

# Sociological program /Vitosha Research

## 2008 Highlights

- A large number of social, economic, marketing, and media surveys were conducted. Using qualitative and quantitative methods, 30,000 structured and semi-structured face-to-face and telephone-based interviews were conducted, as well as three focus groups. The results of these surveys were summarized in fourteen analytical reports;
- Marketing research was the prevailing thematic activity of Vitosha Research in 2008, with topics ranging from consumer attitudes to various product groups, brand surveys, correlations between brand/producer and price, supply and demand, competitiveness;
- Important surveys were conducted in the socio-economic sphere, for example on children deprived of parental care and the social impact of the Wetlands Restoration and Pollution Reduction Project;
- In 2008 Vitosha Research again carried out national representative surveys of the general population and the business community focused on corruption and grey economy in this country, as part of the annual monitoring conducted by the Center for the Study of Democracy;
- Vitosha Research conducted eighteen surveys under the Flash Eurobarometer Project among the general public and the business community. Flash Eurobarometer surveys are commissioned by the European Commission and constitute essential tools in the work of European politicians and decision-makers;
- Vitosha Research also took part in other projects of international organizations. The more notable project objectives included serving the training needs of judges in Kyrgyzstan, conducting a minority survey and a victimization survey commissioned by the European Commission, helping design banks' policy on money laundering, as well as carrying out a World Bank Global Survey.

## I. Economic Surveys

### Public Opinion on Banking Services

The main objectives of this survey were to **collect information about the current use of banking services by Bulgarian households** and their future plans to use such services, as well as to

explore the confidence in the Bulgarian banking sector and economy.

The survey was conducted among one thousand Bulgarian households by means of face-to-face interviews. The research focus was on the different types of financial instruments that the Bulgarian population is inclined to use,

fully accepts and uses, or is reluctant to use – deposits, debit/credit cards, consumer and mortgage loans, etc. As the main factors for approval or rejection of each of the cited bank products, the respondents noted the interest rate, the repayment scheme, the required application documents, the percentage of bank financing versus the customer's expectations, and the time it took for the bank to reach a positive decision and extend credit for the required amount. In view of the country's problems in the 1996-1997 period, the respondents were also asked to share their anticipations and attitudes to the banking sector and the national economy as a whole, and to give an indication of their confidence in the national currency.

### Biggest Cities Review

Vitoshka 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 to provide viable up-to-date information to serve as the 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.

A **national representative survey** was conducted in the autumn of 2008 that was **dedicated to the looming global financial crisis**, the reasons people save, effective saving plans, the categorization of factors that in the judgment of respondents might affect the stability of the country's financial system, and the

extent to which respondents have been affected by the restrictive measures introduced by banks in Bulgaria.

### Expectations Regarding Labor Income

The project was conducted jointly with Sofia University's Academic Research Council. Its goal was to explore the population's general attitudes towards labor income and how those are formed.

For the purpose an omnibus survey was conducted among the population aged fifteen and over throughout the country by means of the face-to-face structured interviews. The size of the sample was N=1048.

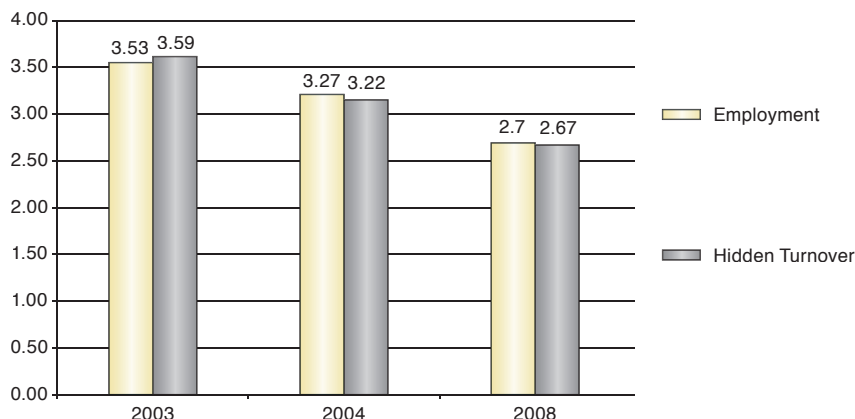
## II. Corruption, Grey Economy, and Crime

### Monitoring the Grey Economy among the General Population

The main objective of the survey was to **conduct a systematic monitoring of the size and dynamics of the hidden economy** in Bulgaria.

