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Sincerely: Prof. Dr. Sc. Petko Iliev

ERP systems and AI

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Abstract: The aim of the publication is to present the history, development and application of intelligent systems such as ERP, the applied capabilities of artificial intelligence (AI) and the fears of universal application and the lack of a regulatory framework, both globally and by individual countries, the steps made to achieve regulatory control over the development of AI. To achieve the aim methods such as research and analysis of publications from the scientific community, business, institutions and internationally established organizations were mainly applied. The scope of the study includes the impact on the economy and society of increasingly widely applicable smart applications/systems. The opinions/viewpoints of established specialists, the positions of the European Union, the European Parliament, the G7, NGOs – Global Partnership for Artificial Intelligence, etc. are analyzed. The practical applicability is justified in the conclusions reached by the analysis that reveals the benefits and fears, past, present and expectations in the development of ERP systems and artificial intelligence.

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1. Introduction

In recent years, especially the time of the COVID-19 pandemic, the world and business have sharply oriented and been forced to accelerate the implementation of Internet technologies, the mass of web-based software, the organization of remote work tasks / commitments. All this had a significant impact not only on administrative positions, but also on the foundation of any society, education. With the improvement of existing applications, more and more often began to talk about reducing the number of jobs, the introduction and testing of smart systems, which to some extent facilitating and optimizing processes, increased the level of productivity per unit of staff from wherever the fear of job loss, job reduction. All this was most often achieved with the help of the evolution of ERP systems and specialized products with administrative application. Subsequently, information (publications, reports, etc.) about artificial intelligence and its application began to appear more and more often in the media space.

2. History of accounting software and its elements

Information systems and technologies in accounting began to be applied more actively in Bulgaria in the mid-1990s. The first events of organized and specialized accounting software are developed / based and operate under DOS. This type of software solutions is still applied by micro enterprises, due to the fact that their cost is currently too low, as well as the ongoing maintenance. The main ideology in them is embedded in the so-called module. This means that each module collects, stores and processes information subject to the specifics of the reporting and/or the group of reporting objects concerning reporting. Quite often these modules are created for universal purpose, based on generally applicable norms and stagings, but sometimes at the request of the client / user, the modules are developed according to client requirements. These modules are also called "custom", i.e. client, developed according to the specifics of the client/enterprise's activity, satisfying the peculiarities of the reporting objects and business processes. To distinguish and cover by basic features / properties of modules, the following classification groups can be differentiated:

1. warehouse – for recording inventories, their changes, movements, methods of valuation at their initial acquisition, as well as at their reduction, consumption;

2. production – to account for the production process, calculate the product / service during the different stages of production, as well as the final product through the assessments of the resources consumed (sometimes, depending on the developer and the need of the customer is compiled with the warehouse);
3. fixed assets – for accounting for fixed assets and depreciation deductions (under the conditions of the Bulgarian legislation depreciation deductions according to the applicable accounting basis NCSR / IAS and the tax legislation in force);
4. work and salary (payroll) – to consider wages (based on time worked – hours, night work, overtime, leave, temporary disability, additional payments, bonuses and other basic elements of labor and non-salaries) and the accompanying tax and social security obligations, as well as their declaration.

In most cases, these systems were locally installed on the user's computer and/or on a locally accessible machine from the enterprise's internal network.

Development companies typically offer the integration into accountability of a number of modules[1], the most common being:

CRM (Customer Relationship Management) or relationship management. This is one of the oldest modules, and perhaps the first. The history of this application is long and the functionality significant. In the following lines a brief historical account will be presented. The first version of the application appeared on the world market in 1986 with the abbreviation ACT. Its main functions are contact management and, to a certain extent, sales automation, has evolved over the years. In 1995 it was known as SFA. In those years, the term CRM was associated with the names Gartner and Thomas Siebel. At this point, CRM is evolving as an integral application in modern ERP systems. It no longer covers only data on counterparties, it also covers data related to staff, from where applications for labor and wages, distribution and distribution channels and many others are directly dependent. CRM integrates into one application everything the enterprise needs to implement effective marketing strategies and increase sales and customer satisfaction. A modern CRM system integrates into a platform – all the channels through which the business communicates with its customers (SoftOne Technologies S.A., 2023). These include not only traditional means such as telephone, email, contact forms (print and electronic), but also state-of-the-art, such as social networks and others. In addition, the CRM system offers different types of automation such as campaign messages, sales opportunities, customer communication and more. At the same time, it records all the information about the company's communication with customers, enabling managers to monitor the performance and productivity of employees.

HRM (human resource management) or human resource management. In Bulgaria, the application gained great popularity and applicability at the beginning of the 21st century. With the introduction of the possibility of electronic data exchange (notifications and declarations related to employment and/or non-employment relationships), the introduction of the so-called electronic signatures VEP (universal electronic signature), QES (qualified electronic signature) there was a need for a software product (SP) that could generate structured data in the form of a file. This greatly facilitated the work of the financial and accounting department and accelerated the exchange of data between business and public administration, reduced queues and physical visits to administrative buildings. In the context of the growing need, SP has evolved into an application for workflow management in enterprises, a control application and a system of bonuses for staff. To date, from a macroeconomic point of view, the functionality of the resource is not only expressed in the reporting and evaluation of the work done, calculation of tax and social security obligations, declaration, etc. The intrinsic value of the module is transferred to its ability for strategic management of the workforce through mergers and acquisitions, competence management, succession planning, industrial and labor relations, diversity and inclusion.

Warehouse – this is typical, if it can be called an object in the context of SP, with the main purpose of management, control and tracking changes in inventories (CMS). Leading in it is the definition of the applicability of a valuation method for the reduction of inventories. Each reporting agent with main activity trade and / or production must store minimum quantities of SMS in order to ensure the smooth flow of production and trade. In the mass case, the module allows for automatic monitoring of stocks and preparation of requests to suppliers for future delivery.

Manufacturing – SP characteristic of reporting units with main activity production of production and / or services. The main function of the application is the organization of reporting, monitoring, controlling the stages of the production process. It achieves monitoring of costs (cost norms), grouping and allocation of costs, allocation of direct and allocation of common costs, and last but not least the assessment of finished products / services. Typically, this module is prepared according to the peculiarities of production and the requirements of the customer (reporting unit).

[1] The name of the modules may vary depending on the developer and the marketing strategy adopted by him. For the purposes of the publication, the most common names will be used.

Fixed assets (FA) – as the main functionality for this type of modules can be indicated the organization of the process of accounting for the acquisition of fixed assets (FA), their initial valuation, accounting for depreciation deductions (routine business operation, application of adopted depreciation policy), accounting for the processes of disposal of FA.

Accounting – described lastly, but of paramount importance for the accounting of the ongoing business processes in the enterprise. The module is a connecting link between everyone else. Usually, it can function independently, but this requires manual input of a significant part of the information from the accounting documents and lack of completeness, but in modern ERP systems, it gives the global integration and communication between the different modules of the system.

3. What is ERP

Over the years, the development and evolution of programming languages, hardware solutions and the expansion of their potential worldwide, large software companies began the development of the so-called ERP systems. At the beginning of their promotion on the Bulgarian market, they were available to innovative companies, telecommunications companies, financial enterprises (banks and insurers), large enterprises. Their installations were again based on local networks, but to date they are so-called. Cloud-based applications or SaaS solutions. Cloud-based applications enable users to access at any time and from any location / device with an Internet connection. Structurally, the ideology of this class of SP is again based on the modular principle (basic core integrating / unifying and communicating between specialized applications / modules). At present, the developers of operating systems have focused their attention on optimizing the operation of their basic systems for working in the so-called containers, i.e. loading the minimum required resources to work / operate the launched product.

In recent years, manufacturers and traders of specialized economic and/or accounting software quite often use the abbreviation ERP, but what lies behind it. ERP hides "Enterprise Resource Planning" or it is a system that aims to manage and plan resources in the enterprise. How can this be achieved, provided that each enterprise, in order to produce output or provide a service or product (a combination of output and service in one) combines an extremely wide variety of resources. Resources, both tangible and intangible (labor, etc.) and in many cases external to the enterprise (not owned not controlled by it). This is achieved through a core aimed at managing the information flow concerning reporting, registering business processes through accounting items through additional / service modules / units / systems achieving the specialized reporting of specific groups of reporting objects and / or business processes.

