with prospective buyers.
4. Modifying the goods – adjusting them to the consumer's requirements. It refers to activities like manufacturing, sorting, assembling and packing.
5. Carrying out negotiations – attempts to coordinate the prices and other conditions for the transfer of the ownership or possession.
6. Arranging the commodity movement – transporting and storage of the goods.

7. Financing – looking for funds to be used for covering the operative costs of the channel.

8. Taking the risk – taking over the responsibility for operation of the channel.

According to the study over 20% of the Bulgarian companies sell their products or services by means of this marketing system.

The channel integration appears in three groups of marketing systems (according to the nature of channel control).

Most of the companies use the so-called direct distribution channel. It is assessed by them with Very Good score 4.87. A high score is also given by 90% of the companies, registered as sole traders. A lot of the small-scale companies reject mediation and take over all the distribution activities. The direct distribution channel is widely used by companies, related to tourism, agriculture, trading companies and heavy industries, as well as in the building, transport and light industry sector.

The large-scale companies also declare, that they prefer selling their products directly to the end user (by means of corporate shops, etc). It is not accidental, that 40% of the companies, highly estimating the direct distribution, are partnerships.

Another group of channels involves wholesalers and retailers. The score for these classical distribution channels is Good 4.22. They are used by 1/3 of the surveyed managers, and 80% are comparatively satisfied by them. The larger the companies, the frequently they use wholesalers and retailers as intermediaries for selling their products and services. The agriculture companies are the most satisfied by this distribution tool.

Each fifth manager, covered by the survey considers, that in their company the intermediaries are used not only as wholesalers and retailers, but also as agents and brokers, not involved in the transfer of property. The assessment by the agents and the brokers is lower (4.12). The Bulgarian businessman is still unable to use the expected qualified assistance, on the contrary – he is unable to appreciate it.

12% of the companies maintain, that their distribution practices make use only of retailers. Almost all the small-scale companies and most of the large-scale ones are incorporated in such a distribution channel. Meanwhile it is assessed with the lowest score by most of the companies. This is a unique process in Bulgaria. Probably the international discounters that have already occupied our market with all their power and force, their high efficiency, their rich experience, push the manufacturers too much, placing them in bad situation.

Over 20% of the companies are committed (take part in the channel integration). They are bound by contracts (franchise on the top), but 80% thereof prefer other bondage characteristics. All of them evaluate their activity with a score ranging between “Good” 4.05 and “Good” 4.12. At the same time 72% of the companies in their study cooperate with such kind of companies, giving a similar score of this cooperation – “Good” 4.21.

Under the horizontal integration Synergy emerges as a result of: optimizing the expenses for market research, advertising, specialised staff, etc. It has a lot of shortcomings as well – large-scale planning, more difficult coordination, hindrances encountered when prompt reaction is required to the dynamic market changes, especially regarding the differentiation of consumption, etc. Therefore a lot of researchers, as confirmed by the real business practice, consider, that the developed consumer market is simply rejecting the horizontal marketing systems.

In his paper *“Synergy along the value chain”* Prof. Georgi Kuzmanov elucidated, that the supply chain involves all the organizations, interconnected in providing certain goods and services to the end client – from those providing the inputs, to the wholesalers and retailers, including the companies, engaged with transporting, storing, data processing and manipulation of the materials, the financial institutions and other intermediaries, facilitating the movement not only of material flows, but also of the financial and information flows.

The supply chain starts with the client and passes through several consecutive stages, including distribution, manufacturing of the finished goods and supplying inputs and components. In this chain four main types of flows are carried out: material flows, information flows, financial flows and flows of knowledge. The information flows (and the knowledge flows) pass in both directions: the orders and transactions move to the source of supply, and the data on the state of the orders – to the client.

When the product moves towards the client, in each section of the chain, the corresponding participant adds a certain value (worth). The aim is to increase the value added by optimizing the chain.

Five areas of synergy have been discussed in respect of the value chain: management of the supply chain; comprehensive mutual assistance and cooperation thereto; joint planning; joint quality management system; long-term total cooperation.

From the point of view of the various synergy practices along the value chain, the results of the study pointing out:

- First – Regarding the use of equipment from other companies and providing industrial or commercial equipment to other companies. 80% of the respondents indicated, that they had not provided yet such an equipment (machines, devices, equipment, etc.). Most of their arguments are, that they have not received any such requests. Other reasons, according to them are: lack of free equipment; unwillingness to provide own equipment to be used by others.

