

Vitosha Research

2006 Highlights

In 2006, Vitosha Research carried out 40 economic, social, marketing and media surveys. Quantitative and qualitative methods were used to conduct 28,000 face-to-face structured and semi-structured interviews, 120 in-depth interviews and 28 focus groups discussions. The results of the surveys were summarized in 15 analytical reports.

- Vitosha Research focused its surveys on the current economic problems, related to the readiness of the small and medium-sized enterprises (SME) in the country to absorb the EU structural and cohesion funds, study of the innovation potential of the enterprises in Bulgaria and national policy in the field of innovations.
- The social sphere was another priority research field in 2006. Several studies of Vitosha Research were focused on the traffic of children and its prevention. The studies included exploring the mechanisms of trafficking, the real needs of the groups most at risk, the problems of education and poverty among children, and public spending on children. In 2006, Bulgaria joined the European countries in which the large-scale international European Social Survey (ESS) is carried out. Vitosha Research is part of the European survey team which conducts the research in Bulgaria.
- In 2006, Vitosha Research as partner of the Gallup Organization-led consortium started implementing the Flash Eurobarometer survey (2006-2010). Flash Eurobarometer is the premier tool in the work of European decision-makers. It is the one of the largest ongoing survey research projects worldwide and tracks opinions of European citizens on topical social, economic and political issues. The Flash Eurobarometer covers 34 countries, including European Union member states, candidate countries, and other European nations.

I. Economic Surveys

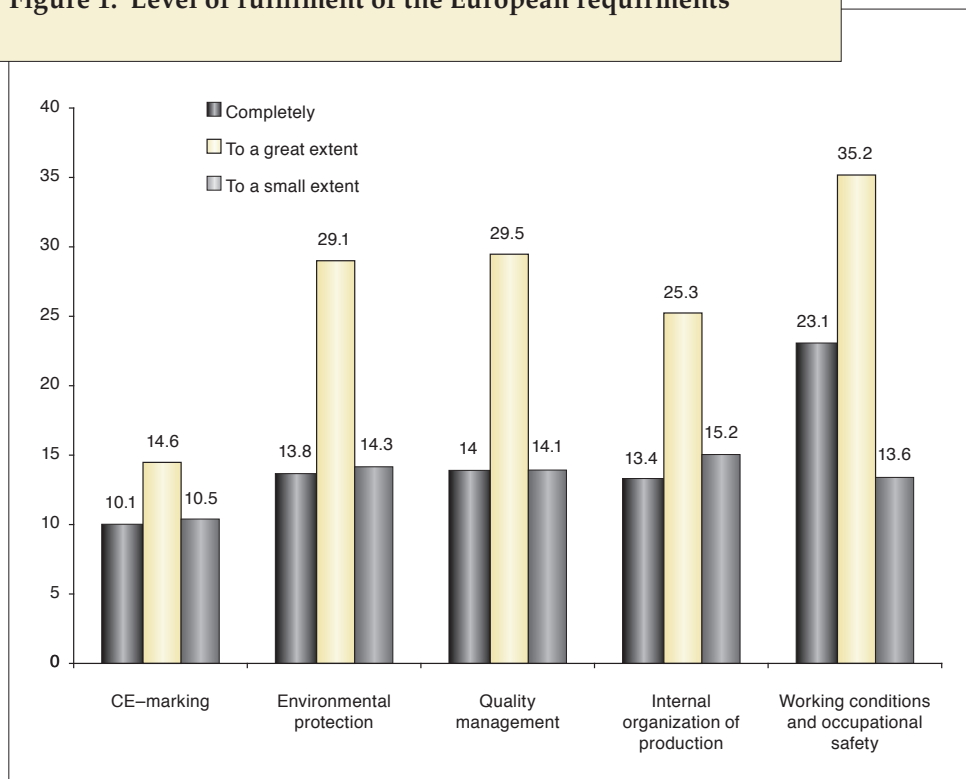
1. Bulgarian Small and Medium-Sized Enterprises and Their Participation in the Absorption of the European Union Structural Funds

