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**GENESIS AND TYPOLOGY OF ENTREPRENEURSHIP AND PRIVATE
BUSINESS IN BULGARIA AFTER YEAR 1989**

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This article provides an analysis of the changes that took place in Bulgaria after year 1989. Its objective is to clarify the influence on the private business of the mass privatization performed, the way in which the denationalization was carried out, the bank crashes and cataclysms and Bulgaria's accession to the EU. The conditions, business environment and the social background in which it occurred and developed provide an explanation of its current state and development. Within the context of the existing theories of entrepreneurship (occupational and behavioral entrepreneurship) the types of entrepreneurship in Bulgaria are described, which are also typical for other countries of Central and Eastern Europe (CEE), in terms of entrepreneur's behavior and action.

Keywords: *privatization, bank failures, typology of entrepreneurship, self-employment, rent-seeking, portfolio and serial entrepreneurship.*

Introduction. The changes at the end of the past and the beginning of the current century – the change of the political system in the countries of Central and Eastern Europe (CEE), the foundation of the European Union (EU), the global financial and economic crisis from year 2008 have brought to serious transformations in the economic sector and social life. Therefore the period after year 1989 is interesting for analyses and findings that would be useful not only in a historical-retrospective aspect. The objective is to clarify the way in which the private business occurred in Bulgaria after year 1989, its profile, social environment and value background in and against which it developed. This will provide a logic explanation to a certain extent of its current state and characteristics. With regard to the future development and trends they are pre-determined rather by the set directions within

the context of the European integration and the global economy than by the origin and past. In Bulgaria and in many CEE countries there has been no timely implementation of the model in which new private enterprises are established, being authentic market subjects possessing the resources required to manage in the conditions of insecure and intensely competitive economy.

Results and discussions. The rehabilitation of the private entrepreneurship activities is directly related to the process of privatization and denationalization which was started after year 1992 with the Law on the Re-organization and Privatization of State and Municipal Enterprises (LRPSME). A particular attention is to be paid to the privatization deals within the period 1997-2001, when the state companies sustaining loss in their operations but still holding serious assets were privatized. The legal changes made enabled the people working at a company listed for privatization enter into a partnership and together with the managers register a company to participate in the tender proceedings. This way the Worker-Manager's Partnerships (WMP), which subsequently became a scheme for serious corruption practices. The goal of a part of the WMPs established was to drain the assets and to rob the company. Another practice applied was the increase of the capital and the search for new members. This way after the new shares were bought a new majority owner of the WMP possessing the enterprise purchased beforehand came ahead. This variant was used in the privatization of the companies that worked well. By the way in many of the cases renowned international companies offering serious investment projects were excluded from the participation in the privatizing process.

The governments and the state administration did not provide transparency and equal conditions for all the participants in the privatizing process. Typical examples in support of the these representations are the privatization of the Balkan Air Company, of the industrial giants of Kremikovtsi and ChimCo, the company for the extraction of industrial minerals Caolin, "Damyantsa" wine production company and many others. The imposed penalty payments and the legal actions undertaken by the Agency of Privatization and Post-privatization Control are indicative of the cases of non-performance of clauses in the deals contracted. The experts' opinions may be summarized with the conclusion that in many cases the privatization contracts that were most disadvantageous to the state resulted from passed lobbyist laws and regulations. Only in year 2016 the new laws of public procurement, concessions, electronic trade with drugs, etc., made the legal framework and procedures adequate to the European norms and standards.

Instead of the realistic 25-30 billions of Euro, the privatization in Bulgaria brought approx. 3-4 billions of Euro. These data are, of course, disputable, due to the absence of a detailed analysis based on an internationally recognized methodology of assessment, which is to prove that the shares of the state enterprises incurring big

losses were worth the actually declared 30 billions of Euro (according to other expert evaluations this is the amount in USD). This picture is typical not only for Bulgaria, but also for other CEE countries – Romania, the Czech Republic, Poland and others.

