Sociological program /Vitosha Research

2007 Highlights

- In 2007 Vitosha Research conducted a number of social, economic, marketing, and media surveys. 37,000 face-to-face structured, semi-structured, and telephone interviews were conducted, as well as 15 focus groups. Research results were summarized in 20 analytical reports.

- The priority lines of research continued to be corruption, the 'hidden economy', and crime victimization. The findings of the surveys conducted were presented in the eight annual report Anti-Corruption Reforms in Bulgaria: Key Results and Risks.

- The social sphere also emerged as a priority area of research. A significant part of Vitosha Research surveys and activities was focused on minority issues and the elaboration of an ethnic integration index.

- In 2007 Vitosha Research conducted 12 surveys under the Flash Eurobarometer Project among the general public and the business community. Flash Eurobarometer constitutes a critical instrument in the work of European policy and decision makers.

- Vitosha Research participated in several international projects. The main topics of these studies include training needs of judges in Georgia, the impact of foreign aid on job creation in Bulgaria, the attitudes and opinions of MPs and top-level public officials about political and economic reforms in Bulgaria, Dutch tourists' experience with corrupt practices among Bulgarian public officials, and others.

I. Economic Surveys

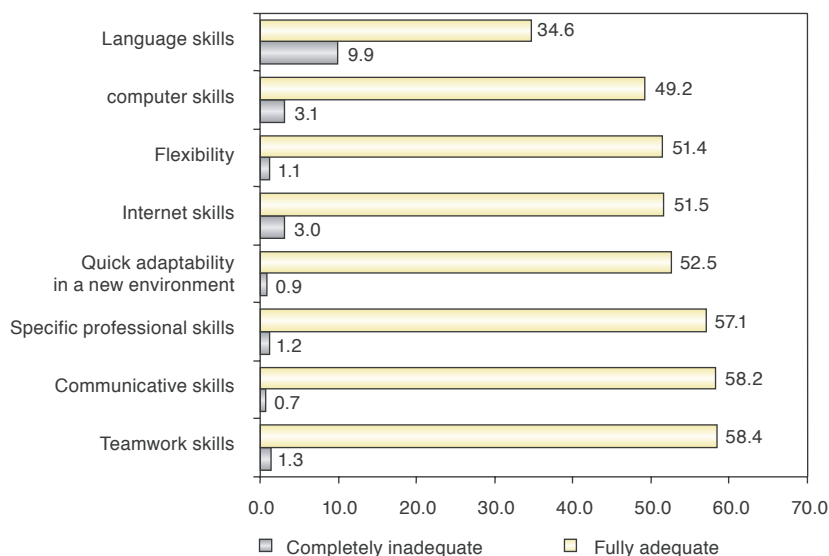### 1. Exploring and forecasting employers' skilled labor needs

In 2007 Vitosha Research and Industry Watch conducted a national representative survey covering 2019 enterprises commissioned by the Ministry of Labor and Social Policy. The survey included companies in all sectors of the economy throughout the country. The main goal of the survey was to find out the prospective needs of employers in Bulgaria for workers with specific professional skills. The study was aimed to help MLSP in designing labor market policy priorities.

The survey focused on two major issues:

- Which are the most critical workforce needs of employers (segments in which labor demand is concentrated) at the national level?

- In which segment of labor supply is workforce quality improvement likely to have the strongest impact on the economy?

Short (one year) and mid-term (3 years) labor demand forecasts were developed. A needs analysis was elaborated with regards to particular employee abilities and skills for the mass segments of the labor market. It was concluded that, in addition to specialized knowledge, experience and technical skills, employers are especially interested in personal skills and as:

Figure 3. Adequacy of Existing Staff Skills and Abilities for the Normal Operation of Companies

Skill	Completely inadequate	Fully adequate
Language skills	9.9	34.6
computer skills	3.1	49.2
Flexibility	1.1	51.4
Internet skills	3.0	51.5
Quick adaptability in a new environment	0.9	52.5
Specific professional skills	1.2	57.1
Communicative skills	0.7	58.2
Teamwork skills	1.3	58.4

Source: Vitosha Research, Exploring and Forecasting Employers' Needs for Workers with Particular Occupational Skills, May 2007
Base: N = 2019

- communicative skills;
- flexibility;
- teamwork;
- ability to work under stress;
- motivation;
- leadership skills and others.