In 2006, Vitosha Research and Applied Research and Communications Fund conducted a survey among 1,000 small and medium-sized enterprises, commissioned by the Ministry of Economy and Energy. The overall project objective was to produce an analytical report on the status and development of SMEs in the country, which should be used to improve and fine-tune the Operational Program Development of the Competitiveness of the Bulgarian Economy by taking into account to the utmost degree the specific

problems of the Bulgarian small and medium-sized enterprises. The main findings from the survey include:

- Only a few months before the country's accession to the EU, Bulgarian SMEs had a relatively low level of readiness to fulfil the requirements regarding the quality and safety of goods, the internal organisation of production, the introduction of new technologies, protection of the environment, working conditions and labour safety;
- The capacity of SMEs for participation in the absorption of resources from the European funds is still to be increased. In 2006, the firms do not see the European programs and funds, open for Bulgarian participation, as

Figure 1. Level of fulfilment of the European requirements



an important source of financing of investment projects, new technologies, establishment of in-house capacity and innovation projects;

- Despite the improvement since 2004 both with regard to the development of business plans and the extension of their planning horizons, the Bulgarian firms still plan for no more than one year ahead, which is a serious structural obstacle for the synchronisation of their business processes with the work of the national operational programs and Structural Funds of the EU;
- The dominating strategies of the SMEs are reactive, rather than pro-active. In this context it is recommended to develop management consulting schemes for SMEs with a view to developing management capacity in the field of strategic management and planning.

Specific recommendations for efficient European funds utilisation and the Development of the Competitiveness of the Bulgarian Economy program implementation were outlined on the basis of the analysis.

2. Innovation Potential and Needs of the Bulgarian Companies

The main goal of this project was to analyze the technological potential and innovation needs of Bulgarian companies. The existing technologies and the need for the introduction of new technologies were assessed. The results were summarized in an analytical report; a number of recommendations for the improvement of the existing environment for the technological development and innovation were made.

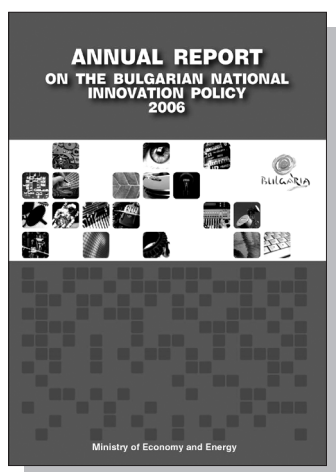
3. Annual Report on the State and Development of National Policy in the Field of Innovations - 2006

This project was commissioned by the Ministry of Economy and Energy in order to analyse the state of research, development and innovation activity in Bulgaria. The main objective of the project was to prepare an Annual Report on the state and development of national policy in the field of innovations in 2006. The specific aims of the project, as defined in the National Innovation Strategy of the Republic of Bulgaria, were:

- Assessing the implementation of the measures set down in the strategy during the past year;
- Assessing the results of the activities for implementation of the measures envisaged in the strategy;
- Planning the necessary actions for the next reporting period, backed by the respective finances for their accomplishment.

The summarized results of the survey will help to identify the main problems in the accomplishment of the goals of the Innovation Strategy and the improvement of innovation activity. The analysis is a basis for the clear prioritisation of the areas where improvements are needed; recommendations for concrete measures regarding utilisation of the strong sides and possibilities; liquidation of the weak sides and avoidance of threats. On the basis of the analyses and identified driving forces in the future development, a vision will be elaborated of the place of Bulgaria in European research and innovation space. The analysis and vision will form the basis for the development of new measures, aimed at the imple-

mentation of the National Innovation Strategy.