ERP systems achieve the solving/execution of more complex and complex tasks for registration, collection and management not only of financial and accounting information, but also information concerning the marketing policy and behavior of the company, the production process, the process of delivery, management and evaluation of staff and many others. For the implementation of these tasks by ERP systems, companies developing them usually offer the integration of a number of modules.[2] heirs of the basic ones described above.

It is ERP systems that aim to achieve this task. Currently, this is done with the compilation of the above described modules, but in order for the information to be analyzed and the processes managed, it was necessary to build additional subsystems (modules). As such, and perhaps the newest in the family of ERP systems is BI / Business intelligence.

BI/ Business intelligence (business research and analysis) – integrated this module into an ERP system, it enables the management body of the enterprise to immediately access specialized reports, general and specific financial and accounting indicators, monitor the ongoing processes and optimize future ones. Unlike the traditional reports commonly used in ERP software products, which show two-dimensional information by columns, BI reports / reports show the information three-dimensional in the form of a cube with sections and sections generated by all activities of the enterprise (ZERON, 2023).

In order for the ERP system to function adequately to the requirements of local legislation, rules and customs, as well as to be adaptable to the variety of such, it was necessary to create a subsystem called Localization. This is necessary due to the fact that most products are international and intended for an unlimited number of consumers regardless of their location, tax jurisdiction.

Localization – these subsystems contain specifics of the regulated tax and social security taxation, as well as a local language. Localization is an extremely important module for setting up, adapting the ERP system to the requirements of the state administration at the location for tax and social security reporting of the taxable person. Through this module is achieved – translation of the interface / frontender of the PP into the official

[2] The name of the modules may vary depending on the developer and the marketing strategy adopted by him. For the purposes of the publication, the most common names will be used.

language of the country, adaptation of the insurance paragraphs and obligations (there is a direct connection with the HRM module), adaptation of the conditions and tax rates for indirect tax (VAT, VAT) and the form of declaration (specifics of the source files). Through localization, tasks such as setting for automatic generation of interim or annual reports according to the applicable accounting basis (IAS, NCSR), a working version of a CITA statement, etc., depending on the requirements of the client(s) can also be performed. It also contains the generally accepted norms and requirements for reporting and valuation of usual reporting objects and routine (most common in practice) business transactions.

One of the newest members of the ERP subsystems is Sales/Point of Sales.

Sales/ Point of Sales – the purpose of the application is to manage sales and provide an accessible interface to sales staff for quick and easy preparation of offers, their transformation into requests, registration of requests, issuing invoices, tracking the process of delivery / execution. The application also aims to limit access to information related to sales in most cases to the level prepared by the user and / or by the particular retail outlet. It is used both for management and monitoring of commercial processes in individual retail outlets and for obtaining statistical and analytical information. The subsystem is many times a link between the e-shop and the ERP system, and currently the current offers on the market offer direct integration between the online store and the ERP system based on Sales/Point of Sales.

With the above, the functionality, capabilities, structure and organization of ERP systems cannot be exhausted, and the issue remains open in the future and the development of information systems and technologies led by the desire to create artificial intelligence.

4. What does the Bulgarian legislation aim at with the definition and application of the term Software for sales management in retail outlets (SSMRO)?

In recent years, a new concept with the abbreviation "SSMRO" has appeared in the Bulgarian legislation, i.e. Software for sales management in retail outlets. The legislator defines SSMRO in the VAT Act § 1, item 84 of the Additional – SSMRO "is any software or module of software, regardless of the technologies for its realization, used to process information about the sales of goods and / or services in retail outlets for which there is an obligation to issue a fiscal receipt" (NRA, 2023). The scope and applicability of the concept, relevant concepts and definitions is supplemented by the texts of Ordinance No H-18/2006. In § 1 item 19 of the Ordinance is given a definition of SSMRO, which states "is automated processing and storage of data, including at least type, number and unit price of the goods / services provided to the customer through a person used by a person under Art. 3 software (s) for ongoing tracking of the sales process at a retail outlet from the request by customers of delivery of goods / services to their provision / payment; ... The storage and processing of data for the sole purpose of the subsequent issuance of tax documents under Art. 112 of the VAT Act upon receipt of payment or provision of goods/services; the compilation of accounting registers; the preparation of documents under art. 6, para. 3 of the Accountancy Act for tracking the physical movement of goods / services " (Ministry of Finance, 2021).

According to the legal definition mentioned above, ERP systems fall within the scope of SSMRO as a whole, as well as modules of them if used separately, under conditions not falling under the exceptions. According to the regulatory framework, systems falling under the definition of SSMRO are subject to registration. A public register of approved software products is available on the website of the National Revenue Agency. Currently, 1013 SPs are registered and approved. (NRA, 2023).

From the websites of traders for fiscal devices can be seen clear examples through which they seek to illustrate the qualities and conditions of use of specialized software to fall or not into the category of SSMRO. Some of them are:

1) software is used that registers all sales at the outlet. In the software, the information entered for each sale is automatically processed and stored in a database – quantity, type and sale price of the goods / services, their provision / payment is reflected. Payments are not accepted / made at the point of sale (object), i.e. all estimates regarding the sales are settled by bank transfer, whereby there is no obligation to issue a fiscal receipt under Art. 3 of Ordinance No H-18/2006 (Er Es Es, 2023) – according to the example and the factual situation, the application software is not a SSMRO solely due to the fact that they do not accept cash or card payments;

2) Let's take the basis of the previous example and add to it that cash and bank card payments are accepted at the site (Er Es Es, 2023) – in the factual situation thus set, the conditions for use/application of the SSMRO are met;

3) In a point of sale, information about the type and quantity of goods / services sold is entered through software. Through supported software nomenclatures, information on sales prices is automatically extracted, the total value of the sale is formed. The completion of the sale is reflected in the software by entering a method of

payment and / or delivery of the goods (Er Es Es, 2023) – here again there is a fulfillment of the conditions for SSMRO;

4) the software is owned by an accounting company that provides access to its customers, who fully keep on-line all purchases, sales (including issuing invoices paid in cash or by bank), production, offers and all other activities, which as soon as the issuance of the relevant document carry out the relevant accounting entries. (Er Es Es, 2023) – the characteristic in this example is that the trader does not own the software (as is usually acquired right of use / license), the trader does not administer the software on a local machine and / or rented hosting space, but uses it for reporting his sales, and even automated reporting of his business. Something that is typical of ERP systems. In the latter case, regardless of all the specifics, the system used falls within the scope of the SSMRO and should be registered as such by the operator / administrator who provides it for use, i.e. the accounting enterprise.

From the above, the desire of the Bulgarian legislation to cover and subject to registration regime to a significant extent the used and applicable specialized accounting, commercial, marketing software is clearly outlined. Of course, this scope inevitably includes ERP systems, whose main purpose is automation, optimization, management, distribution, analysis, control and a number of other processes related to the management of the resources of the enterprise and its sources.

5. What is artificial intelligence (AI)? Past and present...

In recent months, the topic of artificial intelligence has been increasingly discussed and raised, especially after the popularization of ChatGPT. What is "artificial intelligence" AI?

Since ancient times, people have created objects, inventions based on and similarity to those of the surrounding world. They have also tried to create them with the expectation of possessing or being inspired with human and sometimes divine abilities – for example, the mechanical T servant made by the blacksmith Hephaestus, Talos (the honey giant guarding the island of Crete) and many others. Of course, these are just legends. Nevertheless, humanity, inspired and strengthened by its quest for omnipotence, power, superiority, and the desire for freedom, is steadily trying to invent a likeness of its own to facilitate its existence. For example, the creation of the first mechanical numerical computing machine by Wilhelm Schickard in 1623, the later creation of the binary computation system by Goffrey Leibniz, Anthony Turing's theory that a machine can simulate a mathematical conclusion by changing only two simple symbols 0 and 1, and reaching back to 1956 when John McCarthy first introduced and defined the term "artificial intelligence" (AI) at a conference in Dartmouth, USA.