Most of the companies, maintaining, that they have not provided their equipment to other companies are trading and transport companies. In most cases construction and heavy industries have provided industrial and trading equipment to be used by other companies. Most often the large companies give equipment to other companies – those, employing more personnel – over 50, as well as companies operating in the large cities. Just one fifth of the managers, taking part in the research, pointed out, that they have used industrial or trading equipment,

made available by other companies. But approximately 80% did not need it at all.

A large share of the companies having used commercial or industrial equipment of other companies are the companies with scope of activity in the sphere of construction and tourism, as well as companies situated in the capital city and in the smaller cities throughout the country.

•Second – using staff from other companies and providing their own staff in support of other companies. 89% of the companies, involved in this survey, have not used any personnel from other companies in their own activity. Just 11% of the interviewed corporate owners and managers said, that they needed such a staff and they were experienced in using staff of other companies. The businesses with a scope of activity in the sphere of construction and tourism have used staff by other companies more often than the other ones. The explanation is, due to the nature of the products and services offered by them. The companies, pointing out to belong to a common marketing system, have also used personnel from other companies more often than the others.

There are slightly more companies, that according to the data, have supported other companies with their staff when necessary – 13%. The businesses having helped other companies with staff, are mainly from the construction and tourist sectors. Such a practice is more typical for the metropolitan businesses. 60% of the companies, that used to help other businesses with personnel, said, that at the same time they have not hesitated to look for help by other companies if necessary.

Most frequently applied practices by the Bulgarian companies in their activity:

1) Cooperating with other companies for obtaining better results in order to be granted more favourable conditions by the suppliers of inputs and materials, according to 16% of the corporate managers. Such kind of cooperation is most typical for the construction companies.

2) Using joint warehouse facilities with other companies - (for inputs and materials, as well as for finished products). Such a practice is applied only by 14.5% of the companies, mainly in the capital.

3) Joint planning. The practice of 6% of the companies is using systems for planning and control of the industrial process together with suppliers or clients. This is a widely spread procedure applied by the heavy industries.

4) Common Quality Management Systems. 5% of the companies use together with other companies quality management and control systems. This practice is most common for transport companies.

5) Common investments and joint long-term projects with other companies.

• 87% of the respondents are not involved together other companies in projects aiming at technological development and improvement;

• 6% said, that together with other companies finalize surveys, analyses and work-outs for development of new products and services. For such companies, the development, positioning and launching new products on the market are important.

Such a practice is usual mainly for companies from the light industry and the construction sectors, as well as for the metropolitan companies (five times more often than the companies, situated in the country).

- 4% carry out joint activities with other companies in view of extending their impact by entering new markets. They are mainly the tourist companies;

- 3% of the companies, covered by this investigation, have joint investments with other companies for setting up or acquisition of new industrial facilities. Such practices are very common in the construction sector, as well as in the companies employing more than 50 persons. The tourist companies are also apt to joint investments in view of offering a better tourist service;

- 2.6% of the managers noted, that their company has invested together with other companies in the construction of the adjacent infrastructure. This is typical for companies, in the tourist and construction sectors, as well as for the larger companies;

- Just 1.6% are the companies with joint investments in R&D activities.

Regarding the corporate experience in joint projects with other organizations, oriented to human resources training and development, three quarters of the respondents do not dispose of such practices. It is applicable mainly for companies, operating in the sphere of agriculture, transport and trade, as well as for companies, situated in the country. It turned out, that the companies registered as sole traders are not experienced in joint projects for training and human resources management.

In the spheres of tourism, services and construction we registered the highest number of companies, pointing out, that they work on joint projects with other companies for training and qualification of their personnel. It is characteristic for large companies staffing over 250 persons.

From the point of view of the personal evaluation, the joint activity provides certain advantages to the companies included in a common system (so-called "supply chain"). The key advantage for the businesses belonging to such a chain is the prompt exchange not only of data basis, but also of any kind of useful information. This is the opinion of 53% of the managers of companies, carrying out joint activities with other economical subjects. The exchange of information is an advantage mostly for the employees in the sphere of transport, tourism and services.

