

AN ENTREPRENEURSHIP IN BULGARIA – POSSIBLE OR NOT FOR YOUNG PEOPLE

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Abstract: All European countries including Bulgaria need to promote the entrepreneur spirit through young people, to encourage the creation of new business and to stabilize the institutional and culture environment for innovations. The encouragement and advancement of present and future entrepreneurs (mostly young people) is a basic mechanism to revive the Bulgarian economy and ground the post crisis development. Using a survey is made an investigation through young people with bachelor degree in economics and their readiness for entrepreneurship. Findings from this study indicate that there are many challenges and problems that are an obstacle to start business in Bulgaria but many young people have motivation for entrepreneurship.

Keywords: ENTREPRENEURSHIP, HUMAN RESOURCES, PRODUCTIVITY, INNOVATIONS, MANAGEMENT

1. Introduction

All European countries including Bulgaria need to promote the entrepreneur spirit through young people, to encourage the creation of new business and to stabilize the institutional and culture environment for innovations and increase the number of small and medium sized enterprises (SMEs). As a whole the competitiveness of Bulgarian SMEs is still built basically by routine innovations and the profile of the innovative enterprises is low technological. The development of entrepreneur spirit in the contemporary community is a leading theme that meets a great science, media and public support.

The new generation young people born in the end of 80s and 90s demand, expect and act, have an indefinite information access, easily use the new technologies. They are enterprising and do not afraid of the risk and fail because they are deeply convinced that this is not the end but just an experience in the way of development and success. After the Bulgarian participation in the EU the opportunities for companies to get off the ground become more and more accessible and it's encouraged exactly the Bulgarians' entrepreneur spirit. The way from the business idea for a starting company to the realization of a successful service or a product depend on many factors including the well elaborated business plan, the gain admission to capital, the opportunities for an office rental, the obtaining of suppliers infrastructure for the most necessary services, administrative obstacles and tax concessions, observing the base of good examples, etc.

The object of this report is young people with bachelor degree in economics and their willingness to start own business.

The subject is the opportunities which create conditions for entrepreneurship and perspectives for the development of young people in Bulgaria.

The researcher's thesis in this report is that the adequate use and implementation of good practices and mechanisms for entrepreneurship by young people is a condition for a successful realization and future development and as a result providing a competitiveness of the Bulgarian economy.

In the EU to cope with the crisis also repose hopes on the phenomenon "entrepreneurship". The politics for stimulating growth, employment and competitiveness are clue to the success of the strategy Europe 2020 as well as the national development program Bulgaria 2020. The strategy basic goal is overcoming crisis conditions, creating more and qualitative working places and improving the life standard. It strengthens European's position to have the ability to provide intelligent, sustainable and uniting growth finding the way for new working places but all of this depends on the overcoming of the most urgent challenge – the coming out of the present crisis. In a long perspective the elaboration of different national plans for social and economic development, the raising education and science quality, the life-long

learning and others have a basic significance for entrepreneurship stimulation.

2. For the entrepreneurship in Bulgaria

The concepts entrepreneur spirit and entrepreneur ecosystem in Bulgaria are mentioned a lot but barely in the last few years can be observed the standing out of pronounces examples and good practices. The entrepreneurship is described as an ability and willingness for development, organization and management of a business taking all the risks for gathering profits. The most frequent occurrence for entrepreneurship is the beginning of a new business but that is one of the myths that it is connected only towards to creation of new business or developing an existing one. The entrepreneurship is mostly a way of thinking and behavior connected with identifying opportunities, creating a team, finding resources, taking risks, positive thinking and building something for the future. The entrepreneur spirit can be characterized with innovations and taking risks and it's an essential part of the ability of a nation to succeed in the eternal changing and strongly competitive market.

The entrepreneur's problems are fully elaborated in two national strategies for encouragement the development of SMEs, The national strategic reference frame of Bulgaria, The national strategy for life-long learning, The national program for reforms 2011—2015, The national program for development Bulgaria 2020, etc. In every program are foreseen number of changes, directions and measures which force the development of entrepreneur's activity mainly toward young people, women, minority groups and others. Also are observed the problems and treats that are an obstacle for reaching the specified aim as well is marked the way for action toward positive changes.