Close to 92% of the interviewed employers shared the view that certain skills and abilities of employees, such as communicative skills and quick adaptability are of key importance to the normal operation and growth of their business.

2. Biggest Cities Review

Vitosha Research and Industry Watch continued their joint research project launched in early 2006 - **Biggest Cities Review**. It involves preparing regular reports including quarterly topic-specific overviews. The main goal of these analyses is providing viable up-to-date information to serve as a basis for making investment decisions. The basic areas of research covered in the regular reports are:

- Differences in the cost of labor by residence areas;

- Average monthly wages and the labor supply;

- Differences in the cost of living by residence areas.

3. Compliance with tax and social security obligations

The National Revenue Agency commissioned Vitosha Research a survey to explore the motives of citizens and companies to comply with their tax and social security obligations, as well as their opinions about the country's tax and social security systems. The summarized findings of the survey will help improve the overall operation of the National Revenue Agency.
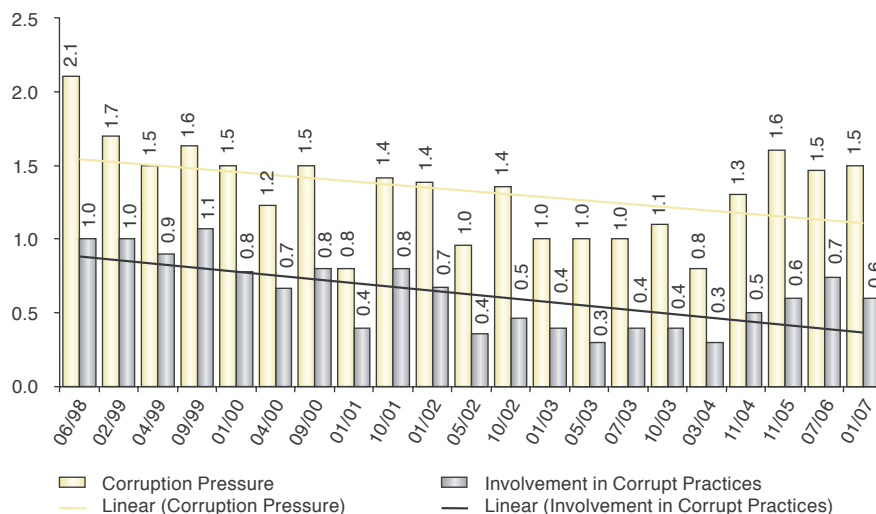

Biggest Cities Review

II. Corruption, Grey Economy, and Crime Victimization

1. Corruption

Vitosha Research continued its long terms effort in monitoring corruption. A comprehensive and thorough accountability and evaluation system was developed jointly with the Center for the Study of Democracy to monitor the implementation of the Strategy and Program for prevention and counteraction of corruption and the transparency of the Bulgarian Government (this aspect is considered in greater detail in the **Consolidation of Anti-Corruption Reforms in Bulgaria** section).

With Bulgaria's membership in the European Union, national anticorruption initiatives have been growing increasingly dependent on the concerted international efforts to curb corruption. Drawing on their experience of the past 10 years, in 2007 Vitosha Research and CSD worked towards the **elaboration of an integrated European methodology to define the standards for measuring corruption**. VR and CSD have gained solid experience in the evaluation of anticorruption initiatives and their impact on corruption. This could serve

Figure 4. Indexes of Involvement in Corruption and Corruption Pressure – Population (min=0, max=10)

Source: Vitosha Research / CMS

Note: The minimum value of both indexes is zero, indicating absence of corruption transactions; the maximum value is 10, meaning that all instances of citizen interaction with the administration are marked by a corruption element.