The joint planning and coordination of the business activities is an advantage for 48% of the companies, operating together with other companies. It is characteristic for the large companies (making use of the services of consulting agencies and coordinating a large number of business-units), but also for the companies, engaged in the sphere of tourism (being unable to work efficiently, if acting autonomously, without tour operators, carriers, etc.)

For 46% of the participants in the survey the "supply chain" enables their company, together with other companies, to design, manufacture, deliver and make use of products and services. It is typical mostly for small and medium enterprises (SME), dealing with construction, transport and tourism, as well as for the companies based in Sofia.

For 56% of the companies the cooperation along the “supply chain” improves the services provided to their clients. The best effect thereof is evident for the SME, the companies from the small cities, as well as in the sectors: transport, services, trade, tourism.

40% of the managers reported, that their companies gained a competitive advantage out of the cooperation. It refers mostly for the small businesses managed by them, for the employees in agriculture, tourism, light industry and transport. Due to cooperation with other businesses 35% of the companies have reduced their expenditures. Such an effect is reported mainly by the medium enterprises and the companies based in Sofia, as well as by the employees in sectors tourism, light and heavy industry and trade.

The main conclusion to be made is, that comparatively a small share of the companies in Bulgaria work together with their business partners. The key factors thereto are:

- The economic situation in Bulgaria. The lack of sufficient markets and working capital, the intercorporate indebtedness, the unfavorable crediting, the high taxes and fees, the numerous licensing procedures, the disloyal competition hinder the synergy practices.

- The business structure in Bulgaria, with prevailing micro companies. Most of the owners of such companies are not professional managers, but have gained their management experience during the transition period, during the transformation from planned economy to market economy.

- The psychology of the small businessman, often maintained by him when he starts managing a corporation. The synergy practices are obstructed by the innate sense of individualism; pursuit of maximum profit in the short run without clear strategic objectives; lack of confidence in the business partners; setting up a management board of trusted individuals (relatives and friends), not of professionals; experience of total control on the complete company, without respecting the available formal sub-ordination structure.

- The attempts to make the business practices “a la Bulgarian”, even in case when any type of joint activity with multinational companies is required.

In her study *Assoc. Prof. Radka Ileva “Synergy in management of Bulgarian companies”* explains theoretically, methodologically and practically the link between targeted demand and a synergy created by the company and its management in view of the exogenous and endogenous factors and setting up a strategic market-oriented corporate policy. The highlight is the utmost importance and the role of synergy as a component of the competitiveness, under the current conditions of development of the Bulgarian economy. Contemporary methods should be used for analysis and management of competitiveness, when designing an efficient corporate market strategy.

The effects of the management synergy shall be construed in the broad sense of the concept and shall be discovered in two opposite directions. On the one part, they emerge as a result of a good management endogenous corporate activity, maximizing

the link among the considered factors and conditions and their estimated dynamics, mixed in such a way to gain the best possible effects – synergy of the manageable parameters and the development of endogenous factors.

On the other part the effects are due to the examples of high corporate culture and good management practices applied in the company, borrowed by leading competitors (we could perceive their common splitting into endogenous and exogenous form of management synergism).

On the microeconomic level, the corporate synergy is an integral part of its market-product activity. It may result from the inherent strategic and market activity or joint activities with other companies, groups of companies, strategic associations or corporations. It emerges in joint industrial or market activities, when taking part in formal or informal organizations and structures for feed back on the environment factors, (incl. government decision-making or other types of lobbying), when solving common long-term or short-term problems or achieving common interests, as a result of vertical (along the marketing chain) or horizontal marketing systematic links and dependences.

There is a close and inseparable interrelation among synergy of corporate activity, setting up of optimum strategic and/or market structure and achieving a high competitiveness.

The synergy analysis on the macroeconomic level affects all the endogenous corporate factors and conditions, the trends of development of the basic exogenous economic and non-economic factors (demographic, social, political, geographic, etc.). Attaining optimum values of the synergy effects for functioning of the companies is related to the choice and the mix of the factors in view of the strategic decisions and actions and the market positioning components.

The problems of maximizing the synergy effects and the competitiveness have become vital in the course of development of the Bulgarian economy and its market structures on the European market. They should be treated by means of the well-known methods and tools, elaborated for the needs of the advanced market economies in Western Europe and North America and by means of selected and modified methodological approaches, in line with the specific conditions and requirements of the current period of EU enlargement, the financial crisis, the economic stagnation, the specific market conditions and requirements to the companies in SE Europe and especially in Bulgaria. Discovering and measuring the synergy effects when setting up industrial development strategies, determining and proving the key priority economic spheres, the policy of efficient inclusion into the European and world markets would not be successful without analyzing the opportunities and the conditions required for competitive market presence of the companies and the organizations.