During the years of AI's development, two schools have emerged: Conventional Artificial Intelligence and Computational Artificial Intelligence. What it has in common is the goal of achieving autonomy to help society. What is the difference – philosophy, methods for achieving the goal / results, namely in the conventional approach are applied methods of self-learning based on formalism and statistical analysis, through expert systems, Bayesian network, reasoning based on algorithmic cases, decision tree, behavioral approach. Computational AI is once again self-learning, but based on empirical data and agile computing associated with it. To achieve the goal, we rely on: neural network, fuzzy system, evolutionary and genetic algorithms, reinforcement learning.

An early interesting representative of artificial intelligence is the game 20q. Its inventor was Robin Burgener in 1988. The goal of the game is – the player invents something, and the artificial intelligence asks 20 questions in order to get information and guess what the player is up to. It is claimed that the questions are not programmed, and the program is trained as a result of its interaction with the players and the information collected.

The 1990s are considered the most fundamental successes achieved in the development of AI, as well as its implementation in many areas – such as logistics, medical diagnostics, planning, situational reasoning, translation and understanding of natural languages, data processing, virtual reality, robotization in manufacturing, implementation in space technology and the military industry. All this is due to developments in hardware and Moore's law (about the increasing computing power of computers), creating connections between the field of artificial intelligence and areas of significant problems and others. From an economic point of view, the compilation of modules concerning business reporting (were mentioned above) into ERP systems that not only provide aggregated and detailed empirical data, but also support logistics, marketing, material consumption response, cash flow development and optimization, and many others. They are a smart SP or a lower level of AI.

Turning to the current term artificial intelligence, the European Union (EU) in the face of the European Parliament (EP) has adopted – "Artificial intelligence can be defined as the ability of a machine to demonstrate abilities inherent in humans – to reason, learn, plan or create." (European Parliament, 2021). When technical systems monitor their environment, receive data, process it and perform actions related to achieving a specific goal, we can also talk about artificial intelligence. According to the Union, two areas fall within the scope of artificial intelligence:

– software: online search engines, virtual assistants, speech and face recognition systems, image recognition software;

– physical: autonomous cars, drones, robots.

In June 2020, the international organization GLOBAL PARTNERSHIP FOR ARTIFICIAL INTELLIGENCE or the original "THE GLOBAL PARTNERSHIP ON ARTIFICIAL INTELLIGENCA" (GPAI) (https://www.gpai.ai) was launched. The goal of the organization is to bridge the gap between theory and practice on AI by supporting cutting-edge research and applied activities related to AI. A published multimedia on the organization's website (https://youtu.be/3FhXQP7ygY0) shares the opinion about AI – artificial intelligence is developing at an unprecedented rate. The alleged potential for good AI also leads to a number of new challenges. To ensure the use of AI with full potential and in a responsible way, international cooperation and coordination are critical. The use of AI must be oriented towards human development in a manner compatible with human rights, fundamental freedoms and democratic values. GPAI helps achieve better overall results than any country could achieve on its own by bringing together a wide range of AI professionals from diverse groups and sectors. It brings together their cutting-edge research and applied projects creating a bridge between countries to bridge the gap between theory and practice. Recently, GPAI specialists have been working on four themes/areas: AI responsibility, data management, future work, innovation and commercialization. In the first two years alone, GPAI specialists roughly doubled the list of member states.

AI has the power to help us navigate the most pressing global issues from climate change to social inequality. GPAI, its member countries and experts/specialists hope to guide us into the future noting that AI is a significant force for a better world.

6. Real fears or overexposure to the AI issue. Public sentiment and attitudes

With the development of AI, the popularization of ChatGPT, a number of global organizations, such as the European Union, the Global Partnership for Artificial Intelligence, and even the G7 have raised the issue of the safety of people, societies, their independence. Schools and universities were also amazed and the opportunities for students, students to pass their exams, tests with the help and application of artificial intelligence. Internal discussions arose about the quality of education, the reliability of assessment and the future theoretical knowledge and opportunities of current and future graduates. In a number of professional circles, such as accounting, finance, programming, even journalism, discussions have opened about the future of the profession and whether some service positions will be replaced by artificial intelligence. From a social point of view, the emergence of fears about unemployment and the transformation of the less qualified people of society into AI have begun in the general public.

Perhaps as a result, the European Union conducted a Eurobarometer survey as early as 2017, with results showing that 88% of Europeans surveyed believe that AI technologies require careful management. (European Parliament, 2021). Just over half, 61% view AI and robots positively. In a timeline in 2020 (during the COVID crisis), the European Commission proposed a "Unified approach to the development of artificial intelligence technologies" (European Parliament, 2021) based on: — support for innovation and promotion of the introduction of new technologies; preparation for the resulting socio-economic problems; provide an ethical and legal framework. As a result, it was decided to set up a special committee on artificial intelligence with the task of studying the impact and challenges, preparing a proposal for a road framework in the field of (European Parliament , 2022). The committee members set themselves the main goal of drafting AI legislation that puts people's needs at the forefront. (European Parliament, 2023). In its analyses published on the official website of the EU (European Parliament , 2022) 5 (five) groups of AI benefits shall be indicated. In short they are:

– benefits for citizens;

– business opportunities;

– better public services;

– strengthening democracy;

— security and safety.

The defined threats and challenges are:

– the use of AI to a too small or too large extent, which can lead to significant advantages for certain regions;

— responsibility for problems;

– threats to fundamental freedoms and democracy;

– impact on jobs;

– impact on competition;

– safety and security risks;

— transparency problems.

The table below will present more extensively and in detail, an attempt will be made through a SWAT analysis for their comparison and definition.

Table 1

	Positive	Negative
Intra-EU	***Strong points*** – benefits for citizens – better healthcare, cheaper products, safe transport, more accessible information, safer workplaces (robot deployment), distance learning; – better public services – application of AI in the public sector, such as public transport, education, waste management (potential contribution between 1.5-4% of AI to reduce greenhouse gas emissions by 2030. EP Research Service, 2020); – strengthening democracy – fighting disinformation and cyber attacks, supporting decision-making based on objective criteria, lack of prejudice and discrimination; – security and safety – justice, crime prevention, in warfare for the destruction of enemy information systems (cyberwar).	**Weaknesses** – the use of AI to a too small or too large extent, which can lead to significant advantages for certain regions; – the responsibility for problems – the owner (user, operator), manufacturer, developer of AI. Who is responsible for an accident; – threats to fundamental freedoms and democracy – discrimination and non-objectivity (numbers for the recreation of complex social phenomena can make artificial intelligence appear accurate and based on facts, when in fact it is not); – impact on jobs – the disappearance of many professions or posts (14% of jobs can be significantly automated, and another 32% can undergo significant changes – EP Research Service, 2020);
External to the EU	**Opportunities** – business opportunities – new products and services, green and circular economy, optimization of supply chains, energy saving, increased production, quality improvement and customer service (by 2035 growth between 11-37% in labor productivity is projected – EP Research Service, 2020);	**Threats** – responsibility for problems – the owner (user, operator), manufacturer, developer of AI; – impact on competition – elimination of multiple competitors by accumulating a significant amount of information in a limited number of companies; – safety and security risks – integration of hardware and applications into the human body (of low quality or falling under unauthorized control), lack of regulation for AI applications in weapons and the loss of control over them; – transparency problems – sending targeted messages to the consumer, disinformation, difficulty communicating to recognize a person or machine responds.

Source of explanations and EP categories (European Parliament , 2022)

In 2021, the EP adopted a summary report (consisting of 5 (five) reports from Member States) on artificial intelligence and its issues. During the trial, "MEPs insisted that human oversight and clear rules are needed when artificial intelligence technologies are used by police or border authorities." (European Parliament, 2023). "The question is not whether AI systems can produce racially biased and discriminatory outcomes. We know for sure that this is a fact", says the author of the report Petar Vitanov (S&D, BG). (European Parliament, 2023). Parliament also called for a ban on the automatic recognition of people in public places.