as a starting point for designing uniform corruption assessment methodologies which could develop integrated EU anticorruption and good governance policies. Practically, this would mean employing one and the same technique to measure the spread of corruption all EU countries. Common measurement would be the basis for developing benchmarks and EU standards in the area of anti-corruption.
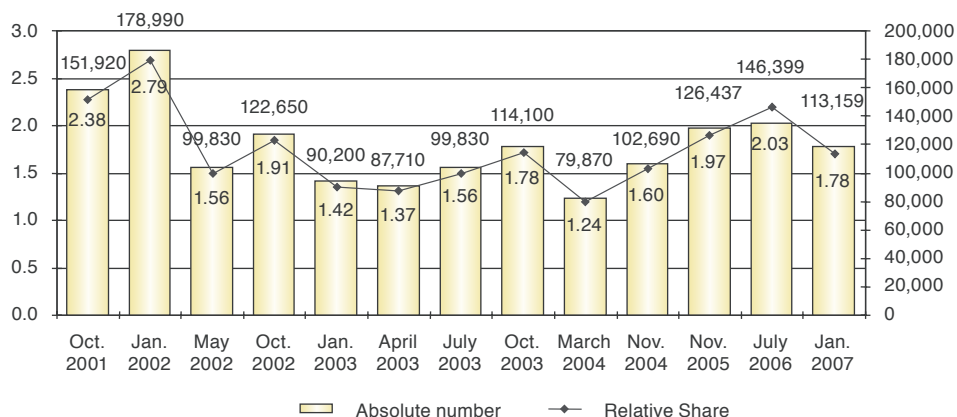
The results of the surveys conducted in 2007 were published in the eight annual overview of the corruption situation and anticorruption policy in Bulgaria – *Anticorruption Reforms in Bulgaria: Key Results and Risks*.

The principal tendency marking the period 1998-2007 has been the gradual decline in both real and potential corruption. In 2004-2005, however, there appeared some alarming signs for an increase of the number of corruption transactions. Since 2006 however, the value of the Involvement in Corruption Transactions Index both among the general public and in the business sector has declined.

Cases of involvement in corruption among adult Bulgarian citizens was in the range of 180,000-200,000 a month, in the period July 2003-March 2004, it ranged between 80,000-90,000 a month. In 2005, the incidence of corruption pressure by officials and the number of actually concluded corruption transactions reverted to the higher average values (about 140,000 a month). In early 2007, the average monthly number of

Figure 5. Average Monthly Number and Relative Share of Corruption Transaction

Source: Vitosha Research / CMS

Note: The number of corruption transactions is calculated based on data from the Population Census of March 2001, according to which the total population aged over 18 amounts to 6,417,689, and therefore 1% of the sample represents 64,180 persons.

corruption transactions dropped to approximately 110,000-115000.
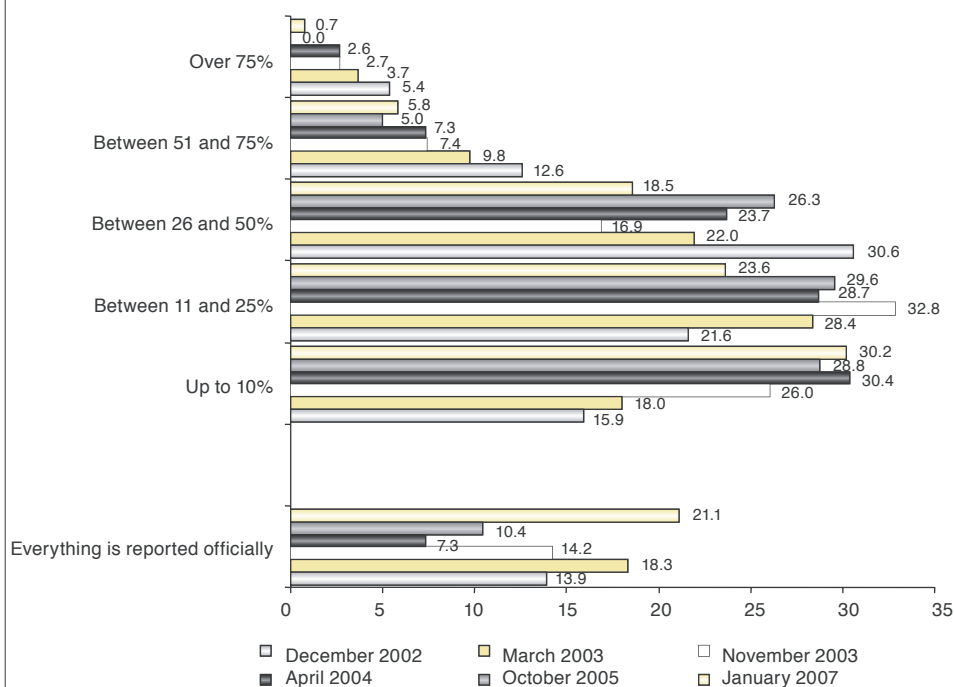
2. Hidden Economy

The hidden economy indexes are the basic output of the *Monitoring of the Size and Dynamics of the Hidden Economy in Bulgaria*, which Vitosha Research began conducting in 2002. In the period 2002-2007, the share of grey sector in different branches of the Bulgarian economy declined from 29% to 17.1%, i.e. in 2007, approximately one in five Leva of turnover in the economy passed through the grey sector.