The following conclusions were made from the analysis:

1. Using up-to-date approaches and methods for strategic corporate management and setting up a modern market strategy belong to the real activity of the Bulgarian companies. There are however some basic shortcomings, such as:

- Lack of clarity on the nature of competitive advantage and the type of strategic positioning. The structure of sector competition, the ratio and the role of competitive forces, the type of basic competitive contradictions and the threats have not been analyzed.

- The status of the activities, related to the endogenous corporate and situation analysis show, that in their activity, the companies pay less attention to the endogenous factors, compared to the exogenous factors. This common mistake is due to the better knowledge on the internal resources and opportunities, disregarding and omitting the compulsory condition for the management parameters to be derived and adapted to the dynamic changes in the market environment in the strategic plan. The main threats, are due to the changes in the exogenous factors, that shall have a direct impact (via the horizontal competition components) or indirect impact (via the vertical competitive forces) on the corporate results and competitiveness.

- The analysis of the competition in the sphere of corporate activity, by separate components (competitive forces, types of threats, generic competition) shows a rather distorted picture of the strategic management of the Bulgarian companies. Under the conditions of crisis, when the key changes are expected to occur in the sphere of competitive structure, the type and nature of threats, over 70% of the large companies take strategic decisions, formulate their corporate policy and will fight to maintain and improve their competitiveness on the basis of the "average notion" on the intensity of the competition. This threatening unfavorable result is also due to the lack or insufficient consulting activity in the sphere of corporate management.

2. Under the current conditions of carrying out the corporate activity, those who have succeeded and succeed in repositioning their activity on the European markets have been less affected by the crisis and are the first to come out of it. It is due to the more favorable development of the sector evolution and the product life cycles under the conditions of the European markets, compared to the national market. The advantage for the export oriented companies, operating mainly for export are not just the enlarged markets, but also the fact, that they carry out their business under the conditions of various sector characteristics (reaching the scope of the Single European Market or another regional structure, or integrated by the mean indicators of the importing countries).

3. The European market has compulsory and very high quality parameters and technical, economic and performance requirements for the goods and services. The high level of the requirements turns out to be a barrier, reducing the competition opportunities of the product, if it is not unique. The non-price competitiveness of the companies changes also under the conditions of the domestic markets.

4. The price policy is the most sensitive component of the market management and a tool for positioning the competitive advantages. The relative good results of the management practice of the Bulgarian companies, are

obtained in view of the application of methods and tool for setting up the price system. This sphere is the most difficult to manage and is the worst affected by the crisis.

5. The promotion activity of the companies is still lacking a single, systematic approach of optimizing the activities under the promotion mix components, it is not bound by the other manageable parameters of the marketing mix, it is not in conformity with the sector characteristics. The companies consider promotion and advertising as a factor to stimulate marketing of goods and services, not a systematic factor to foster the competitiveness of the strategic market unit. The information and promotional events are still unsystematic and predominantly occasional.

Most of the conclusions, resulting from the survey held in December 2010 coincide with the results of previous studies and publications of the author. This is an evidence of retarded and difficult elimination of the negative practices and ineffective use of contemporary methods of analysis, estimates and planning when working out the strategic corporate management, as well as recurring lack of coordination and a deficit of systematic thinking and actions in the course of the operative market positioning of the companies and the strategic business units.

The presentation of the *Assistant Professor Georgy Georgiev "Cluster approach and its application in the Bulgarian economy"* focuses on one form of synergy, selected to be studied – first, because of being popular world-wide (it has been presented for the first time as a whole in the early 1990) and second – because of its direct and indirect advantages. This survey is based on the definition of Michael Porter, "Cluster is a geographic concentration of interconnected businesses, suppliers and associated institutions in a particular field, bound by a community and comple-menting each other ... More than one industry, the clusters cover interrelated industries and other organizations, important for the competition."

The first question – "Do you belong to a cluster?", was answered with "Yes" by 7% of the respondents. Definitely this indicator is diminished artificially – the general context of the answers shows, that most of the questioned companies are not aware of the meaning of "cluster".