Another global organization of great importance, the G7 has also shown concern about the future in the face of rapid and uncontrolled development of AI. The agenda of the meeting (https://www.mofa.go.jp/files/100506878.pdf) of the organization scheduled for May 30, 2023 in Japan includes issues related to the challenges of AI, generative tools, and ChatGPT. Takeaki Matsumoto, Minister of Communications of Japan, As well as the current chairman of the G7, said that the meeting will address issues such as the protection of intellectual property, the spread of disinformation and the proper management of this technology. It should be noted that the established G7 Working Group is closely cooperating with the Global Partnership on AI (GPAI), OECD, EP, with the task of providing recommendations to the Heads of State by the end of 2023.

Artificial Intelligence Godfather Geoffrey Hilton recently left tech giant Google (DW, 2023). In an interview with the New York Time and the BBC, he said: "For now, AI programs are no more intelligent than us, at least as far as I know. But soon they may be." (DW, 2023). He said he feared that artificial intelligence posed "serious risks to society and humanity" (DW, 2023). In conclusion, according to him, in the short term, artificial intelligence will bring more benefits than harm, so its development should not be stopped for the time being. According to Hinton, the great international competition will also make it difficult to pause the development.

7. Conclusion

From the analysis of publications from the scientific community, business, NGOs, institutions and international organizations with significant influence and role worldwide (EP, EU, G7, GPAI) it can be concluded that AI would be extremely useful and would bring significant progress in every respect of social and economic life, such as climate change, ecology, supply chains, production, objectivity, collection, storage and analysis of data, centralization of general knowledge and greater accessibility to it, but its development should not be uncontrollable and to the detriment of societies, humanity and its values.

ERP systems under the pressure and needs of businesses have evolved from standalone applications to a compilation of applications with the ability to provide suggestions for optimizing the business process, which in itself makes them intelligent systems and somewhat containing AI, but for now with the restriction of self-learning.

In the future, there will be uncertainty and the issue of establishing and enforcing regulation on AI, its developers and its implementation.

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Dynamics of human resources and labor productivity in the Construction and Real Estate Operations sectors for the period 2005-2021

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Abstract. Human resources are a main production factor determining the sustainable development, prosperity and competitiveness of any business unit, industry or the economy as a whole, and labor productivity is a main indicator providing information on the efficiency and quality of this resource in the production process. The object of research in the study is the Construction and Real Estate Operations sectors and the subject of research is the quantitative and qualitative characteristics of human resources and labor productivity of the persons employed in both sectors for the period 2005-2021. The author's goal is to study the dynamics of human resources and labor productivity in two sectors of particular importance for the national economy and, on this basis, outline the trends in their changes, as well as the reasons for these changes. The scope is limited to the study of indicators characterizing the development of both sectors, including the number of functioning enterprises, incl. by the number of persons employed in them, number of persons employed, average salary and educational level of persons employed in both sectors, in a comparative plan, including the general trends in the country, as well as the labor productivity of the persons employed in both sectors, presented by the gross value added (GVA) indicator, relative to the number of employees and time worked by them. The main methods used are the methods of analysis and synthesis, induction and deduction, description and comparison. Based on the analysis, the main conclusions about the dynamics of human resources and labor productivity of the persons employed in both sectors for the period 2005-2021 are summarized, major problems are outlined and measures for their overcoming are proposed, which determines the practical significance of this study. In the Construction sector, both the positives and negatives of the change in the environment are more tangible; stand out: low level of labor remuneration, low educational level and low labor productivity, which are interconnected and to a significant extent mutually predetermine each other. Real estate operations sector characterizes by a more balanced development during the period, employed persons have a higher educational level, but salary slow down their growth, remaining below the national average levels. Labor productivity, as an important economic indicator closely related to economic growth, competitiveness and the living standard in the country, shows a sustainable trend of growth at the national level, although it remains significantly below the EU average levels. In the real estate sector, there is also a positive trend, but with a higher degree of dynamics of the indicator during the period. In the Construction sector after 2012, there is a negative trend, most pronounced at the end of the period, due to in a significant extent to the disproportionate attraction of human resources compared to the realized product.

Key words: Human Resources, Employed Persons, Labor Productivity, Construction Sector, Real Estate Operations Sector.
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1. Introduction

In an environment full of challenges, scientific interest focuses to various aspects of their manifestation not only in business and economic life, but also in various sectors and the economy as a whole. The study period 2005-2021 is "variegated" with national and world events (among them: Bulgaria's accession to the EU, the World Financial and Economic Crisis (2007-2008) and the subsequent recovery period, the Covid-19 pandemic, the political crisis that started at the end of the period, etc.), which inevitably have an impact on the socio-economic development of the country at all levels. Despite the mentioned events of a rather negative nature, the growth rate of GDP (GDP growth, annual %), as the main measure of economic growth, remains above the average for the European Union (European Union) almost throughout the study period (The World Bank, 2023).

In the context of the present study, the object of scientific interest is the Construction and Real Estate Operations sectors, and the subject of research is the quantitative and qualitative characteristics of human resources and the labor productivity of persons employed in the specified sectors for the period 2005-2021. The author's goal is to study the dynamics of human resources and labor productivity in two sectors of particular importance for the national economy and, on this basis, outline the trends in their changes, as well as the reasons for these changes. The purpose thus defined implies the implementation of the following scientific tasks: to briefly examine the theoretical aspects of the terms "human resources" and "labor productivity"; to follow the dynamics of the macroeconomic environment, determining the conditions for carrying out economic activity in the country; to research some indicators characterizing the development of the Construction and Real Estate Operations sectors, including number of operating enterprises, number of employed persons, average salary and educational level of persons employed in both sectors, in a comparative plan, including with the general trends in the country, as well as the labor productivity of the persons employed in both sectors, represented by the gross value added (GVA) indicator, related to the number of employed persons and the time worked by them.

The main thesis of the author is that human resources are the main production factor that predetermines the sustainable development, prosperity and competitiveness of any business unit, industry or the economy as a whole, and labor productivity is the main indicator that providing information about the quality and efficiency of this resource in the production process. The study covers the period 2005-2021, presenting and analyzing data according to the available (collected and officially announced) at the time of the study. The main information source is the National Statistical Institute (NSI). The conclusion summarizes the main conclusions about the dynamics of the studied indicators and their relevance to the general trends in the country, outlines major problems and proposes activities to overcome them.

2. Theoretical aspects of the terms "human resources" and "labor productivity"

A number of mostly Bulgarian authors (Kalchev, Antonova, 2012; Kalchev, Antonova, 2014; Koev, at al., 2017; Hristov, Hristova, 2001; Vedar, 2014), based on a historical approach, derive the understanding of human resources as an essence, content, scope and applicability, based on its comparison with the term "personnel". Thus, R. Kalchev and K. Antonova, researching the management aspects of the two terms, summarize that "... the personnel are the people who work in a given organization. Unlike personnel, human resources are determined the most widely – from the employees of a given enterprise to the population of the country" (Kalchev, Antonova, 2014). In another study, the authors point out "There are human resources in the settlement, in a given economic region, nationwide, etc." (Kalchev, Antonova, 2012), i.e. they associate the term with a specific territorial scope. Therefore, as they explicitly add, "… when talking and writing about human resources management, their scope should be specified."

A different interpretation, but with similar content and scope, we find in certain English-language sources. There is also a comparison of terms, but rather the terms "workforce" and "human resources" (The Economic Times, 2023). The term "workforce" is defined as a group of people who work for an organization, business sector, industry or economy, i.e. overlaps significantly with the understanding of human resources discussed above, and "human resources", (as) a more specific term, refers to employees of a company or a contract workforce, i.e. it comes down to understanding of personnel. More often, however, in English-language sources, the term "human resources" is used to refer both to the people who work for a company or organization, and to the department responsible for managing all issues related to employees (Human Resources Edu., 2023; Resources for Employers, 2023; Cambridge Dictionary, 2023).

The content side of human resources is revealed by authors such as R. Shineva and Iv. Zhelev (Shineva, Zhelev, 2002), who consider the term in a broad, medium and narrow sense, namely: from the number of people forming the population of a given country to the workers and employees in a given enterprise, which as a scope is covered by the specified-above opinions.