- More detailed information was collected on the following:
- Employment of the population by types of work activity;
- Existence of employment contracts with the employers;
- Proportion of those hired with contracts containing hidden clauses;
- Payment of social security and health insurance contributions;
- The issuing of fiscal receipts upon purchase of durable or non-durable goods;
- The issuing of fiscal receipts for various types of services used.

**Figure 6. Dynamics of Hidden Economy Sub-indexes of Employment and Hidden Turnover**



Source: Vitosha Research

### Monitoring the Grey Economy in the Business Sector

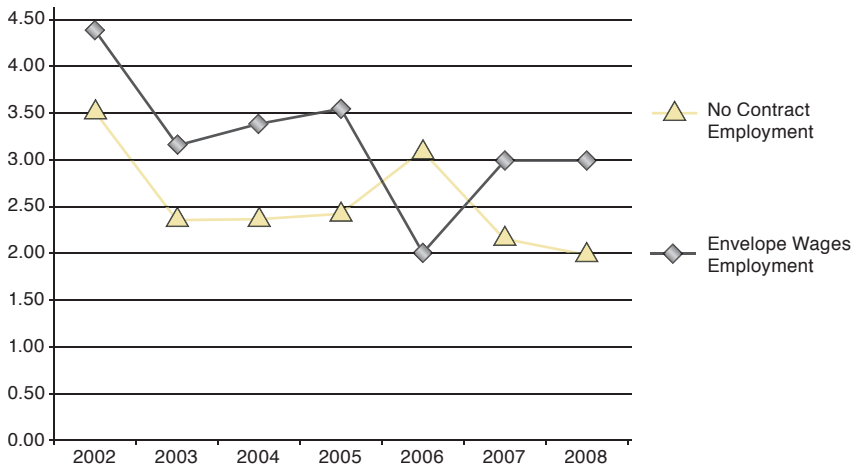
The project was commissioned by the Center for the Study of Democracy and carried out through a national representative survey which included companies from throughout the country. The main objective was to systematically monitor the size and dynamics of the hidden economy in Bulgaria.

The size of the hidden economy was measured by indexes grouped together in the following categories: scope hidden economic activities; specific manifestations of the hidden economy; labor relations; concealed turnover; redistribution.

Some of the more important topics of the survey were:

- Chief obstacles to business development;
- Proportion of those hired without employment contract in the sector in question;
- Proportion of those hired with employment contracts containing hidden clauses by sector;
- Non-issuing of fiscal receipts by sector;
- Practices of concealing turnover by sector;
- Practices of concealing profits by sector;
- Illegal import/export by sector;
- Fraudulent VAT claims by sector;
- Evasion of taxes, customs duties and excise fees by sector.
- General evaluation of the business climate by entrepreneurs, quality of legislation, and administrative requirements in Bulgaria;

**Figure 7. Dynamics of the Hidden Economy Sub-indexes of Employees Hired Without Contracts or with Employment Contracts Containing Hidden Clauses**



Source: Vitosha Research

### The Corruption Monitoring System

Corruption indexes summarize the most important findings of quantitative surveys regarding the rate of corrupt practices among different groups of the population and their attitudes to various aspects of corrupt behavior. Corruption indexes are grouped into several categories:

- Attitudes to corruption;
- Corrupt practices;
- Rates of corruption;
- Corruption-related expectations.