From the point of view of the sector distribution, the most clusters are available in the heavy industry, tourism and transport and 7% - in other three sectors – services, light industry and trade. This form is unknown in agriculture and construction. In these two sectors if there are even some forms of clusters, they may be weak.

From the point of view of the size of the company, according to the data from the study, the micro businesses are not in a position to practice such kind of synergy in their activity. There are more cluster forms in the medium, large and small-sized enterprises (about 16 – 18%).

From the point of view of the legal form of the businesses, the cluster form is hardly applicable by the sole traders and widely used by the joint stock companies.

From the point of view of territory distribution, the cluster is 3-4 times more frequently used form of synergy of the companies, registered in Sofia.

In reply to the second question - "In what types of clusters do you participate?", two types of clusters have emerged - national and regional (more seldom – cross-border cluster).

The national cluster is typical mainly for the companies providing transport services, the regional – for tourism and trade. The cross-border cluster is preferred by the light and heavy industries.

The national cluster is characteristic for the medium and small enterprises. The regional cluster – for micro businesses. When comparing this section with the sector distribution it is obvious, that the regional clusters involve tourist and trading companies, being comparatively small businesses.

Finally, a national cluster, could be found with companies, registered in Sofia, and regional clusters – with companies based in the regional centers and the smaller cities.

The question on the benefits from being a member of a clusters, two types of benefits were highlighted. First – the better market positions. They enable the companies to see the specific results from taking part in the cluster. The second best benefit is more interesting: the more-efficient use of the production factors. Such an effect from applying the clusters is evident mainly in two sectors – heavy industry and tourism and especially in the large industries. They evaluate the benefits from using the production factors along with the benefits from the better market positions.

In his paper "*Corporate synergy practices for efficient use of the technical infrastructure*" Jean Videnov tries to present systematically the forms of synergy practices, the stimulating and impeding factors for the synergy interaction, in view of using the local technical infrastructure. It is based on the data from the local development programs.² It deals with the energy, hydro, transport, information, communication, security control systems and the environment protection systems.

The following conclusions were made as a result of the survey:

Most of the available synergy practices date back to an old technical infrastructure, that used to serve complete industrial areas before being privatized. Now a lot of companies operate in these areas. Such practices are "objectively compulsory" and are short-term.

"The subjective" and "consciously applied" synergy practices are rare – mainly in the energy and transport sectors. The private monopolists in these two spheres (owners and concessioners of key components of the technical infrastructure of Bulgaria) may boost the interaction additionally.

The proclaimed government policy on promotion of the corporate synergy through various forms of Public-Private Partnership and Private-Private-Partnership has obviously not yielded the expected effect. In the hydro sector and the

² The article is published in Research Works of ECEM -Plovdiv, 2011, Book 10.

information and communication sector there are almost no “technological parks” and “business-incubators” although being provided especially in the law and supported by the state.

The local socio-economic development strategies that have been developed in the recent years have a considerable potential to boost the development of the corporate synergy. A proof thereto are the far better conditions (and the more active practice) for synergy in the sites - large tourist destinations.

The topic of the research of *Assistant Prof. Ivan Sokolov “Synergy and public-private partnership”* is: How synergy could attract the public-private partnership and how the partnership makes use and conveys synergy? The public-private partnership is based on interrelation, interdependence and mutual benefit, enabling each partner to focus his efforts on the appropriate activities. A key advantage of the public sector is the provision of services, in compliance with the priorities of a long-term policy, and the advantage of the private sector is to provide such services in the best possible efficient way.

Actually in the modern economy between the two sectors not only mutual penetration is observed, but also adopting the characteristic features of the sector, functioning well and the efficient transfer to the other. The assumption, that the private sector (not the public sector) alone assumes the function of creating wealth, is limited only to the care for the common good but it has certain shortcomings, because interaction should be searched. The advantage is in the interaction and in the synergy, generated for the overall development of the economy.

In the globalizing economy the competitiveness and the living standard depend very much on the quality of the public services. The private market mechanisms in the public-private partnership have become a corrective measure for solving the public problems and for the quality of the public services. Based on the poll 150 respondents from the government administration, NGOs and the private businesses it could be assumed, that most of the private companies are willing for partnership. Over 37% of the respondents confirmed that they have already a partnership. One third (37%) are looking for such a partnership as an opportunity, and 39% are ready to undertake such process, because their interest would be protected. However not all of them are ready for projects - 23 and 37%. The different sectors have different capacities for involvement in the various forms of joint activity and partnership with the municipal administrations. The healthcare sector is the only exception.