The entrepreneur activity and the new starting companies according to data of the National statistical institute for 2014 are 1.7% more than in 2013 and is indicated an investment growth for the same year. The entrepreneur's profile has developed according a data from the research „Entrepreneurship and private business in Bulgaria” in 2011 the entrepreneurs are separated by the age as follows: till 30 years old — 5%; from 31 to 40 — 25%; from 41 to 50 — 33%; from 51 to 60 — 28%; more than 60 years old — 9%. Through the period 1997 - 2011 is observed a sustainable tendency for advance in age (the percentage of entrepreneurs at the age till 30 falls down from 13% to 5%; in the interval 31–40 г. — from 35% to 25%; in the interval 41–50 years old has a presence of relative sustainability (35-35%); in the interval 51–60 the contingent rise from 14% to 28%; and over 60 – from 3% to 9 %). The young people till 40 years old who realize an entrepreneur's activity extremely falls. In this research has made a self - evaluation by the entrepreneurs according to their material state (table 1). The results draw a conclusion that more than 50% of the inquired people are well provided in material way and rarely are deprived of important

things. This can be observed as a strong precondition and a motive for starting business.

Table 1: Self - evaluation of entrepreneurs for their material attitude

How you can evaluate your material condition?	1997	2004	2011
	in % by answers		
I do not deprive of anything important in my everyday life	34	34	36
It's rarely necessary to deprive by important things	39	38	38
Very often I have to deprive by important things	22	23	22
I constantly deprive - even by the elementary things in life	5	5	4
TOTAL	100	100	100

Reference: Entrepreneurship and private business in Bulgaria (2011)

The turnover index in services for the last three months of 2015 according data by NSI show growth of 7,3% in accordance with the same period in the previous year. 2,6 % is the enhancement of turnover in hotel and restaurant business that can be observed raising in turnover index for the internal market in industry by the preliminary data of NSI for January 2016. The enhancement in turnover and self - evaluation of entrepreneurs for their material condition is a positive tendency that shows the willingness of young people for entrepreneur activity.

The appearance of financial instruments for starting technological companies promises to become an accelerator for the entrepreneur ecosystem in Bulgaria. In the last years founded a lot companies that produce for the global market. But this is just the beginning and following the words of Brad Feld (a successful investor in technological companies in the USA) in one of his books to build well - functioning entrepreneur ecosystems every day must have a vision about what must be done for the next 20 years.

The predominant opinion that in the middle of 2010 the business climate in the country becomes better and the activation of economy give hope that Bulgaria starts to go out of crisis. In the press and official sources more often appear hopeful statistic data and macroeconomic analysis. The basic reason for that is the ongoing reconstruction of Western Europe that influence Bulgarian exportation to those countries.

3. Investigation of the entrepreneurs' activity

3.1. Methodical conditions

The unclear regulations and restrictions over business are on principle one of the basic enemies of the entrepreneurship. In Bulgaria an obstacle for developing of this environment is the lack of personnel as well as the lack of entrepreneur thought. It's necessary the creation of positive examples for entrepreneur's image improvement in the country together with building the idea in young people for the opportunities that entrepreneurship provides.

The current economic and financial crisis mostly come to the fore the key meaning of entrepreneur activity that is expected to be an engine of the economy revival and society as a whole including their post crisis development. The global economic history gives a lot examples how people's willingness to create and manage own companies taking a definite risk is a basic force of economics' revival after depressions and crisis. The current crisis puts the entrepreneur culture, sense and behavior of the humanity using such challenges but in a new more complicated and specific context.

The investigation of perspectives for entrepreneurship is implemented by students with bachelor degree in economics. The elaboration of methodical conditions is based upon the process method, i.e. gathering in unity the key conditions and processes that determine a tendency for entrepreneur activity but also a diagnostic analysis of their condition. For investigation the motivation for entrepreneurship of young people is appropriate to be used diagnostic analysis for the current condition in the society. In

historical way the retrospective analysis is appropriate to establish deposition in actions and problem fields for additional support of the conclusions of the current research. After the practical survey, driven conclusions and well-grounded recommendations for their consequent decision in future will be made a prognosis analysis.

In the research is used a survey with own questioner forced to investigate key components determined young people's motivation for entrepreneurship. The survey includes a target population of young economists that reply to the requirements for representativeness and authenticity. It's used the expert evaluation method made by the researcher based upon the questionnaire and its results and statistical methods for information cultivation.

3.2. An empiric survey

The investigations in the field of entrepreneurship give opportunity for gathering a correct idea of the problems in front Bulgarian entrepreneurs. The negative influence of crisis can be generalized in the next fields:

- Despite the myth for easy and fast business crediting it is still obvious a conservative politic of the bank sector that is connected with a hard admission to credits and raising the interest of current credits. A lot Bulgarian entrepreneurs are incapable to fulfill their obligations because banks do not provide advantageous credits.