4. Business and Trade Union Leaders Survey

The main goal of this elite survey commissioned by Princeton Survey Research Associates International (USA) was to explore some basic problems Bulgarian top managers are facing with regards to their main activity, as well as some interpretations from leading trade union leaders. A quantitative research method was used to accomplish the objectives of the study. The owners, managers and chief executive officers (CEOs) of large and medium companies, were the basic target group of respondents for the quantitative survey. Additionally a subset of trade union leaders was interviewed. The following issues were examined:

- The most important problems Bulgaria is facing;
- Opinions about various aspects of Bulgarian society;
- Opinions about various economic policies and reforms;
- The biggest problems for the firms in the country;
- Opinions about Bulgaria's joining the EU;
- Advantages/drawbacks for Bulgarian firms from the membership of Bulgaria in the EU;
- Attitudes towards the EU, its institutions and policies, the euro;
- Opinions about immigrants;
- Expectations about the future financial situation of respondents families, etc.

5. Tax and Social Security Obligations Compliance

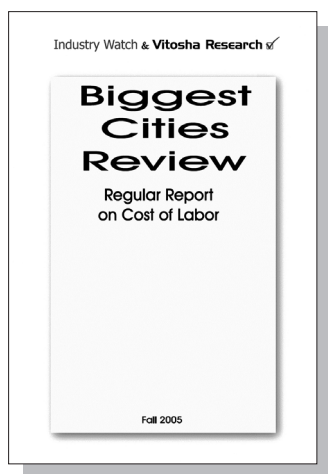
In 2006, the National Revenue Agency commissioned Vitosha Research to carry out a survey aimed at studying the motives of citizens and firms to observe their tax and social security obligations, as well as their opinions and assessments of the tax and social security system in the country. The analysis of the attitudes and assessments of taxpayers and insurers will enable to identify the possible ways of stimulating the voluntary observance of tax and social security obligations, as well as the reasons for evading them. The summarized results of the survey will help to improve the overall work of the National Revenue Agency. The survey is conducted for a third year and this allowed some basic trends to be outlined.

6. Biggest Cities Review

In 2006, Vitosha Research and Industry Watch started a new research project - **Biggest Cities Review**. It provides for the preparation of a regular report which includes quarterly reviews on selected

topics. The main aim of these analyses is to provide reliable and up-to-date information that can be used as a basis for making investment decisions. The main topics considered in the regular reports are:

- Differences in the cost of labor by cities;
- Average working salary and job offers;
- Differences in the cost of living by cities.



II. Social Surveys

1. European Social Survey

In 2006, Bulgaria joined the European Social Survey (ESS). It gathers information about the attitudes, opinions and models of behavior of people in many European countries. Thirty-one countries from Europe, including Bulgaria, will take part in the current third wave of ESS.

In November and December 2006, Vitosha Research conducted the survey

in Bulgaria. The overall coordination and financing was provided by the European Commission, with the assistance of the European Research Fund. The field work in Bulgaria was financed by the Scientific Research Fund at the Ministry of Education and Science.

2. Producing an Effective Answer against the Traffic of Children

In 2006, the Partners Bulgaria Foundation commissioned Vitosha Research to conduct a survey which is part of an international project, aimed against the traffic of children in the countries of the Balkan region. The project is coordinated by the foundation Save the Children. It aims to study in details the mechanisms for the trafficking of children, to verify the hypotheses of the main risk groups and risk factors, to identify the needs of the real and potential victims, and to prepare a reliable data base for the development of adequate and effective counter-measures.

3. Survey of the Reasons for Dropout from School

This project was commissioned by the Ministry of Education and Science and UNICEF. The main objective of the survey is to outline, compare and study in depth the reasons for children drop out from the system of education in the country. Survey results will support the process of preparing more efficient and effective government actions in the field of education and, more specifically – reducing the share of children at school age who are dropping out of the system of education. In general, the conclusions of the survey were as follows:

- The application of inter-sectoral policies in the field of prevention

and reduction of dropout of school is part of a complex coordination mechanism for the protection of the child, unique for the Bulgarian conditions, which has yet to prove its effectiveness. Indicators for monitoring effectiveness and a working system for public communication of what has been achieved are needed.