A third group of authors, focusing on the qualitative aspects of the considered term, define human resources as:

- human capital, which, with the necessary investment in its development, can provide the desired income; an asset that creates a concrete advantage at the expense of its commitment to work, adaptability and high quality of work (Vedar, 2014);
- the people who work in the organization, together with their knowledge, competences and work motivation; main source of competitive advantages, through their abilities, knowledge, will to change (Gospodinov, 2012);

- the people in the organization with their professional qualifications, who make it possible to achieve its business goals (Shopov, Atanasova, 2003);
- the people who, with their knowledge, skills, habits and attitudes, fulfill organizational goals with high quality and efficiency; the people who realize its (the organization's) goals and provide sustainable competitive advantage through the ability to create uniqueness, value and impossibility to imitate (Harizanova, Mironova, Kicheva, 2018); etc.

In addition, authors such as S. Hristov and T. Hristova (Hristov, Hristova, 2001) also pay attention to the temporal aspect of the considered term, namely: the actual and potential personnel of the organization "now" and in perspective. However, as can be seen from the above opinions, human resources as content and scope are reduced priority to the organization level. However, the present study suggests that human resources to be considered at a higher level.

Another term that has been adopted (mainly) for the purposes of National Statistics and accountability is the term "employed persons". Employed persons are employed and self-employed persons engaged in a given production activity. Employed persons are persons working for a given institutional unit and receiving remuneration for their work. Employed persons include employees working under employment, civil or non-contractual employment. Self-employed persons are persons who are sole owners or co-owners of unincorporated businesses in which they work (NSI, 2023).

In an inextricable connection with human resources, resp. employed persons, as a number and qualitative characteristic, is the second basic term for this research, namely: labor productivity. According to the International Labor Organization, labor productivity is an important economic indicator that closely relates to economic growth, competitiveness and living standards within an economy. Labor productivity represents the total volume of output (measured as gross domestic product, GDP) produced by a unit of labor (measured as the number of persons employed or hours worked) during a given period. The indicator provides common information on the efficiency and quality of human capital in the production process (ILO, 2023).

A similar interpretation is also present in NSI's methodology for calculating labor productivity (NSI, 2023), where this economic category is presented as a composite economic indicator that compares the achieved result (newly created product) with the input labor factor in the implementation of a certain economic activity in a certain economic territory for a certain period. At the national level, the result of production activity is measured by gross domestic product (GDP) and gross value added (GVA) created by all production sectors in the national economy. GDP is a basic indicator in the system of national economic accounts, which presents the total result of the production activity of all production units at market prices, and is the basis for international comparisons. For example, according to the International Labor Organization for 2021, Bulgaria ranks 68th out of 185 countries in terms of GDP per hour worked - at 2017 prices (ILO, 2023). GVA is an indicator that is applicable to calculate labor productivity both at the national level and at the level of production activities (sectors) or by region, measuring the result of production activity at base prices.

The labor production factor in the composition of the labor productivity indicator is measured by the number of employed persons in the production units of the national economy and the time worked by them - hours worked.

Labor productivity is influenced by many factors, such as: technical and technological level, educational and qualification level, nature and conditions of work, nature and organization of the production process, labor remuneration, additional resources invested, innovations, etc., a significant part of which remain beyond the scope of the present study.

Based on the above, we can conclude that:

- Human resources are the main production factor for any organization, sector or the economy as a whole, which with their knowledge, skills, competences and motivation for work are the main source of competitive advantages.
- Labor productivity is the main indicator providing information on the efficiency and quality of human capital in the production process.

3. Dynamics of the main macroeconomic indicators of Bulgaria

The development of all sectors of the national economy closely relates to the development of the macro environment, which forms the general conditions under which economic activity is carrying out. The isolated study of certain economic indicators at the sector level, without clarifying their macroeconomic context, would lead to wrong conclusions and generalizations. Table 1 presents data on the main macroeconomic indicators of Bulgaria and their changes for the period 2005-2021.

Table 1.

Main macroeconomic indicators of Bulgaria for the period 2005-2021

Year	GDP at current prices	GDP growth	Final consumption (current prices)		Gross capital formation (current prices)		Foreign direct invest-ment as at 31.12.	Annual average consumer price index, previous year = 100	Unem-ployed persons, 15 + com-pleted years	Unem-ployment rate, 15 + com-pleted years
	million leva	%	million leva	% of GDP	million leva	% of GDP	billion euros/ dollars*	%	thousand	%
2005	47 017	7.1	40 865	86.9	13 042	27.7	9.2*	5.0	334.2	10.1
2006	53 608	6.8	45 586	85.0	17 185	32.1	12.4*	7.3	305.7	9.0
2007	63 494	6.7	54 108	85.2	21 338	33.6	15.2	8.4	240.2	6.9
2008	72 847	6.1	60 324	82.8	26 898	36.9	19.2	12.3	199.7	5.6
2009	73 181	-3.3	58 338	79.7	20 885	28.5	20.4	2.8	238.0	6.8
2010	74 878	1.5	60 408	80.7	16 863	22.5	22.1	2.4	352.3	10.3
2011	81 124	2.1	63 676	78.5	17 327	21.4	21.6	4.2	376.2	11.3
2012	82 646	0.8	67 274	81.4	18 088	21.9	22.0	3.0	410.3	12.3
2013	82 242	-0.6	65 432	79.6	17 278	21.0	23.3	0.9	436.3	12.9
2014	84 150	1.0	66 965	79.6	18 098	21.5	21.6	-1.4	384.5	11.4
2015	89 600	3.4	69 984	78.1	18 810	21.0	23.2	-0.1	305.1	9.1
2016	95 390	3.0	72 629	76.1	18 081	19.0	23.5	-0.8	247.2	7.6
2017	102 741	2.8	77 961	75.9	20 349	19.8	24.5	2.1	206.9	6.2
2018	109 964	2.7	83 843	76.2	23 328	21.2	24.9	2.8	173.3	5.2
2019	120 396	4.0	91 229	75.8	25 280	21.0	25.3	3.1	142.8	4.2
2020	120 553	-4.0	93 675	77.7	24 515	20.3	26.9	1.7	168.6	5.1
2021	139 012	7.6	107 384	77.2	29 296	21.1	28.2	3.3	171.1	5.3

Note: The value of FDI for 2005 and 2006 is in billion dollars. The amount of FDI for the period 2008-2021 include all economic activities, except for sectors K, O, T and U.

Source: Developed by the author from NSI data and own calculations (https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=1169, https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=1170, https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=1517, https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=782, https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=664, https://www.nsi.bg/bg/content/4012/323-безработни-лица-и-коефициенти-на-безработица-национално-ниво-статистически-райони-области).

Several key events mark the studied period, from the viewpoint of their effects on the national economy:

- the accession of Bulgaria to the EU – a process that practically dominated the economic development of the country even before the formal accession in 2007;
- the world economic crisis – the biggest for the last 80 years, called the Great Recession, which began in the world in 2007 and occurred in Bulgaria towards the end of 2008;
- the Covid-19 pandemic – occurred at the end of 2019, but spread rapidly, including in Bulgaria in March 2020, putting the human factor, the health system, a number of sectors and the economy as a whole to the test.

To these we should add the political crisis from the middle of 2021, as well as the increase in the price of energy resources on international markets that started during the year (MF, 2022), the consequences of which will still be subjected to more in-depth analyses, including by the author in subsequent publications..

This gives us reason to follow the dynamics of the main macroeconomic indicators presented in Table 1, divided into four periods.

GDP, as the main indicator of economic growth, for the period 2005-2008 records a growth of 6.7 % average on an annual basis, significantly ahead of the average for the EU member states – 2.3 % (The World Bank, 2023). The relative share of final consumption, as a measure of internal demand, varies between 82.8 % - 86.9 % of GDP with a clearly pronounced negative trend, offset by the growth of the indicator of investment activity in the country - gross capital formation of fixed capital (investments made for long-term tangible and intangible assets). From 13 042 million leva (27.7 % of GDP) in 2005, the value of the indicator increases to 26 898 million leva (36.9 % of GDP) in 2008. The growth is both absolute and relative to final GDP. Economic growth during the period researched is additionally supported by the inflow of foreign capital. An indicator of investment activity of international investors in Bulgaria, as well as of their interest in new investments in the country, are direct foreign investments in enterprises from the non-financial sector, showing their size as of a certain date - 31.12., as a sum of investment flows from previous years. The average change in FDI (on a prior year basis) for 2005-2006 and 2007-2008 was 30 %, outpacing the GDP growth rate for the same period (6.7 %). Another important aspect of the macroeconomic development during the period is the development of the labor market in terms of employment, which increases by an average of 3.6 % on an annual basis, accompanied by a decrease in the number of unemployed persons by 40 % and the unemployment rate to 5.6 %.