The hidden economy indexes fall into two basic groups – indexes reflecting the involvement of the **population** in the hidden economy and indexes reflecting hidden economy manifestations in the **business sector**. The main indexes in these two groups are as follows:

Unreported economic activity. This index summarizes unreported incomes and turnover concerning the general population: engaging in unregistered work; non-payment of social and health insurance contributions; frequency of obtaining official receipts for particular services or goods purchased, and others. The index comprises two basic sub-indexes:

- Employment/Labor relations. The involvement in unregistered work is one of the main gauges of hidden economy. The indicators that make up this index provide information on the share of those working without a formal employment contract or under a contract with 'hidden clauses', as well as on the payment of social security and health insurance contributions.

- Hidden turnover. One of the most common manifestations of the hidden economy is the non-issuing of

Figure 6. General Assessments of the Share of the Hidden Economy (%)

Over 75%
- 0.7
- 0.0
- 2.6
- 2.7
- 3.7
- 5.4

Between 51 and 75%
- 5.8
- 5.0
- 7.3
- 7.4
- 9.8
- 12.6

Between 26 and 50%
- 18.5
- 26.3
- 23.7
- 16.9
- 22.0
- 30.6

Between 11 and 25%
- 23.6
- 29.6
- 28.7
- 32.8
- 28.4
- 21.6

Up to 10%
- 30.2
- 28.8
- 30.4
- 26.0
- 18.0
- 15.9

Everything is reported officially
- 21.1
- 10.4
- 7.3
- 14.2
- 18.3
- 13.9

□ December 2002   □ March 2003   □ November 2003
■ April 2004   ■ October 2005   □ January 2007

Base: (Dec '02: N= 389; Mar '03: N = 328; Nov '0: N=338; Apr '04: N=342; Oct '05: N=240; Jan '07: N=275)

records of purchase – cash receipts or invoices – for services or goods purchased. Although it concerns the general population, indirectly this index also measures the spread of the practice of hiding turnover among businesses.

Home production. This index assesses the 'weight' of home production and consumption in the grey sector of the economy. Although those engaged in home production for personal use are not required to officially register this activity and the latter is generally considered supplementary, to a large part of the population it proves to

be the main occupation and source of livelihood. The volume of home production is an important indicator of the 'grayness' of the economy in general. It includes indicators measuring employment, incomes, and consumption of the households engaged in home production.

Perceived scope of the hidden economy. This index summarizes the subjective perceptions of the business community about the size of the hidden economy in the country – at the national level and by specific sectors of the economy.
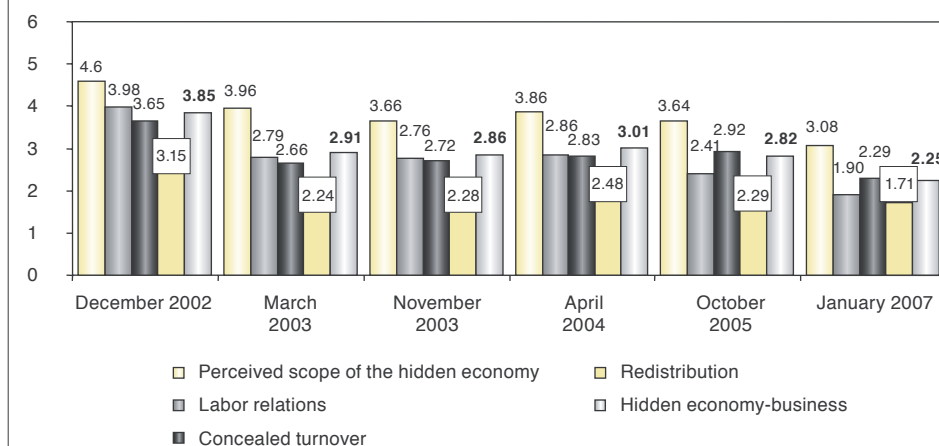
- Labor relations. This index summarizes the perceived spread of hiring workers without formal employment contracts or under contracts stating lower than the actual wage levels.

- Hidden turnover. This index reflects the spread of the various practices of hiding turnover, such as non-issuing of records of purchase, underreporting turnover, underreporting profits, frequency of barter deals, illegal import/export, etc.