- The statutory framework of inter-sectoral policies in the field of prevention needs to be simplified and optimized. It is recommended that the Integrated Plan for the Implementation of the UN Convention of the Rights of the Child (2006-2009) be the basis of this optimization.
- National system for monitoring and collecting data about the dropout of children from school needs further improvement. The nationally gathered data, which are used to elaborate inter-sectoral policies for preventing and restricting dropouts are still limited, and differ depending on their source.



4. Study of Poverty among Children and Public Spending on Children

The objective of the study, carried out at the end of 2006, was to provide adequate information about child poverty, expressed in monetary and social terms. The target of the study were 3,000 households with children aged under 18, selected in 30 municipalities (in 6 planning regions of the country) with different level of economic development and different capacity to deal with poverty.

III. IT Surveys

The study of information society in Bulgaria was commissioned by the State Agency for Information Technology and Communications. The project aimed to assist managerial, control and supervisory agencies of the state administration in outlining policy priorities and key measures for the development of the information society providing a sequence of data and analysis on the information society development and major trends for the period 2005-2006. The project was based on an established methodology making quantitative assessment of the readiness of the Bulgarian society to use new information and communications technologies (ICT).

The survey evaluated the country's development based on a multitude of indicators including:

- infrastructure and access to information technologies;
- ICT application skills and capabilities
- encouragement of ICT application;
- e-business

- online public institutions;
- barriers for wider application.

The following conclusions are made on the basis of survey data:

- Significant growth is registered in the number of people with access to computers. Monthly data for 2005 shows a stable uptrend in the number of internet users. If this trend is retained, the share of the total population over 15 years is likely to approximate 30% in end-2006;
- The share of home users of broadband connection (10,6% as at October 2005) is very close to the EU average (10,8% as at July 2005);
- Internet costs have not changed significantly over the last year. The

prices of the most popular access technologies remained mostly unchanged, with only the price of ADSL registering tangible change;

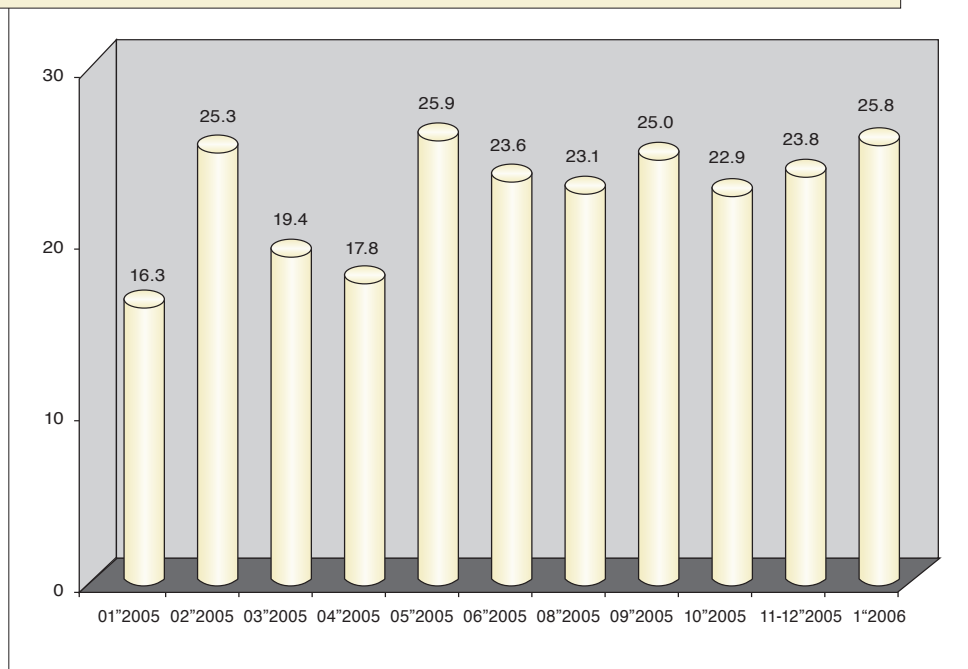
- The number of companies having more than five computers with internet connection remains low.