Survey results indicate the following:

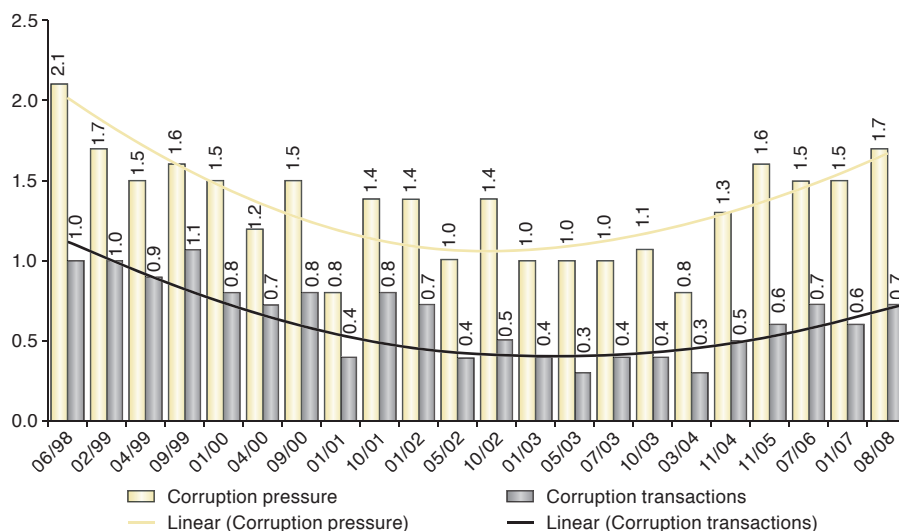
The 1998-2008 period was marked by an **initial downward trend** in administrative corruption among the Bulgarian population, followed by **another upsurge over the past four years** (Figure 8). After 2004 there appeared alarming indications of the rising incidence of corruption transactions. In

2008 there was a slight increase in the values of the Involvement in Corruption Transactions and Corruption Pressure indexes among the general population.

Whereas in 1998-1999 the average monthly number of self-reported cases of involvement in corruption transactions by adult Bulgarian citizens ranged from 180,000 to 200,000, in the July 2003-March 2004 period this number had dropped to about 80,000 to 90,000 (Figure 9). After 2004 the number of actually concluded corruption transactions reverted to the higher values characteristic of the earlier 2000-2001 period. In 2008, the average monthly number of corruption transactions in which Bulgarian citizens were involved increased to about 175,000.

The **reverse tendency** is observed, however, as regards **corruption levels in business**. The index of actual **corruption in business dropped tangibly** from 1.1 in November 2005 to 0.4 in August 2008, i.e.

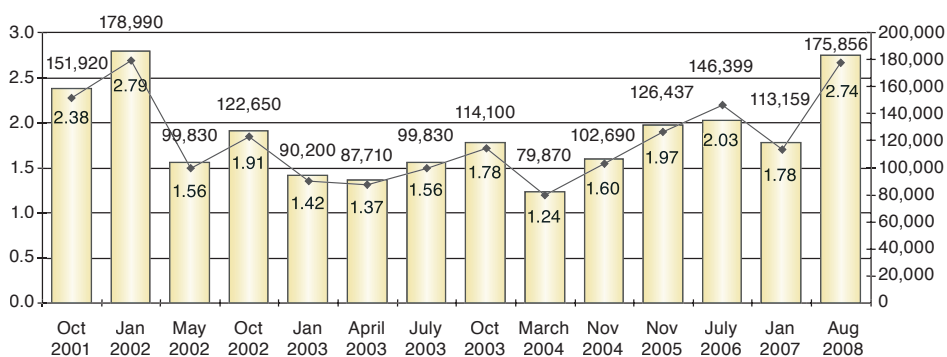
**Figure 8. Dynamics of Involvement in Corruption Transactions and Corruption Pressure Indexes – Population (min=0, max=10)\***



Source: Vitosha Research / CMS

(\*) The minimum value of the two indexes is zero, indicating complete absence of corruption transactions and corruption pressure, while the maximum value is 10, signifying that all instances of citizen interaction with the public administration involve some form of corruption.