According to this study, there are numerous hindrances for applying public-private partnership. The key negative factor is the lack of financing in the public budgets. This is the opinion of every fifth respondent. Another negative impact is the lack of local economic potential, to attract public-private partnership. The lack of political support is another important factor.

In general, the partnership between the public and the private sector is one of the best opportunities to guarantee quality in the projects, related to public services. Such a presumption is available only when the private sector reliably and prudently defines the implementation of such partnership, regardless of the sphere

of the project. Probably this is the reason why about 32% of the respondents think, that the public-private partnership is not a guarantee for success. But the question about the really implemented projects on the principle of public-private partnership was answered definitely by the respondents. They mentioned two examples on the territory of Plovdiv – the International Plovdiv Fair and the waste depot project in Shishmantzi.

There is neither precise documentation, nor a precise law on the public-private partnership, being the reason for the respondents to say, that they mistrust the public-private partnership, considering it a kind of “fraud”. Actually this is a very difficult process, aiming to make one of the partners exchange their force in order to obtain a product, which is of benefit for both of them.

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The presented results, analyses and the ensuing problems gave rise to very interesting and in-depth discussions among the participants at the round table.

A lot of questions were asked and discussed about the concept of synergy, the extent of overlapping with “synergetics”, “cooperation” and “multiplication approach”, its application in natural sciences and the related analysis methods of the empiric data.

Interesting opinions on the subject-matter were discussed:

Pursuant to *Assoc Prof. Ph.D. Tsvetan Kolev* the difference between these concepts should be clarified. They have a much longer history. In the late 60s and early 70s the systematic approach governed the world as a new methodology of thinking, not only of scientific research. What we have done as innovations for the past 30 years, is to use the concept “*emergence*”, having a very deep philosophic meaning. Another concept was introduced in science in the past 20 years - *synergy*. I expect other concepts to appear in the future, with a higher level of generalization unifying both our notion about the emergence of the system, and a synergy, cooperation, and multiplication of the effects. We have forgotten the systematic approach; our universities have abandoned the subject – general theory of the systems, which is a big mistake, and the other mistake is the lack of the subject – contemporary philosophy. But that is another topic of discussion.

Assoc. Prof. Ph.D. Victor Hristov pointed out, that the main impression from the survey is, that about 2/3 of the respondent companies do not apply strategic management in their practice. They do not accept it as a management principle, ensuring stability and market development and do not know and do not elaborate any corporate strategies, giving them competitive advantage. This conclusion was proven at each stage of the study.

On the grounds of the analysis of the results of the study and in view of the necessity of increasing the competitiveness of the Bulgarian companies under the conditions of functioning market economy and developing sustainability against the competitive pressure, the following deductions were derived:

1. Due to the dynamics and contents of the changes in the business environment for the Bulgarian companies on the open single European market, strategic management should be included in their practical activity;

2. In order to gain sustainable competitive advantage the Bulgarian companies should apply corporate strategies for diversification;

3. The changes in the environment of the Bulgarian companies are the reason to apply a strategic management concept (the synergy concept) regarding the management of the diversified companies.

Assistant Prof. Georgi Georgiev said, that the synergy logic has been regarded as additional benefits for the individual companies from the joint activities. Two levels of analysis were used. First the data were divided one-dimensionally, followed by two-dimensional distributions in four main sections. The effects from synergy have also been searched in this aspect. The results of such a research could be positive only, if particular companies could be convinced, of the specific benefits and how such benefits could be obtained.

Prof. Jelka Genova summed up: A model was applied by our team, including in the concept of "synergy" - joint activities in the sphere of: marketing, advertising and trade; industry; using joint facilities and staff; investments; management. This is the theoretical model of the research. However such types of synergism are not abstract, but appear in specific forms. The study was based on several main forms - clusters, cooperation along the supply chain, public-private partnerships (we have not included the holdings, because we discovered them at a later stage). Regarding the methods of analysis, it is a result of the empiric study according to types of synergism and forms of joint activity.

The reports and the discussions highlighted the important role and focused on the state-of-the-art nature of the considered issues in the current business practice of the Bulgarian companies and the necessity of solving them on theoretical, methodological, practical and application level.

Rumiana Dencheva