IV. Public Opinion and Media Surveys

1. Flash Eurobarometer

In February 2006, the European Commission chose the consortium led by the Gallup Organization to run the Flash Eurobarometer opinion polls in the coming four years. The partner of the consortium in Bulgaria was Vitosha Research. Flash Eurobarometer is the premier tool in the work of European

Figure 2 Internet access of Bulgarian population aged 15 and over



political decision-makers. It enables to gather and analyse current information about citizens in the European Union and countries outside it on the most topical social, economic and political issues. The survey covers 34 countries. In June 2006, Vitosha Research conducted the first Flash Eurobarometer among clustered firms. The opinion was studied of the representatives of business, responsible for management decision-making, with regard to the main difficulties and problems in Bulgaria which their organisations experience at present.

In November 2006, Vitosha Research ran the second Flash Eurobarometer – a telephone poll among the citizens of Sofia and Bourgas. The subject of the study were people's opinions and assessments of the state of the city in which they live, as well as other relevant socio-economic and public issues. The comparative data and summarised results of the surveys in Bulgaria and in the other EU candidate countries are published by the European Commission.

2. Citizens and Recycling Waste

Vitosha Research agency and the Institute of Sociology at the Bulgarian Academy of Sciences conducted a survey on "Citizens and separate waste collection – tendencies for change in ecological culture". It was commissioned by the Ministry of Environment and Waters and aimed at assisting the ministry to design and setup a campaign encouraging separate waste collection by citizens and at evaluating its expected outcomes.

3. Attitudes of Bulgarian Citizens to Games of Chance

The purpose of the survey conducted by Vitosha Research was to provide infor-

mation about the attitudes of Bulgarian citizens to the Bulgarian sport lottery and to the other types of "games of chance", to define the profile of the participants and non-participants in such games, to analyse the preferences, views and evaluations of the games and their characteristics.

4. Evaluation of Deutsche Welle Radio Broadcasts in Bulgaria

The aim of this project was to study the range of positive and negative reactions to the content and presentation of the program of Deutsche Welle in Bulgaria and to determine the strong and weak sides of this media in order to come up with specific proposals for the improvement of the programme of Deutsche Welle for the purpose of widening its audience.

5. Survey of the Media Audience, Programme and Listeners Profile of Hristo Botev Program

The main aim of the survey carried out by Vitosha Research was to study the profile of the listeners of the Hristo Botev program and the potential groups of the radio audience that might be attracted, to study the genre of the broadcasts in the program, the proportions and possibilities for a balance between the broadcasts on culture, music and information broadcasts. On the basis of the quantitative and qualitative analyses detailed recommendations were made regarding the positioning of the broadcasts in the program scheme, in conformity with the possibilities and preferences of the audience.

The marketing surveys carried out by Vitosha Research in 2006 covered mainly the following areas:

- rice market in Bulgaria
- automobile market in Bulgaria
- home improvement and repair
- consumption of alcohol and spirits
- security services market in Bulgaria
- popularity of the HIT hypermarket.

The results of the surveys conducted in 2006 were summarized in 15 analytical reports, some of which were:

1. *Information Society in Bulgaria - 2005-2006*, May 2006
2. *Bulgarian Small and Medium-Sized Enterprises and Their Participation in the Absorption of the Structural Funds of the European Union*, June 2006
3. *Reasons for Dropout from School*, November 2006
4. *Media Audience, Programme and Listeners Profile of BNR and Hristo Botev program*, July 2006
5. *Rice Market in Bulgaria*, April-September 2006
6. *Attitudes of the Bulgarian Citizens to Games of Chance*, April 2006
7. *Deutsche Welle Programming* (in-depth interviews with media experts), November - December 2006