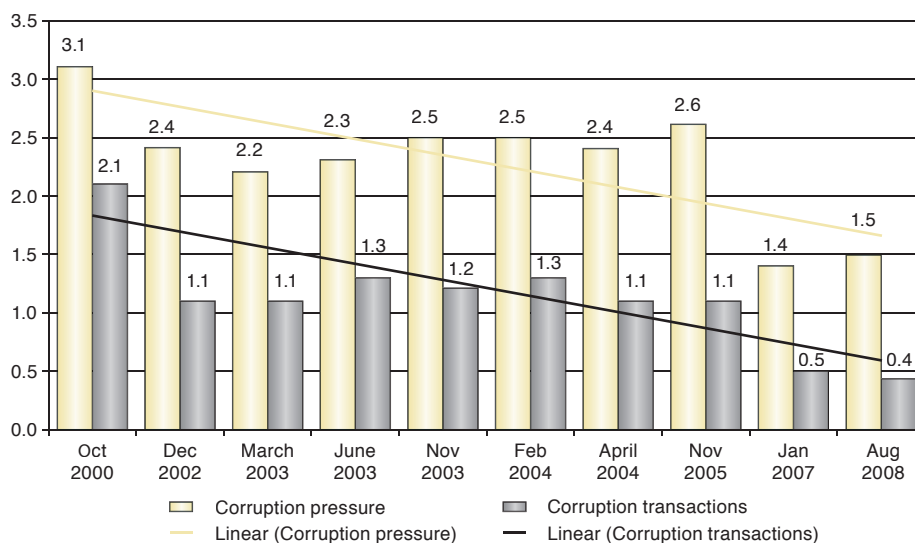
**Figure 9. Average Monthly Number of Corruption Transactions and Relative Share of the Population Involved<sup>1</sup>**



Source: Vitosha Research / CMS

<sup>1</sup> Note: Calculations of the number of corruption transactions are based on the March 2001 Census of the Population, according to which the population aged eighteen and over numbered 6,417,869, and accordingly 1% of the sample represents 64,180 persons.

**Figure 10. Dynamics of Involvement in Corruption Transactions and Corruption Pressure Indexes – Business (min=0, max=10)**



Source: Vitosha Research/CMS (Corruption Surveys of Bulgarian Business)

the level of corruption victimization fell almost threefold (Figure 10). Corruption pressure by public and administrative officials on businesses has also been on the decline. The value of the corruption pressure index dropped from 2.6 (November 2005) to 1.5 (August 2008). As the corruption pressure on companies decreases, ever fewer businesspersons say it is an established practice in their sector to make extra informal payments when conducting business transactions.

### National Crime Survey – 2008

In early 2008 Vitosha Research conducted a national representative survey commissioned by the Ministry of Internal Affairs and aimed at investigating various aspects of crime, crime rates, the gravity of the crimes committed, police performance evaluation, etc. Two main groups of crimes were covered: **property crimes** (thefts of and from motor vehicles,

thefts of bicycles and motorcycles, burglaries and attempted burglaries) and **crimes against the person** (robberies, thefts of personal property, sexual crimes and assaults). The employed research method was the face-to-face structured interview, and the survey covered 2,500 respondents over fifteen years of age.

A report was prepared on the basis of the collected information which is to facilitate the identification of measures to effectively counteract various types of crimes. The NCS 2008 data indicate a slight increase in car thefts while the number of bicycle thefts remains relatively steady with a tendency towards decline; the number of burglaries has been dropping over the past six years and in the course of the past year has stabilized at a relatively low level; however, the number of attempted burglary victims increased slightly. The number of sexual crime victims remained relatively steady over