The way in which the privatization was carried out brought to the establishment of corporate ownership the personification of which was the large or medium business. Such ownership exists; it is known in the West European countries and is considered modern and typical for the contemporary economies. The problem, however, comes from the fact that in West Europe the large-scale ownership has developed naturally, has grown gradually from the small private ownership in the conditions of competition and following the laws of the sound market logic, while in Bulgaria and other CEE countries the large-scale ownership acquired through privatization usually brings to the preservation of the monopolistic traditions typical for socialism and of the reflexes of the past to take risk with someone else's money and capital.

If financial collapse is added to the denationalization implemented this way in the style of “initial accumulation of capital” we shall obtain a fuller and clearer notion of the business environment and social background. The decision that made the budget undertake the overdue loans of the state companies through emitting new government bonds brought to the generation of a huge debt (approx. 2,5 billions of dollars). Unsecured loans were granted by the banks to finance selectively companies and natural persons related to the bank shareholders. A practice was established to resolve the issues occurring win new money from the state relying on re-financing from the Bulgarian National Bank (BNB).

Within that period there were many examples of direct draining of banks – Agrarian and Industrial Bank, Orion, Slavyani, MineralBank, Bank of Agrarian Credit, BalkanBank, First Private Bank, Stopanska Bank, AgroBusinessBank, TSBank, Post Bank, EliteBank, and others. Within this period the BNB has no monetary and exchange policy of its own and its employees directly or indirectly participated in the process of “draining” the state using the banks and the exchange rates. Pressure, insecurity, inflation expectations were created, the depositors started withdrawing their savings to convert them in foreign currencies. The indebtedness melted down as a result from the drastic change of exchange rates. The so-called credit millionaires occurred and the BGN assets of the ordinary citizens were melted down.

On the 25th of September 1996 the Managing Board of the BNB put under special supervision a half of the bank system explaining that this was the life-belt for the country. The resolution was taken with the sanction of the International Monetary Fund (IMF). It is still argued if this collision of a huge magnitude in the banking sphere was a natural consequence from the action of the blind market forces or a

planned and organized act. The beginning of the bank crisis started as early as December 1995 when the BNB “bought” at a price of BGN 1 the controlling pack of shares of AgroBusinessBank. The recapitulation of the crisis was the bankruptcy of 18 banks. Five of them were almost 100% state property, and the other 13 were 100% private.

The Law on Securities and Stock Exchanges brought to the collapse of the financial pyramids but the senses of every natural or legal person were highly alert and it became very uncertain and difficult to make business in such an environment. Moreover, at this time the issues of bank failures and the protection of the deposits of companies and citizens were not resolved. Experts measured and evaluated the failure of these 18 banks as equal to the loss of almost 25% of all the assets of our lending system. The crash of the Corporate Commercial Bank (CCB) in year 2014 came to remind us that not all the reflexes and practices from the past were forgotten. Approx 4,5 billions BGN of the deposits in the bank were drained off. Our bank system was shaken again. First Investment Bank and other banks were threatened by insolvency and failure due to the mass withdrawal of deposits. The state intervention was needed again and a new debt was generated to strengthen the bank system and to protect though partially the business and personal deposits. These bank cataclysms resulted also in the loss of the national identity of our financial system as a large share of the financial assets in Bulgaria are owned by foreign investors.

If we add the “involvement” / “non-involvement” of the state, regional and municipal administration and of the judicial system, the picture of the business environment and social background in Bulgaria shall become clear and focused. The clumsy, bureaucratic, unresponsive, and often incompetent administration identifies itself most of all with a controlling and penalizing authority and revolts not only the Bulgarian, but also the foreign investors and entrepreneurs. A large part of the small-scale entrepreneurs (and not only of them) were forced to enter into non-regulated relations with representatives of the administration in order to cope with the bureaucratic system and the rules it imposes. Corruption has become a problem but also a way to solve problems. In such an environment the entrepreneurship activity aims mainly at the implementation of unregulated privatizing and financial acts. This type of entrepreneurship is unproductive and of destructive character in economic and social terms. The so-called “grey sectors” have occurred in the field of business.