The carryover of the Great Recession into the country leads to slowed economic growth in the period 2009-2013, shrinking production and limiting economic activity in the country. The GDP growth rate in Bulgaria falls to -3.3 % in 2009, compared to a value for the EU of -4.3 % (The World Bank, 2023). A negative value of the indicator is recorded in 2013 as well -0.6 % (with a value for the EU -0.1 %) (The World Bank, 2023). The relative share of final consumption varies between 78.5 - 81.4 % of GDP. The highest value is realized in 2012 and the lowest - in 2011. Investments in fixed capital characterize by relative stability after 2009. From 20 885 million leva (28.5 % of GDP) in 2009, they fall to 16 863 million leva (22.5 % of GDP) in 2010, after which they increase to 17,278 million leva (21.0 % of GDP) in 2013. However, the growth for the period is rather absolute but not relative to the final GDP used. The average change in FDI for the period 2009-2013 is 4.1 %. Employment is negatively affected, provoking a four-year decline of varying intensity, reaching in 2013 436.3 thousand unemployed persons and unemployment rate 12.9 %.

The period 2014-2019 is a period of recovery of economic stability, albeit at lower levels of economic growth and economic activity. A more significant improvement in economic indicators is observed in 2015 and the following years of the study period. The GDP growth rate reaches 3.4 % in 2015, but remains below levels recorded in the pre-crisis period. The relative decrease in final consumption is mainly due to the positive (since 2015) external trade balance (difference between the value of exported and imported goods and services). The unemployed decreases by nearly 63 % and the unemployment rate reaches its lowest level – 4.2%.

The Covid-19 pandemic and a number of the measures taken to contain it lead to a limitation of business activity in 2020, which in turn results in a slowdown in economic growth. The GDP growth rate in 2020 falls to -4.0 %, but remaining above the EU average (-5.7%) (The World Bank, 2023). The indicator recovers its positive value already in the following year, reaching a maximum value, both relative and in absolute terms. Although 2021 is considered a year of recovery from the crisis, the employment decline observed in 2020 continues into 2021, but at a slower pace. Unemployed people reach 171 000, or an increase of approximately 20 % compared to 2019.

Based on the above, we can summarize that the study period 2005-2021 is "marked" by three key events for the national economy, which to a significant extent (pre)determine the general conditions for carrying out economic activity in the country.

4. Development of the Construction and Real Estate Operations sectors for the period 2005-2021

According to the Classification of Economic Activities – version 2008 (NACE.BG-2008) (NSI, 2008):

- The Construction sector includes general and specialized construction of buildings and facilities; repair, maintenance and reconstruction of buildings and facilities, installation of prefabricated building elements and temporary buildings on the construction site; as well as activities for the implementation of investment projects for buildings and facilities by collecting financial, technical and human resources necessary for the implementation of projects for residential and non-residential buildings intended for later sale. Main sections of this sector are construction of buildings, construction of facilities and specialized construction activities.
- The Real Estate Operations Sector includes activities of landlords, agents and/or brokers when buying or selling real estate, renting real estate, providing other services related to real estate, such as valuation or drafting written agreements. This sector includes also: activities for the implementation of investment projects for buildings, combined with the retention of ownership or renting them, as well as real estate management activities.

To assess the state and analyze the development of the specified sectors in the context of the study, the author accepts the use of the following indicators: number of enterprises, incl. by the number of persons employed in them, number of employees, average salary and educational level of persons employed in the sector.

The indicator "number of enterprises" shows the number of non-financial enterprises that carried out economic activity during the reference year. Here, due to a change in the way statistical information is presented and in view of comparability of the data used, it is necessary to divide the period researched into two sub-periods. Data on the number of enterprises engaged in economic activity in the Construction and Real estate operations, landlords and business services sectors and total for the country for the period 2005-2007 are presented in Table 2.

Table 2.

Number of enterprises engaged in economic activity in the Construction and Real estate operations, landlords and business services sectors and total for the country for the period 2005-2007

Year	Total for the country		Construction sector			Real Estate Operations, Landlords and Business Services Sector		
	Enterprises	Growth rate	Enterprises	Growth rate	Share	Enterprises	Growth rate	Share
	number	%	number	%	%	number	%	%
2005	240 315		12 823		5.34	29 622		12.33
2006	241 390	0.45	14 638	14.15	6.06	32 581	9.99	13.50
2007	257 987	6.88	18 193	24.29	7.05	41 209	26.48	15.97

Note: In total for the country are included the sectors: Mining and quarrying; Manufacturing; Production and distribution of electricity, heat, gaseous fuels and water; Trade, repair and maintenance of motor vehicles and motorcycles, personal and household goods; Hotels and restaurants; Transport, storage and communications; Construction and Real estate activities, landlords and business services. The growth rate is calculated on a chain basis.

Source: Developed by the author from NSI data and own calculations (https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=1375).

After a decrease in the number of functioning enterprises in the Construction sector in 2005 by 10 % compared to the previous year, over the next two years it steadily and intensively increased by just over 19 % average on an annual basis, which significantly outpaced the trends at national level (approximately 4 % average per year), reaching 18 193 enterprises in 2007, or 5 370 new enterprises. The share of construction enterprises in the total number of functioning enterprises in the country also grew steadily, but at a more moderate pace.

Up to and including 2007, real estate operations as economic activities are reported in sector K "Real estate activities, landlords and business services". With NACE.BG 2008, these economic activities are represented as a separate sector (sector L) due to their importance in the System of national accounts. However, the summaries that can be made based on the available data cannot be unambiguously attributed to the Real Estate Operations sector. For example, despite the reported growth in the number of functioning enterprises (17.6 % average per year) and their share of the total number of enterprises (approximately 14 % an annual average), the number of enterprises operating in sector L "Real Estate Operations" in 2008 reached 18 736 enterprises, or 5.8 % of all enterprises, which is approximately 55 % of the enterprises operating in the K sector in 2007 (a total of 41 209 in number).

As the main prerequisites for the intensification of economic entities in the Construction and Real Estate Operations sectors for the period 2005-2007 can be pointed out the positive attitudes related to the accession of Bulgaria to the European Union and the resulting additional effects in the pre- and accession period: GDP growth, foreign capital inflows, including foreign direct investment, employment growth, a number of key reforms towards deregulation, reregulation and initial regulation of markets, etc. (Center for Liberal Strategies, 2017).

Data on the number of enterprises engaged in economic activity in the Construction and Real Estate Operations sectors and total for the country for the period 2008-2021 are presented in Table 3.

Table 3.

Number of enterprises engaged in economic activity in the Construction and Real Estate Operations sectors and total for the country for the period 2008-2021

Year	Total for the country		Construction sector			Real Estate Operations sector		
	Enterprises	Growth rate	Enterprises	Growth rate	Share	Enterprises	Growth rate	Share
	number	%	number	%	%	number	%	%
2008	323 003		22 628		7.01	18 736		5.80
2009	368 229	14.00	24 323	7.49	6.61	20 192	7.77	5.48

2010	366 929	-0.35	22 081	-9.22	6.02	20 672	2.38	5.63
2011	366 240	-0.19	20 418	-7.53	5.58	21 061	1.88	5.75
2012	372 036	1.58	19 959	-2.25	5.36	21 166	0.50	5.69
2013	377 383	1.44	19 603	-1.78	5.19	21 555	1.84	5.71
2014	383 905	1.73	19 869	1.36	5.18	22 538	4.56	5.87
2015	393 460	2.49	20 377	2.56	5.18	23 216	3.01	5.90
2016	404 937	2.92	20 533	0.77	5.07	23 635	1.80	5.84
2017	406 310	0.34	20 370	-0.79	5.01	23 280	-1.50	5.73
2018	413 535	1.78	20 936	2.78	5.06	24 031	3.23	5.81
2019	419 681	1.49	21 580	3.08	5.14	25 083	4.38	5.98
2020	411 564	-1.93	21 893	1.45	5.32	25 515	1.72	6.20
2021	412 878	0.32	22 728	3.81	5.50	27 207	6.63	6.59

Note: All economic activities are included in total for the country, except for sectors K, O, T and U. The growth rate is calculated on a chain basis.