**Table 1. Crime Victim Statistics for the Past Five Years (%)**

	NCS 2002	NCS 2004	NCS 2005	NCS 2007	NCS 2008
Theft of car – van – truck	2,3	3,0	2,3	1,2	1,9
Theft of an object or car part from a vehicle	12,7	10,5	10,4	7,3	7,6
Deliberate damage to car – van – truck	5,7	6,2	4,7	-	5,0
Theft of motorcycle	7,7	5,6	-	7,9	-
Theft of bicycle	12,0	14,3	12,4	10,7	10,3
Burglary	10,4	10,2	7,2	5,4	5,5
Attempted burglary	5,8	5,4	3,0	3,4	3,7
Robbery	1,5	2,8	1,2	1,5	1,1
Theft of personal property	14,5	10,7	7,3	7,4	7,6
Sexual crimes	0,9	1,0	0,3	0,6	0,5
Assault/threat	4,6	5,1	2,6	4,5	2,7

*Base: NCS 2002 Population N=1615; NCS 2004 Population N=1101; NCS 2005 Population N=1202; NCS 2007 Population N=2463; NCS 2007 Population N=2499*

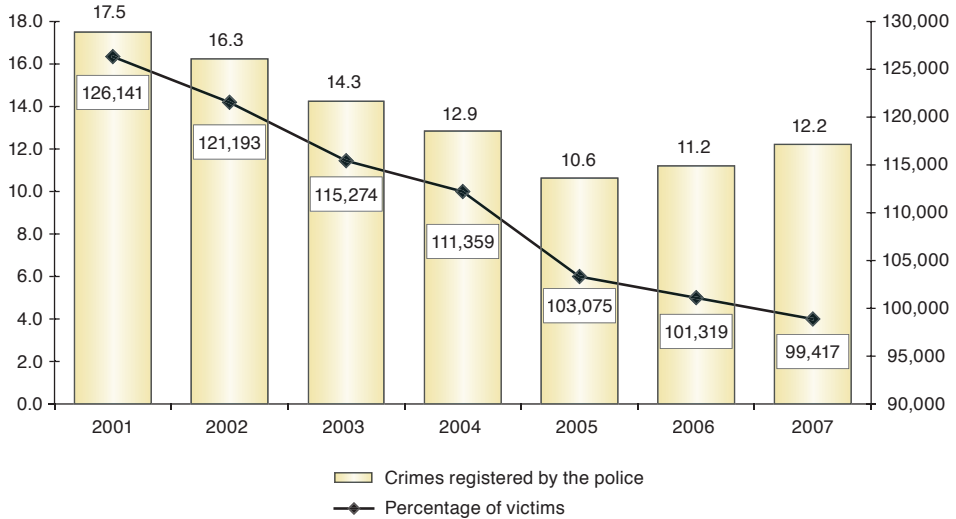
the past two years. There was a slight decline in the number of assault victims. The NCS research instruments register victimization levels for eleven types of crimes. One of the main indicators for assessing crime rates in this country is based on the question asked about each type of crime surveyed: "In the past five years, have you been victim of...?" NCS 2008 registered a tangible drop in victimization levels compared to 2002. Over the past year, however, the downward trend was interrupted and the levels of victimization remained unchanged. The crimes for which it was established that the share of victims in the past year had declined were: robberies, assaults/threats, and bicycle thefts. Unchanged were the shares of victims of thefts of objects or car parts

from a motor vehicle; burglaries and attempted burglaries; thefts of personal property; and sexual crimes. A slight increase was observed in the share of motor vehicle (cars/trucks) theft victims.

By and large, the trends in the levels of victimization (decline or absence of change) registered by NCS match the data from police statistics. A cause for alarm is the increased victimization of Bulgarian citizens in 2007 but as yet it remains within the statistical error range which rather indicates the absence of further change in existing levels of victimization.