In this period the political and economic “elites” started uniting and this is the reason that made the society pay a high social price for the transition performed this way for a long period and even nowadays. The formation of oligarchic ultra rich elite, the failure to reform the state administration, the bureaucracy and the corruptive practices imposed by it were the main reason for the never meeting private interests and system’s interest to survive. The post-communist owners established and

associated in coalitions and informal privatization networks were in fact repressing and killing the new-born authentic SME.

Within this period there was a boom of newly established companies in Bulgaria and the CEE countries. These were mainly micro enterprises – small business with personal capitals (mainly self-employment). This was business created mostly due to external instigating factors, from necessity in order to survive; such a business does not re-invest profits (if any) and usually has no strategy and expectations for future development.

The task to check and find the types of entrepreneurship as behavior in terms of goals, means and strategic orientation of the entrepreneur's activity is really interesting and important. „Entrepreneurship is characterized mainly by the type of the autonomous worker, although the entrepreneur's type and a mixed type of entrepreneurship also present. In a dynamic plan two-way transitions are implemented: from an entrepreneur into an autonomous worker and from an autonomous worker into an entrepreneur“ (Chavdarova, 2014, p. 29-30). This hypothesis of T. Chavdarova is grounded on the empirical analysis of statistical, economic and sociological data used by the author.

With regard to the small enterprises and in particular to the micro enterprises the capital, entrepreneur's and manager's functions are most often synonyms. Therefore with a view of terminology the owner (of the business/capital), the manager and the entrepreneur are most often united in the term *businessman*. As far as the organizational behavior of the micro enterprise is defined by the acts of its owner, we can consider the small-scale entrepreneurship and the small business synonyms. At the genesis of the SME, i.e. of the small business, in Bulgaria, there was a very negative moment – the practice to combine the part-time work in the private sector and the office taken in the public sector. This enabled the same subject use resources, information, customers, etc. from the state enterprise for the needs and to the benefit of his/her private business. The obvious conflict of interests in this case brings to personal favouring on the account of the state and competitors. Therefore in the period of restructuring almost one out of three small companies in the country was wound-up (75% of these were bankruptcies of Sole Traders).

The profile of the SME in Bulgaria may be summarized as “presence of many surviving companies, small amount of generated added value, poor quality of opened job positions, small number of SME – subcontractors of large-scale international companies, presence of a significant *grey sector*.” (Todorov, 2006, p. 78)

The next conventional period - 2007-2009 – marked by Bulgaria's accession to the EU and the radical institutional, legal, legislative, regulatory and other newly-occurred and forced requirements that brought to essential transformation in the sector. The attempts of harmonizing the Bulgarian legislation in the field of business

with the EU legislation proved to be untimely, inadequate and impractical. The imposed quality standards were inapplicable. They proved to be excessive for the micro and small enterprises. This may be seen from the data published by the National Statistical Institute (NSI) related to the business demography, dynamics in the development of enterprises by economic activities, number of employees, etc. There was one more exceptionally negative objective factor added to the factor of the accession to the EU, and namely the world financial and economic crisis from 2008.

The period after 2009 is characterized by the thick dividing line between the big privatized business on the one hand, and the small and medium business on the other. This antagonism supported by the state administration and its actions/inaction, corruption scheme and the privatization coalitions and networks did not provide a normal environment for the existence and development of SME. A significant share of the owners of post-privatization enterprises are interested rather in robbing the enterprise's assets than in the actual development of business. The big and medium business formed this way does not perform its natural function to support the small business generating through its development new employment in the SME and providing opportunities in subcontracting for such enterprises.

Last but not least as a negative factor suffocating the authentic small business we should mention the intervention of politicians who transform their power into political-economic authority. Until nowadays the political influence and favouring have been accepted as an inevitable fact in business. The political influence and control on a series of sectors is obvious and they are politically pieced out. In almost all the EU-countries the resources for funding SME are limited. The choice of beneficiaries in many cases depends on the regional and municipal administrations and this often results in unregulated practices.