- Redistribution. This index shows the spread of evasion/non-payment of taxes, import and excise duties by businesses. It provides information about the share of the companies engaged in such practices by sectors.

For the business sector, hidden turnover remains the most serious problem. Regarding labor relations, the tendency to hire people without formal employment contracts has been declining steadily. The downward trend has been slower with respect to those hired under contracts with hidden clauses.
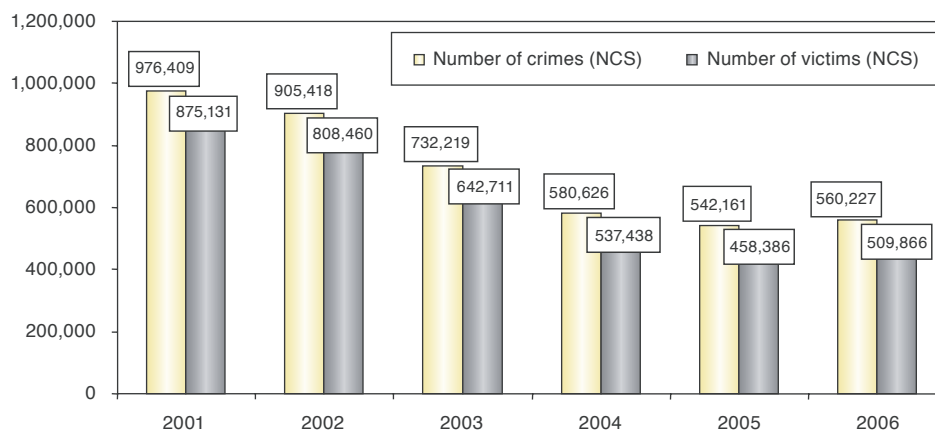
The National Crime Survey (NCS) was conducted by Vitosha Research for the fourth time. It employed UNICRI (ICVS) methodology. The survey is intended to assist the National Crime Prevention Commission in priority planning and the coordination of crime prevention policies. The first national survey using this methodology was conducted in Bulgaria in July 2002.* In November 2004 and December 2005 Vitosha Research and the Center for the Study of Democracy conducted another two similar surveys. NCS aims to collect information about crimes against citizens in the past 5 years and in the year of the survey. Two major groups of crimes are covered: **property crimes** (thefts of and from motor vehicles, thefts of motorcycles and bicycles, burglaries and attempted burglaries) and **crimes against the person** (robberies, theft of

Figure 7. **Dynamics of the Business Index of Hidden Economy and its Components**

Legend:
- Perceived scope of the hidden economy
- Redistribution
- Labor relations
- Hidden economy-business
- Concealed turnover

Figure 8. Number of Crime Victims and Number of Crimes in the Past Six Years (by NCS data)

Base: CVS 2002 N=1615; CVS 2004 N=1101; CVS 2005 N=1202; CVS 2007 N=2463

personal property, sexual crimes and assaults).

In developed countries conducting crime victim surveys dates back to the 1960s. Their main goal is to obtain reliable information about the **actual crime rate** by the use of sample methods. The principal reason for conducting victimization surveys is that not all crime incidents are reported by victims and registered by the police, which is why official statistics data do not accurately reflect the actual number of crimes. The **latency** (the relative share of unreported crimes) varies with different types of crimes and depends on relations between the public and the police. Good relations between the citizens and the police typically lead to higher trust in law-enforcement authorities and respectively, to lower the latency levels. Another important factor leading to deviations in official crime statistics is the presence of the so-called **police filters**, i.e. police practices aimed to discourage citizens from reporting crimes to which they have been victims.

Victimization surveys are useful in two basic aspects. First, they constitute an instrument of civic control over police activity since they make it possible to verify crime-related information provided by the police. Second, they allow in-depth analysis of latency levels and police filters and serve as basis for specific recommendations for improving police performance regarding crime prevention and counteraction.

III. Social Surveys

1. Ethnic Integration Index

In March 2007 the third consecutive survey commissioned by Partners Bulgaria Foundation was conducted by Vitosha Research in the municipalities of Razgrad, Isperih, Aitos, Devin, Kurdjali, Momchilgrad, Asenovgrad, Turgovishte, Dupnitsa, and Samokov. An Ethnic Integ-

ration Index was calculated based on the surveys results. This index measures ethnic group proximity in seven basic spheres of public life, for which sub-indexes are computed:

- Local government;
- Labor market;
- Education;
- Healthcare;
- Social services;
- Standard of living;
- Relations with others.