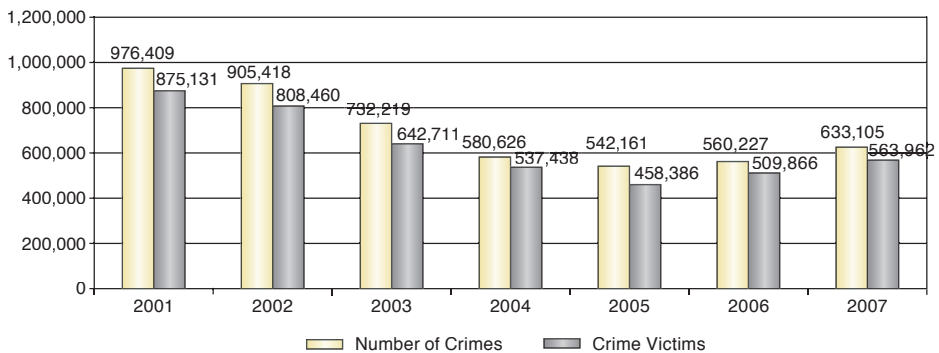
The number of crime victims is smaller than the number of crimes since some

**Figure 11. Crime Victims According to NCS and Crimes Registered by Police**



Base: NCS 2002 Population N=1615; NCS 2004 Population N=1101; NCS 2005 Population N=1202; NCS 2007 Population N=2463; NCS 2007 Population N=2499

**Figure 12. Number of Crime Victims and Number of Crimes According to NCS**



Base: NCS 2002 N=1615; NCS 2004 N=1101; NCS 2005 N=1202; NCS 2007 N=2463; NCS 2007 N=2499



citizens fall victim to more than one crime (Figure 12). Over the period under review, the number of crime victims fell on average by 73,000 per year up to 2005, with a subsequent slight upward trend in both the number of crimes and the number of victims.

Two main factors account for the disparities between official police statistics and actual crime rates in this country. One is the latency rate, reflecting the share of victims who do not report crimes to the police. Citizens consider the **insufficient efforts of law-enforcement authorities and their inadequate efficiency to be the most important reasons for victims' reluctance to report crimes.** Such considerations also account for the slightly smaller share of those who reported crimes to the police over the course of the past year. A tangible increase in the crime detection rate, improved treatment of victims, and greater transparency in the work of the

police emerge as crucial preconditions for reducing latency, strengthening trust in the police, and increasing the proportion of crimes reported by citizens.

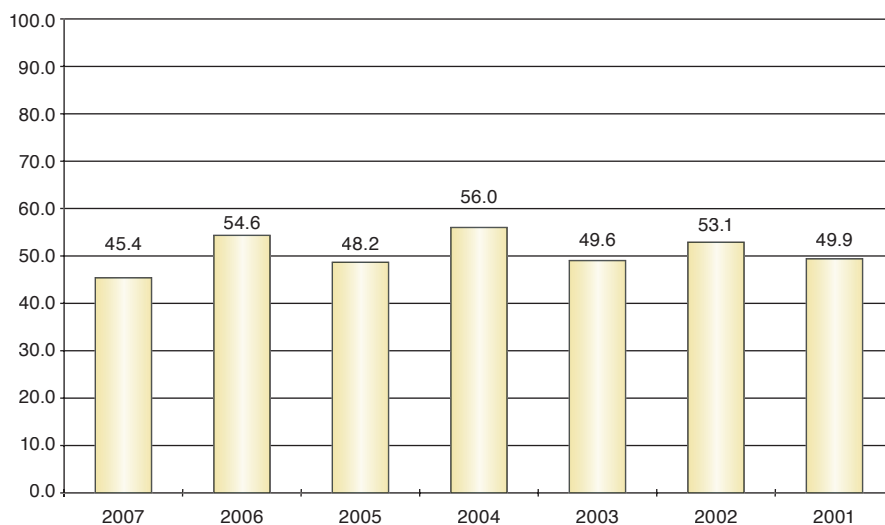
Another factor with a bearing on the discrepancy between real and officially registered crime rates are the various police "filters" in recording reported crimes. These filters differ for the various types of crimes and are the reason why reported crimes do not always make their way into police statistics.