This brief review and analysis of the political-economic, financial and social conditions and characteristics of business environment depict some of the essential factors for the occurrence, profile and development of entrepreneurship, and in particular of the small-scale entrepreneurship, in Bulgaria after year 1989. More than 92% of the private business is made up of SME. Within this sense entrepreneurship often means small-scale entrepreneurship.

In a theoretical aspect there are two major understandings of entrepreneurship – as an *occupation (occupational entrepreneurship)* and as a *behavior (behavioral entrepreneurship)* (Acs, Armington, 2006, p.7). According to the first concept, which is more common and used, entrepreneurship is a management of business on one's own account and risk. The understanding of entrepreneurship as a behavior gives an opportunity to make differentiation and typing of the small entrepreneurship.

According to F. Knight, T. Chavdarova and other authors the deepest essence of entrepreneurship lies in the fact that it is performed in the conditions of *uncertainty*

(Knight, 1921; Chavdarova, 2014, p. 48-49). The uncertainty is related to the impossibility to predict and calculate the objective probabilities for the occurrence of a particular event (result), i.e. decisions are made with unknown possible alternatives of future development. In contrast to uncertainty, the risk, according to F. Knight, supposes a situation of clearly defined objective probabilities for the occurrence of a possible result that are known as of the moment of decision-making, i.e. the alternative possibilities of future development are certainly known and within this sense they are insurable.

The entrepreneur is not compulsorily a natural person. A department or an organization can also be an entrepreneur. The so-called internal entrepreneurship is an example to that regard. As far as entrepreneurship is related directly or indirectly to terms like profit, legitimate avidity, gain and other similar terms, the issue of antagonism between the market players is also of interest. Is it possible to carry out entrepreneurship activities honestly, uprightly and conscientiously in the conditions of loyal competition or not? The answer to this question with the different conceptual understandings is not synonymous. In our opinion it is possible for at least two reasons. First, the parties in the market exchange anticipate and usually rely on a future partnership and this makes them comply with the ethical norms in business. Second, in the 21st century competition between entrepreneurs has one more face and it is called sharing - sharing ideas, resources, production capacities, experience and good practices, technologies, markets, etc. The contemporary economic and mathematical theories offer models and beneficial strategies not for antagonistic competition, but just the opposite. These strategies, policies and initiatives make the competitor a partner working hard not only for his own but also for the common cause.

The *typology* of entrepreneurship and entrepreneur's activities is defined and interpreted in different ways by the researchers, but all the theoretical concepts and understandings besides the differences have also common consensus elements. It is a generally accepted understanding that the *entrepreneur* relies on a systematic work aiming at profits. However it must be clarified that the concept of profit as a goal and sense of entrepreneur's activities is related to re-investing and striving for growth of capitals and business.

Another category is the so-called "small trader". These are people with individual skills and capabilities, using their own labour for which they could be called also *self-employed autonomous* workers. They also aim at profits but this aspiration is related rather to personal consumption than to re-investing. In contrast to the literal entrepreneurship, in this case the accumulation of capital and the long-term piling are sacrificed on the account of consumption.

In year 2001, using Eurostat's data of CEE, A.Rona-Tas (2001) independently,

and in year 2005 in co-authorship with M. Sagi (Rona-Tas, Sagi, 2005, p. 279-310) formulated a set of criteria to distinguish between the two conceptual understandings of entrepreneur's behavior – entrepreneur and self-employed (autonomous) worker. According to them the *entrepreneur's* objective is the accumulation in the main unit – the enterprise with its own accounting and space. The *self-employed* objective is the consumption within the household. The entrepreneur develops pro-active, innovative and creative activities aiming at the use of market opportunities. The self-employed person performs protective, reactive or imitative activities to create employment within a narrow circle of people (small family business). The entrepreneur seeks the optimum combination of production factors and attempts at searching for markets beyond the region and the country, diversifying the business in order to climb from a micro to small and medium business. The self-employed person is locally bound and segmented. The entrepreneur is motivated by internal need and factors, while the self-employed person acts under compulsion forced by external factors. The entrepreneur uses loans, creates employment and is a regular tax-payer, and his/her business cycle shows expansion and probabilities of growth upon success. Self-exploitation is more typical for the self-employed, the business cycle is usually of downward trend, and attempts for establishing a new business and avoiding taxation are made. Issues related to the economic and social dimensions of entrepreneurship and the entrepreneurship in small business have been studied by R. Madgerova (2013).