Source: Developed by the author from NSI data and own calculations (https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=789).

The presented data shows that the dynamics in the change in the number of operating enterprises in both sectors during the period researched follows the trends at national level after some slowdown in 2009 (almost twice as low growth) – the beginning of the crisis period. There is a more significant deviation with a negative trend in terms of the number of enterprises in the Construction sector in the period 2010-2013, with its strongest manifestation in 2010 and 2011, as a consequence of the restriction of economic activity. This leads to a shift of the Construction sector from its leading position, both in terms of the number of enterprises and in terms of share occupied, relative to the real estate sector. This situation maintains until the end of the study period (see Fig. 1).

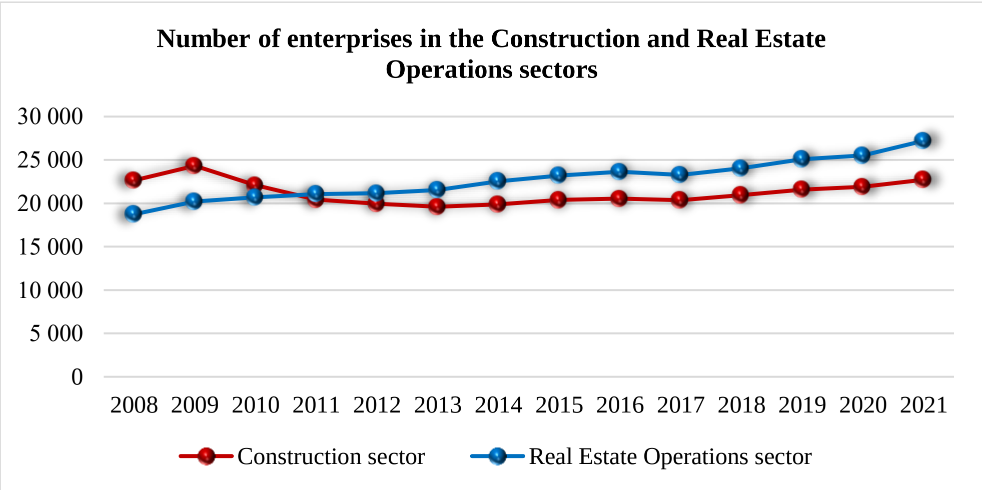

Figure 1. Number of enterprises carrying out economic activity in the of Construction and Real Estate Operations sectors for the period 2008-2021

Source: Developed by the author from NSI data.

The slow, but almost uninterrupted, positive trend of increase in the number of functioning enterprises in the Real Estate Operations sector leads to a 45 % increase in their number in 2021 compared to 2008, reaching 27 207 enterprises, significantly outpacing the 28 % increase at national level and less than 0.5 % increase in the Construction sector. Growth is also observed in terms of their relative share of the total number of enterprises, but by less than one percent.

Based on the presented data on the number of functioning enterprises in the Construction and Real Estate Operations sectors we can summarize that in the Construction sector the effects (both positive and negative) resulting from the change in the environment are more reflected, and the nature and peculiarities of the construction production process are a prerequisite for its slower recovery..

According to the number of persons employed in them, the largest relative share, both at national level and in the Construction and Real Estate Operations sectors, are enterprises with up to 9 employees, ranging between 78.2 % - 86.7 % in the Construction sector, following the general trend of enterprises in the sector, and between 97.1 % - 98.4 % in the real estate sector. In the real estate sector, their number increased almost continuously throughout the period, reaching 26 763 enterprises in 2021 (compared to 19 700 construction enterprises). In second place are enterprises with up to 49 employees, whose number in the real estate sector steadily decreases, both absolutely and relatively, reaching 412 enterprises in 2021, or 1.5 % relative share (compared to 2 529 construction enterprises and 11.1 % relative share). Here it is noteworthy that the share of enterprises with up to 49 employees in the Construction sector is almost twice as high as the national average levels and nearly six times higher than the Real Estate Operations sector, which is indicative of the presence of some concentration of the activity of enterprises in the construction sector. The smallest or rather insignificant share are enterprises with up to 249 and over 250 employees (on average 2.5 % and 0.2 % in the construction sector and only 0.2 % in 2010 in the real estate sector or for which the data are declared confidential) (see Fig. 2).

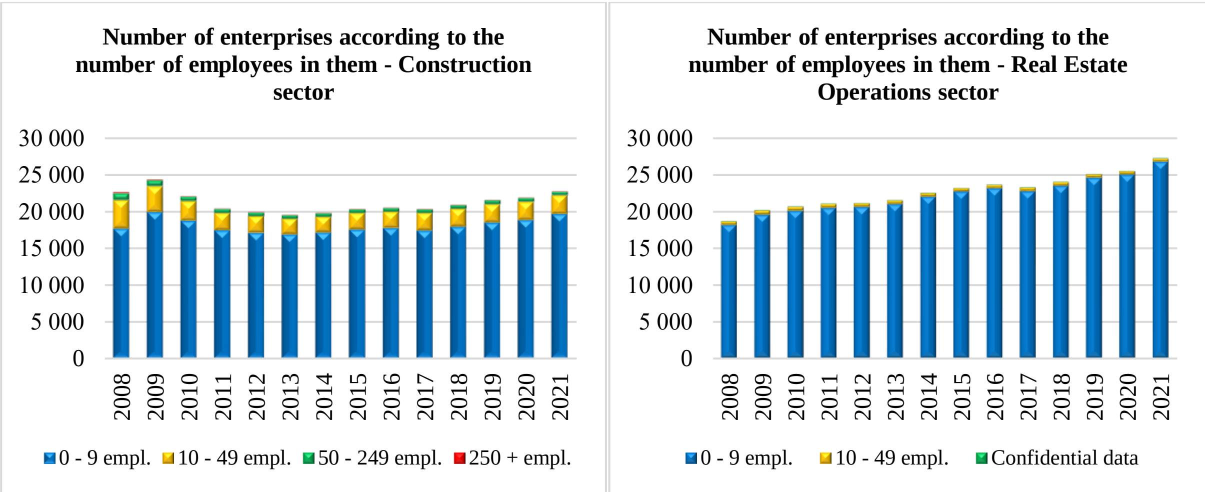

Figure 2. Number of enterprises in the Construction and Real Estate Operations sectors according to the number of persons employed in them
Source: Developed by the author from NSI data.

The indicator "persons employed" includes employees and self-employed persons engaged in a productive activity. Data on the number of persons employed in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021 are presented in Table 4.

Table 4.

Persons employed in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021

Year	Total for the country		Construction sector			Real Estate Operations sector		
	Employed	Growth rate	Employed	Growth rate	Share	Employed	Growth rate	Share
	number in thousands	%	number in thousands	%	%	number in thousands	%	%
2005	3 495.3		171.2		4.90	17.6		0.50
2006	3 612.0	3.34	213.7	24.83	5.92	19.0	8.23	0.53
2007	3 726.7	3.18	251.1	17.50	6.74	20.8	9.35	0.56
2008	3 814.6	2.36	297.7	18.56	7.80	23.4	12.42	0.61
2009	3 749.3	-1.71	277.3	-6.86	7.40	24.7	5.53	0.66
2010	3 603.9	-3.88	225.0	-18.87	6.24	29.0	17.41	0.80
2011	3 524.6	-2.20	198.4	-11.80	5.63	29.1	0.43	0.83
2012	3 436.4	-2.50	185.9	-6.29	5.41	27.3	-6.09	0.80
2013	3 421.6	-0.43	179.4	-3.54	5.24	26.5	-3.11	0.77

2014	3 434.2	0.37	177.9	-0.81	5.18	26.8	1.26	0.78
2015	3 446.2	0.35	182.4	2.52	5.29	26.1	-2.68	0.76
2016	3 463.3	0.50	175.2	-3.95	5.06	26.5	1.33	0.76
2017	3 525.4	1.79	175.4	0.15	4.98	27.0	2.15	0.77
2018	3 521.6	-0.11	184.5	5.19	5.24	26.5	-2.04	0.75
2019	3 533.6	0.34	195.7	6.02	5.54	26.5	0.07	0.75
2020	3 451.7	-2.32	192.3	-1.71	5.57	26.1	-1.49	0.76
2021	3 458.4	0.19	195.8	1.82	5.66	24.9	-4.67	0.72

Note: The growth rate is calculated on a chain basis.