The values of the sub-indexes and indexes of the integration of the various ethnic-and-religious groups vary significantly for different municipalities.

Despite the specific characteristics of each municipality surveyed, the data allow drawing the following more general conclusions:

- In six of the municipalities (Razgrad, Isperih, Aitos, Devin, Kurdjali, and Momchilgrad) a decline is observed regarding differences in financial and material status between Christians and Muslims. Data from both surveys indicate relatively good coexistence and reasonably tolerant attitudes in all municipalities with the exception of Dupnitsa and Samokov.

- In the municipalities of Dupnitsa and Samokov inter-ethnic relations are rather negativistic and a considerably lower level of ethnic integration is observed between the Bulgarians and the Roma. In the municipalities inhabited by Bulgarians and Turks, with or without the presence of Roma, the Bulgarian population proves far more tolerant to the ethnic Turks while the Roma remain an isolated group.

- Discrimination on the labor market is observed mostly with respect to Roma. The unemployment rate is

highest among them and their financial status is lowest. The Roma are also the main beneficiaries of social services.

- In some of the municipalities there are still those who argue in favor of segregated education of minority children. In municipalities with compact Roma population the highest school drop-out rates are observed. Turgovishte emerged as the municipality with the largest proportion of school-age children who do not attend school – such children were found in nearly one-fifth (19%) of the Roma families.

2. Developing an effective response to the trafficking in children by studying trafficking mechanisms and the actual needs of the most at-risk groups

The project was implemented jointly with Save the Children Foundation – Albania and was completed in early 2007. The goal of the survey commissioned was to explore in detail the mechanisms of the trafficking in children; to verify the hypotheses regarding the at-risk groups and risk factors; to identify the needs of the real and potential victims, and to

compile a data base for the development of adequate and effective measures of counteraction.

3. Social assessment of a gold-mining concession

The chief objective of the study was to analyze the impact of the gold-mining project in the region of Krumovgrad on the life of the population in the municipality. It explored the potential impact of the project on the national and local labor markets (in quantitative and qualitative terms); the socio-cultural environment (including local traditions and sources of livelihood, way of life, living standards and quality of life); on those immediately hired by the concessionary in terms of working conditions, job descriptions and remuneration, social infrastructure and benefits, social rights. The social assessment also examined the social measures envisioned to neutralize possible risk factors and negative implications of project implementation.

4. Survey among the users of Internet and telephone services

A considerable part of Vitosha Research activity involves surveys among the users of Internet and telephone services in this country (fixed line telephones, public payphones and cell phones, as well as ADSL Internet services). Their goal was to analyze the current situation in the market for telecommunications services both among the general population and the business sector. The results were used to elaborate forecasts about the development of this market in Bulgaria.

5. Flash Eurobarometer

Vitosha Research continued its work on Flash Eurobarometer, conducting more than 10 surveys among various target groups on different topical issues such as: the introduction of the Euro in the new member countries; cross-cultural dialogue; biodiversity and Natura 2000, etc. The employed method of data collection was standardized telephone interview.

Flash Eurobarometer is an essential instrument for European politicians and decision makers. The survey covers 34 states and serves to collect and analyze up-to-date information from the citizens of the European Union and other countries on the most topical social, economic, and political issues.

6. Electoral attitudes in Razlog Municipality – local elections 2007

The survey aimed to explore public attitudes in Razlog Municipality prior to the local government elections in 2007. The specific objectives of the survey were to measure and outline:

- Degree of satisfaction of the public with the current governance of the municipality;

- Degree of approval of present local authorities;

- Main problems in the municipality that need to be addressed by authorities;

- Attitudes to voting in the upcoming local elections;

- The personalities for whom the local residents would cast their votes.