It should be clarified that the two types of entrepreneur's behavior are typical not only for the East European countries, but also for the long established market economies of West Europe. The difference is that in *West Europe the entrepreneur's spirit is predominant, while in East Europe the prevailing one is the spirit of the small trader (self-employed worker)*. Of course, we should not exclude the possibility in which the external pushing factors will subsequently induce the internal pulling factors and dispositions for the growth of business into small and medium, i.e. the implementation of a natural transition from a self-employed worker into an entrepreneur. It is the absence of such a transition on a mass scale that explains the significant dependence of micro and small business on the medium and big business in Bulgaria.

Another type of entrepreneurship is the *rent-seeking*. Rent is often a one-time adventurous entrepreneur's act. Economic rent that is sustainable throughout time is a manifestation of a systematic entrepreneur's behavior, while innovation rent is related to the non-equilibrium on the market and is often of a short-time nature. The rent-seeker strives for profit and for benefit, privileges, gains and in the general case is more or less associated with closed social and political groups and circles. Although the rent-seeker incurs expenses for the performance of his/her activities, the rent-seeking in its essence is not a production process but is rather a re-allocation and

search for privileges through lobbying. The pursuit of monopolistic profit and the cartel arrangements are also a kind of rent-seeking. At rent-seeking the preferential treatment and positioning bring to benefits and circumvention of employment and tax legislation. In its essence rent-seeking results in disloyal competition. Rent-seeking could also be considered productive as it provides economic success for the rent-seeker, but with regard to society in general rent-seeking is non-productive and even destructive entrepreneurship. The idea of classification of entrepreneurship as *productive, non-productive and destructive* belongs to W. Baumol (1990, p.98).

Apart from the so-far mentioned three types of entrepreneur's activities (entrepreneur, self-employed worker and rent-seeker) there is one more category – the so-called *adventurers* who rely mainly on their intuition and chance. The adventurer actually strives at the achievement of a one-time rent.

The last two types of entrepreneur's behavior are considered intermediate as far as for them it is not clear if the benefit obtained shall be subsequently used for re-investment or for consumption. Further and more detailed information of the types of entrepreneur's behavior could be found in the studies of R. Scase, M. Weber, T. Chavdarova and others.

Besides the aims of benefit the mentioned four types of entrepreneur's behavior could be distinguished also based on resources they have available and they could rely on. The entrepreneur shall rely on all the resources available, but would sometimes act irrespective of resources. The self-employed worker shall rely on his/her own labour, skills and competences. The rent-seeker shall rely on contacts, friends, political and economic circles and informal communities that would grant him/her privileges. The adventurer shall rely on his/her intuition, insight and chance (Chavdarova, 2014, p. 66-67). The representations hereinabove are depicted by the following table (Table 1.).

According to the authors referred to hereinabove who study the entrepreneurship typology presented in Table 1., the typology is conditional and it could be hardly empirically verified due to the continuous transitions throughout time from a self-employed worker to an entrepreneur and vice versa.

Some other authors like, for example, H. Stevenson (2000), try to stratify the entrepreneurship type according to its strategic orientation by distinguishing between *entrepreneur and administrator*. In general, the administrator performs a routine type of entrepreneurship being led only by the resources available that are controlled by the administrator, while the entrepreneur relies on the same, but sometimes acts irrespectively of resources, too. The *routine entrepreneurship* mentioned herein is actually the management of a company making business on a steady, balanced and established market. This is what distinguishes it from the *innovative entrepreneurship*. The innovative entrepreneur looks for and finds non-equilibrium

and free unoccupied market niches when the market is unsteady.