### III. Social Surveys

#### Assessment of the STEPSS Project Results

The **first stage of the STEPSS project** was conducted in 2008. The objective was to adapt a questionnaire and to process and analyze the data from a survey of police

**Figure 13. Proportion of Crimes Reported to Police (%)**



Base: All victims

officers in the towns of Sofia, Plovdiv, and Haskovo. The goal of the survey was to **explore officers' attitudes to the new procedures introduced under the project to eliminate ethnic profiling in police work**, as well as to analyze their assessments following a period of several months working under the new procedures. Stops and searches are the most important preventive factor with regard to theft and robbery, incl. car theft, as well as with regard to drug-related crimes. Some of the respondents thought stops were an important factor for the detection of practically any kind of crime. Some of the topmost reasons cited for undertaking stops and searches related to the specifics of police work, such as operative information and citizens' complaints and reports. Police officers' personal experience and knowledge were deemed to be of critical importance. It is worth noting that, according to the survey results, police officers do not regard the ethnicity of the individual concerned as decisive for undertaking a stop. 180 officers from Sofia, Plovdiv, and Haskovo were interviewed for the purposes of the survey.

### **Discrimination and Crimes against Minorities**

The survey was conducted at the initiative of the European Union Fundamental Rights Agency in all twenty-seven member countries. Its goal was to **establish whether and to what extent there was discrimination against various minority groups** in their communication and interaction with private individuals or institutions: when applying for a job or loan, purchasing housing, visiting a doctor or hospital, going to a restaurant; whether they were treated differently at state institutions or by law-enforcement authorities; whether respondents could detect negative attitudes on account of

ethnic origin, sex, sexual orientation, age, religion, or physical handicaps.

The national representative survey was conducted using the method of face-to-face structured interviews at respondents' homes, and covered 500 representatives of the Bulgarian population, 500 ethnic Turks, and 500 Roma.

### **Study and Assessment of Public Opinion and the Social Impact of the Wetlands Restoration and Pollution Reduction Project**

The research project was territorially concentrated in the regions of the Persina Natural Park and the Kalimok-Brushlen Protected Site. Since 2002, the Ministry of the Environment and Waters, the Ministry of Agriculture and Forests (subsequently renamed Ministry of Agriculture and Food), and the Municipalities of Tutrakan, Slivo Pole, Belene, Svishtov, and Nikopol, have been working on the Wetlands Restoration and Pollution Reduction Project financed by the Global Environment Facility/World Bank. Its **main goal is to help Bulgaria fulfill its national and international commitments to reduce transborder nutrient pollution loads and conserve biodiversity** in the Danube River and Black Sea basins by means of wetlands restoration, improved governance, and the sustainable use of water resources.

The Ministry of the Environment and Waters commissioned Vitosha Research to conduct a social assessment of the project's impact. To this end, the following were conducted: face-to-face structured interviews with 420 residents aged eighteen and over from Belene, Nikopol, Dragash Voivoda, Tutrakan, Staro Selo, Nova Tchernia, Tzar Samuil, Brushlen, and Bobovo; face-to-face structured interviews with ninety-eight representatives of private business, business associations, NGOs and other

civic associations in the project areas – Pleven, Russe, and Silistra, as well as in-depth semi-structured interviews with fifteen representatives of municipal and district institutions and organizations both in the project areas and in the respective district centers – the towns of Pleven, Russe, and Silistra.

### **Situation Analysis of Children without Parental Care or at Risk of Losing Parental Care in Bulgaria**

In 2008 Vitosha Research carried out a study commissioned by SOS Children's Villages. The main goal of the analysis conducted was to **review the opinions, strategies, and programs relating to the target group of the major public institutions, NGOs and individuals working in the area of children's rights**. More specifically, the analysis identified the main reasons for children's rights violations and the shortfalls in the capacity to address these by consulting with the stakeholders.

### **Innovations – 2008**

The survey was commissioned by the Applied Research and Communications Foundation and financed by the European Commission. Its main goal was to **collect information about the innovation activities of Bulgarian enterprises**, their technological needs, and chief obstacles to growth. Part of the questions were aimed at collecting company information in order to examine how innovation characteristics change in terms of company turnover, number of employees, etc. The study covered company innovations resulting from technological development, process innovations, new organizational methods, new marketing strategies, new management approaches adopted to improve a company's competitive position, the use of patents and licenses, the purchase of new technological

equipment for the manufacture of a new product or provision of a new service, training staff to work with a new manufacturing process or delivery method, innovation cooperation, and the protection of self-designed products.