7. The experience of Dutch tourists with corrupt practices among Bulgarian public officials
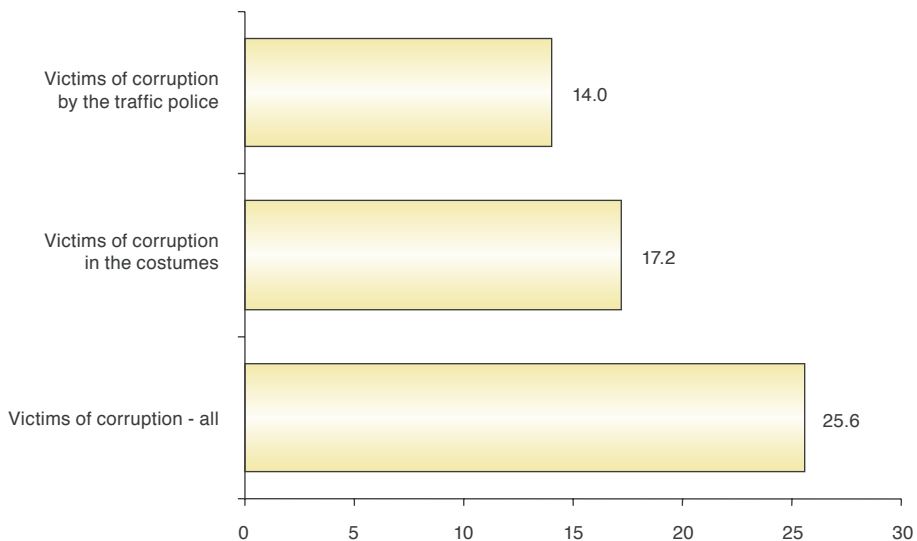
The goal of the project was to estimate the number of Dutch tourists passing through the country who have experienced corruption practices among Bulgarian public officials (customs and police officers). The poll conducted in the end of August 2007 among Dutch tourists leaving Bulgaria from the Kalotina border checkpoint indicated that the country has made significant progress in reducing corruption at the border checkpoints as well as on the roads across the country. The majority of the respondents expressed the opinion that the situation in Bulgaria had improved considerably compared to their earlier visits (79.8% of the interviewed tourists). Nevertheless, a total of 25.6% of the Dutch tourists passing through the country reported having been victim to corrupt practices.

8. Survey of training needs of judges in Georgia

In late 2006, Vitosha Research conducted a survey among judges in Georgia to identify their training needs. The study was commissioned by the International Development Law Organization (IDLO), Rome. It covered a total of 153 judges working in different courts in Georgia. The survey included a test with 45

Figure 9. Dutch Tourists Who have been Confronted with Corrupt Practices among Police and Customs Officers

Victims of corruption by the traffic police	14.0
Victims of corruption in the costumes	17.2
Victims of corruption - all	25.6

Base: All respondents N=500

questions evaluating judges' knowledge in 13 areas of law. Test results suggested the following more important conclusions:

- A relatively small number of the judges surveyed gave a sufficient number of correct answers. The highest number of correct answers was 33 and their average number was 20 (out of 45 questions).

- Relatively good results (60% correct answers) were achieved in several areas such as corporate law, contracts in the construction sector, as well as familiarity with the specific legislation of Georgia.

- In important areas of commercial law such as financial analysis, legislation related to competition, intellectual property, and dispute resolution, only about 10% of the interviewed judges gave correct answers to more than 50% of the questions.

- Overall, the legal qualification of judges in Georgia proved inadequate indicating that in 30-50% of the cases there is a real risk of a wrong legal decision.

In addition to legal qualification, many of the judges surveyed were in need of further training in computer skills such as working with databases, the Internet and e-mail. Although most of the judges acknowledged the need for this type of training, barely one-third demonstrated readiness to attend such courses.

9. Survey among Bulgarian legislators and high-ranking public officials

The survey was commissioned by Princeton Survey Research Associates. Its principal goal was to collect information about the attitudes and opinions of MPs and high-ranking public officials regarding certain critical problems related to the political and economic reforms in Bulgaria; about the new challenges stemming from Bulgaria's EU accession; on certain topical aspects of international relations.

The survey collected the opinions of 62 members of the National Assembly and 32 senior public officials.

10. The impact of foreign aid on job creation in Bulgaria

The survey commissioned by Arizona State University included Bulgarian enterprises that have received foreign financial or technical aid and a control group of enterprises that have not received. The main goal was to assess the impact of such aid on job creation in this country.

Analyses

The more important analytical reports prepared in 2007 include:

1. Ethnic Integration Index, March 2007 http://www.vitosha-research.com/artShow.php?id=8757

2. Biggest Cities Review, March 2007 http://www.vitosha-research.com/artShow.php?id=8208

3. The Children Are Talking, May 2007

4. National Crime Victims Survey 2007 – Results and Trends, June 2007

5. Exploring and Forecasting Employers' Needs for Workers with Particular Skills and Qualifications, June 2007