Table 1. Typology of Entrepreneurship

<i>Types</i>	<i>Fundamental goal</i>	<i>Means</i>	<i>Strategic orientation</i>
Entrepreneur	Profit (capital)	Maximization of profits	Innovative/ Routine type (long-term orientated to the options of profits / to the available resources)
Rent-seeker	Rent (gain/ privilege)	Maximization of rent	Long-term orientation
Adventurer	One-time rent	"Market hits"	Short-term orientation
Autonomous worker/Owner/ "Small trader"	Consumption (wealth)	Maximization of consumption / non- maximizing rationality	Routine type (long-term orientated to one's own labour as a major resource available)

Source: Chavdarova, T., *Social Integration of Small Entrepreneurship*, University publisher „St. Kl. Ohridski“, Sofia, 2014, p. 68

The period prior to the Bulgaria's accession to the EU was characterized also by *serial entrepreneurship*. Most often in trade and services several firms were established in series without pursuing growth to the potential of small and medium enterprises. A modification of the serial entrepreneurship is the so-called *portfolio entrepreneurship*. There the entrepreneur again enters a market segment with insignificant capital and competitive requirements but later on he/she re-invests the profits in other industrial sectors and business activities. This type of entrepreneurship as contrasted to the serial one, supposes a growing probability for growth due to the availability of own capital and the accumulation of organizational and managerial experience. This trend of growth, however, is followed only if the entrepreneur's action is inspired from the inside. In the opposite case, when the compulsion and pushing factors are significant, the portfolio entrepreneurship carries out diversification of business, too, but aiming at the survival in the insecure market environment by conveying capitals from one business into another. These two types of entrepreneurship are sometimes used for tax concessions.

At the beginning of the 1990s the institutional vacuum, the lack of clear rules and regulations, the heavy tax burden, the administrative barriers, the crisis of trust in

state, the absence of tax culture and administrative capacity brought to the occurrence of the *unregistered entrepreneurs*. The activities of those *informally self-employed persons* resembled entrepreneurship and in some cases in its essence they were entrepreneurship, indeed. Although illegal sometimes they were socially beneficial. Their occurrence is related to the unwillingness and/or lack of capacity and competence of the administration and state to provide normal conditions for the existence and development of SME. The absence of formal market rules, the lack of civil control and efficiently working judicial system gave the informal employees the opportunity to not meet their tax liabilities partially or fully. The unregulated activities in this period were considered a fact, a normal practice in response to the unjust taxation. Such activities were carried out mostly in trade with fuels, cigarettes, alcohol, sugar products, farm products, etc. It was practiced also in the area of services – accounting, health, taxi, carriage, programming, etc.

Another manifestation of entrepreneurship that was typical for the period was the *mediation*. It was most frequently practiced in the field of trade with real properties, foreign trade services (import and export), construction, utilizing European funds, etc. When the activity was performed informally the mediation became *commission-seeking or rent-seeking, which was typical for other CEE countries within the period studied, too*.

Another issue of interest is the issue of *entrepreneur's motivation*. It is mainly personal motivation having to do with pulling and pushing factors exerting influence on it. Based on these two influencing factors there are two types of entrepreneurship described in literature - *opportunity entrepreneurship* and *necessity entrepreneurship*. The opportunity entrepreneurship is usually more productive, more innovative, more often aiming at growth and internationalization. Referring to motivation and in particular to the non-economic motives of entrepreneurship J. Schumpeter (1934/1961, p.93) talked in his time about the „dream and the will to found a private kingdom, the will to conquer and the joy of creating “. Motivation is in fact a cyclical process induced by the continuous growth of personal needs (in terms of quantity and quality), which is illustrated in the block diagram in Figure 1.

When studying the specificity and typology of small-scale entrepreneurship after year 1989 in Bulgaria and in some other CEE countries a conclusion is to be drawn that prior to year 2001 the expansive development of the SME sector established rather the type of small trader (self-employed) than the type of entrepreneur. Some authors consider this thesis disputable. According to them the small and micro enterprises born during that period were an “outburst of entrepreneurship“. In the author's opinion in the large cities in many cases indisputably *opportunity entrepreneurship* was carried out motivated by internal needs and opportunities. In the small settlements, however, the economic necessity and survival, i.e. the external

factors, were the base for the occurrence of self-employment.