The survey was a national representative one and covered one thousand companies utilizing the structured face-to-face interview method.

### **Flash Eurobarometer**

Vitosha Research **continued its work under Flash Eurobarometer** and conducted more than fifteen surveys of different target groups covering a range of European-wide issues, such as public perceptions of Europe's future in twenty years' time; young people and their rights; young people and drug use; young people and science; children's mental health; public confidence in the information society, etc. The employed method of data collection was the structured telephone interview.

The Flash Eurobarometer constitutes an essential tool in the work of European politicians and decision-makers. The study covers thirty-four states and collects and analyzes current information from citizens within the European Union and in countries outside the EU on the most topical social, economic, and political issues.

### **Challenges in Counteracting Money Laundering**

For the purposes of the survey commissioned by Control Risks, Vitosha Research interviewers met with managers of the banks operating in this country. Some of the questions were aimed at establishing the relationship between the type of bank (local/international) and its efficiency in preventing money-laundering (human resources allocated; specially

designed action programs; training courses). In this regard it was necessary to establish the level of awareness of legal regulations in this country and in the European Union as a whole. The respondents were also asked in which financial structures they believed money-laundering was most common.

### **Assessment of the Training Needs of Judges in Kyrgyzstan**

In late 2008 Vitosha Research started a survey among judges in Kyrgyzstan aimed at establishing their basic training needs. The project was commissioned by the **International Development Law Organization (IDLO)**, Rome. It involves a quantitative survey by means of structured face-to-face interviews with judges from all over the country and at different levels of the court system. The survey covers approximately 200 judges.

The project is aimed at **identifying the basic training needs of judges in Kyrgyzstan** and at improving courts' administrative procedures. The results of the project will serve to develop and organize a long-term program to meet the training needs of judges in Kyrgyzstan.

### **World Bank Group Global Poll**

The main focus of the survey is to help the World Bank Group (WBG) gain a better understanding of the attitudes and views of leaders and stakeholders regarding the impact and work of the World Bank in different countries across the world. Another important goal is to identify and explore opinions on the most critical global development issues. This is a worldwide initiative and covers more than forty-five different countries.

The main survey respondent categories were: officials at the Council of

Ministers, the Ministry of Finance and ministries in charge of development but also the Ministry of Agriculture, Ministry of Education, Ministry of Energy, members of the management teams of both specialized and mass media, including electronic, print, online, and publicly financed ones; NGO management staff; executive members of civic organizations such as trade unions and other labor organizations, organizations based on religious affiliation, local civic associations, environmental groups, human rights foundations and groups; executive members of academic institutions, policy research and advocacy foundations, research organizations and think-tanks; executive members of private companies and organizations closely related to the role and operation of the World Bank (e.g. financial services and banking, manufacture, infrastructure, technologies, etc).

## **IV. Media and Marketing Research**

### **Survey of *Dnevnik Daily* and *Bacchus Magazine* Subscribers**

The project was to provide information about perceptions of Bacchus magazine, the topics its readers enjoyed and those they would have been interested in but which had not been covered in the magazine. The research employed the structured telephone interview method.

### **Survey of *Dnevnik Daily* and *Gentleman Magazine* Subscribers**

The project was to provide information about perceptions of the *Gentleman* magazine, the topics its readers enjoyed and those they would have been interested in but which had not been covered in the magazine. The research employed the structured telephone interview method.

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The marketing studies conducted by Vitosha Research in 2008 covered mainly the following areas:

- Alcoholic beverage brand studies;
- The motor oil market;
- The price elasticity of prescription drugs;
- Attitudes of carwash customers;
- Potential customers of a shopping center;
- The market feasibility of the business plans and positioning of the products and services of a consultancy company recruiting sales representatives;
- Attitudes towards the launch of a new cosmetic product.