- The market contraction in consequence of crisis. In crisis conditions the entrepreneurs fight for survival and take all the client's orders even in some cases to sell at a loss. This is forced toward generating incomes that will be used for salaries, paying credits, etc. and aiming to save the created good reputation.

- The existence of environmental instability and unclear perspectives for positive economic development.

- The lack of qualified personnel because the fact that a lot competent people look for realization in other countries (i.e. brain drain that is an obstacle for the business and economy of Bulgaria).

Together with the counted problems in front of the entrepreneurs exists number of obstacles for entrepreneur activity especially when the object is young people:

- A lack of experience and practice of young people who are unprepared for practical actions;

- A lack of specialize courses for entrepreneurship in the university;

- A lack of distinctness about the opportunities and ways for starting business and are observed problems and weaknesses in business plan elaboration;

- Difficulties in taking credits because the bank credit products demand a history of the company and a positive financial result;

- A lack of courage and positive examples in the society for achieving success by young entrepreneurs that falls down the motivation level;

- A difficulty in finding a support by the university and the lack of a center for entrepreneurship and innovations.

The research results indicate that more than 50% of the people have a motivation and willingness to start business as well they have a clear idea and vision about the future but meet number of difficulties in realization of their business ideas. The basic challenges in front young entrepreneurs are connected with the necessity of crediting (67%), the current economic crisis and its consequences (71%) and also the young people feel insecure according the lack of experience and practice (65%).

In parallel with these challenges they find the advantages in creating an own company because they link their youth in the presence of courage, a lot opportunities and flexibility toward fast

changing global market, creative ideas and expectations for high income in their realization. The participations at the age till 40 years old (88%) want to be separate in taking decisions and they do not imagine to be employee in a company with fixed working schedule. They force to be self-employed and all their efforts and the fruits of their hard working to give their own leverage.

The investigated future entrepreneurs look for mainly young employees because they estimate the strong motivation level, creativeness and abilities of their coevals who do not possess an experience and practice (this is the basic obstacle for employment in most companies) but are charged with energy, knowledge and desire to prove themselves.

On the next figures is introduced the distribution of answers on basic questions in the research.



Fig. 1 A Motivation for entrepreneurship Fig. 2 Expected problems

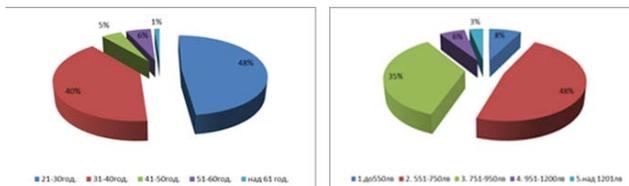


Fig. 3 Age distribution Fig. 4 Expected month income

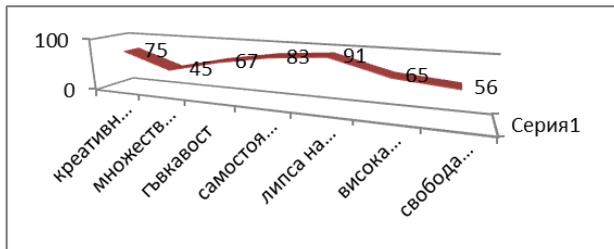


Fig. 5 Entrepreneur's priorities

Reference: Data from the research and own calculations using SPSS.19

4. Conclusion

The economic crisis in Bulgaria affects almost all economic operators and sectors in the country because the market compression had a negative influence over the business and entrepreneurship activity. Together with this the crisis creates also many opportunities which can be used by people with entrepreneur potential but it's necessary the country to create conditions for raising the entrepreneur's activity and to support for enterprises that create additional value in economy. The ratification and assistance of current and future entrepreneurs (mostly young people) is a basic mechanism for reviving the Bulgarian economy and put the foundation for after crisis development. The underestimation of innovations and the necessary competencies in entrepreneurs and managers obviously will slow down the Bulgaria's going out of crisis. Even more, it will be missed the opportunity for laying a stable foundation of the successful and sustainable competitive post crisis development especially because the fact that is not observed the identification of new post crisis entrepreneurs. It's deeply noticed the lack of a strategy and support for the intelligent future entrepreneurs through the students with a high potential by the economic and technic universities in Bulgaria. Precisely they can be the development engine uniting technical and business skills, abilities for taking risks, avoiding mistakes and drawing lessons from the current crisis.

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