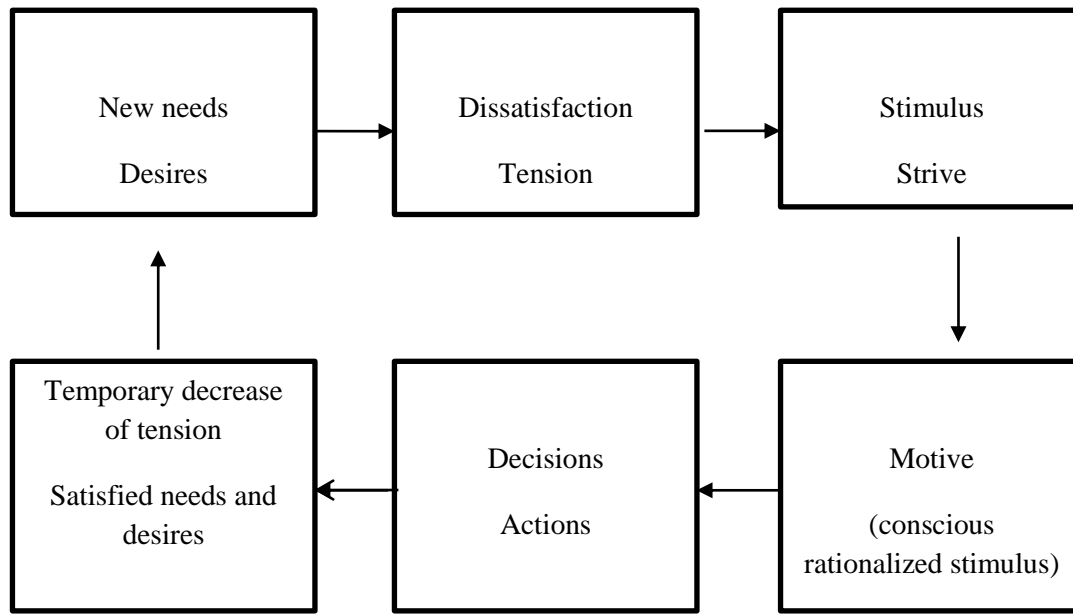


Fig. 1. Motivation process

Source: Adapted after J. Lindner et al., *Entrepreneurship and Management*, 2007

Another issue of interest is that of the *successful entrepreneur's profile*. It is most often related to qualities like hard work and patience, sense for market and readiness to take risk, good communication with colleagues, customers and state administration employees, sound knowledge, skills and competences.

The status, business demography, competitiveness of and the major problems encountered by the Bulgarian SME within the context of global economy are studied in greater details by the author in "Innovations, Entrepreneurship and Competitiveness of the Enterprise" (Kalaydzhieva, 2017).

Conclusion. Entrepreneurship is an active social-economic phenomenon. The small-scale entrepreneurship in Bulgaria occurred and continues its development pushed rather by the compulsion for survival than by internal pulling factors. It is represented rather by owners (autonomous workers) than by entrepreneurs in the essential meaning of the term. The state and the big business press the SME and do not establish sufficiently good conditions for its development and natural transition from micro to small and medium business. There are no prerequisites for territorial specialization and density of the SME in the separate sectors and the establishment of networks and clusters. There is no sufficient standardization of the offered administrative services – procedures, documentation, terms and others. The access to

financing is made difficult by the state and the banking sector. There is lacking or insufficient financing for innovative and exploration activities, as well as extension of loans, guarantees and venture capital.

With regard to the SME in Bulgaria they are characterized by a large share of low-tech industries and services with low intensity in terms of knowledge. The number of innovative enterprises is too small as compared to the average numbers of this indicator in the EU. The link between business, education and science is weak. In the R&D sector the provided and utilized funds are scarce.

Entrepreneurship, innovations and competitiveness are bound in a trinity and underlie the economic growth as an important strategic factor for the national economies in Europe as a whole.

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