Source: Developed by the author from NSI data and own calculations (https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=181).

The presented data shows that the dynamics in the change in the number of employed persons in the first years of the study period is higher in the Construction and Real Estate Operations sectors, varies between -18.9 % – 24.8 % and 5.5 % – 17.4 %. Over the next ten years, there is a weak dynamics of the indicator with a weak positive trend at national level and in the Construction sector, and a weak negative trend in the real estate sector. The highest value of the indicator in the Construction sector is reached in 2008, when the number of persons employed was nearly 300 thousand people, or 7.8 %. In the real estate sector, the "peak" is reached in 2011 with just over 29 thousand employed, or 0.8 %. The share of employees in the total number of persons employed in the Construction sector in turn realized a maximum value in 2007 – 92.1 %, and in absolute terms – in 2008. In the real estate sector, the share of employees is the highest in 2011 – 91.1 % (both relative and in absolute terms). At the end of the researched period (2021), construction companies engaged just under 196 thousand people, approximately 5.7 %, and in the real estate sector - nearly 25 thousand people, or 0.7 %, while the national average of about 3.5 million persons employed, with the share of employees falling to 80.1 % in the Construction sector and to 86.7 % in the real estate sector (vs. a national value of 75.1 %).

Two further facts deserve attention here: firstly, the share of persons employed in the real estate operations sector remained below 1 % throughout the researched period; secondly, in terms of the number of functioning enterprises and the number of employees in the real estate sector, two opposite trends emerge in the last two years of the researched period – growth of enterprises in the sector and a decrease in the number of employees, which corresponds to a significant extent with the processes at macro level – the recovery of economic activity, but not employment. In the Construction sector, employment is recovering at pre-crisis 2019 levels.

The indicator "average salary" (presented with the indicator "Average gross salary of employees under labor contract") is a basic indicator of salary levels, and remuneration of labor is a major factor for labor motivation. Gross salary is the remuneration that the person receives for the work performed by him before the deduction of the compulsory and voluntary social and health insurance contributions and the tax accruals at the expense of the employee. Includes basic salary and all additional accruals under the Labor Code and/or agreed by collective or individual employment agreement, as well as additional material incentives in the form of premiums. The average annual gross salary calculates by dividing the accrued salary resources for the reference year by the average number of employees under an employment relationship excluding persons on maternity leave (NSI, 2023). The data for the study period are presented in Table 5.

Table 5.

Average salary (annual) in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021г.

Year	Total for the country		Construction sector		Real Estate Operations sector	
	Average salary	Growth rate	Average salary	Growth rate	Average salary	Growth rate
	leva	%	leva	%	leva	%
2005	3 885		3 210		3 891	
2006	4 324	11.30	3 577	11.43	4 662	19.81
2007	5 167	19.50	4 249	18.79	6 005	28.81
2008	6 538	26.53	5 531	30.17	6 875	14.49
2009	7 309	11.79	6 766	22.33	7 630	10.98

2010	7 777	6.40	7 042	4.08	7 875	3.21
2011	8 230	5.82	7 283	3.42	8 130	3.24
2012	8 773	6.60	7 662	5.20	8 822	8.51
2013	9 301	6.02	7 998	4.39	9 124	3.42
2014	9 860	6.01	8 782	9.80	9 312	2.06
2015	10 535	6.85	9 212	4.90	10 118	8.66
2016	11 379	8.01	9 289	0.84	10 838	7.12
2017	12 448	9.39	10 044	8.13	12 058	11.26
2018	13 755	10.50	11 083	10.34	12 982	7.66
2019	15 209	10.57	12 236	10.40	14 355	10.58
2020	16 687	9.72	13 471	10.09	15 391	7.22
2021	18 733	12.26	14 669	8.89	17 267	12.19

Note: For the period 2005-2007, the specified data refer to sector K "Real estate operations, landlords and business services". The growth rate is calculated on a chain basis.

Source: Developed by the author from NSI data and own calculations
(https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=568, https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=1393).

From the presented data, it can be concluded that the average salary shows a steady trend of growth both at national level and in the Construction and Real Estate Operations sectors, with some slowdown (growth below 10 %) in the period 2010-2016/2017. Salaries in the Real Estate Operations sector until 2012 (except for 2011) are slightly above the average – between 1 and 16 %, since 2013 they are close, but below the average levels (between 92 and 98 % of them) (see Fig. 3).

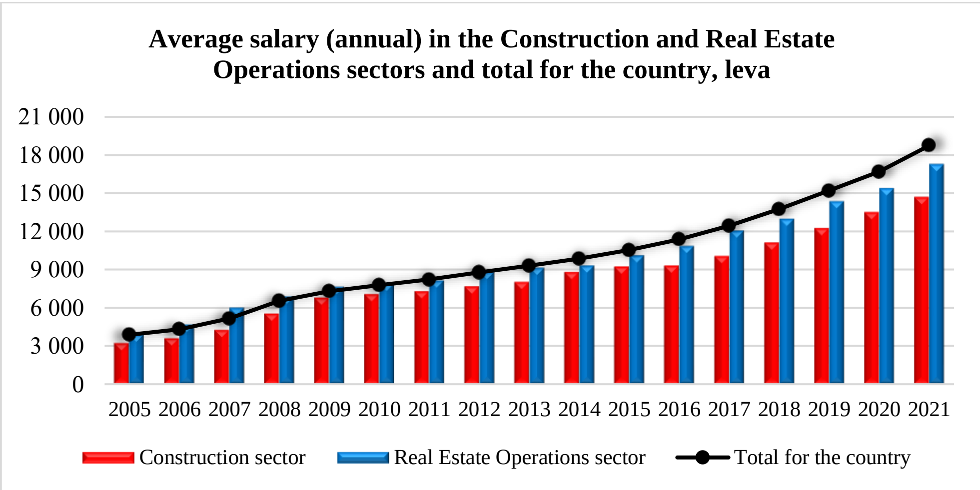

Figure 3. Average salary (annual) in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021, in leva
Source: Developed by the author from NSI data.

For comparison, in 2021 the highest average salaries are reported in the field of information technology and information services – 51 665 leva (2.8 times above the national average levels, 3 times higher than those in the Real Estate Operations sector and 3.5 times above those in the Construction sector), and the lowest – in the textile and clothing industry – 10 622 leva. This directly correlates with the low educational attainment of those employed, especially in the Construction sector (see Fig. 4).

For example, according to NSI data, in 2021 30.3 % of the employees in the Construction sector have primary or lower than primary education (vs. 10.5 % national average); 56.7 % have secondary education, 25.3 % of which have no professional qualification (comparable to the national values – 55.6 % and 23.9 % respectively); and only 13.0 % of the persons employed in the sector have higher education (vs. 33.9 % nationally). In the real estate sector, these indicators have much more favorable values: less than 1 % of the persons employed in the Real Estate Operations sector have primary or lower than primary education, 41.1 % have a secondary education, as only 17.1 % of them have no professional qualification, and 58.9 % is the share of those employed with higher education. However, this does not correspond to the low remuneration of employees in the sector, which, as stated above, is close to but below average levels since 2013.

For comparison, in sector J "Creation and dissemination of information and creative products; Telecommunications", including activities in the field of information technology and information services (the activities with the highest salaries for the year), in 2021 from nearly 102 thousand employed persons, 76.9 % have higher education, 22.7 % have secondary education, including 8.4 % - without professional qualifications and only 0.4 % are persons with primary or lower than primary education.

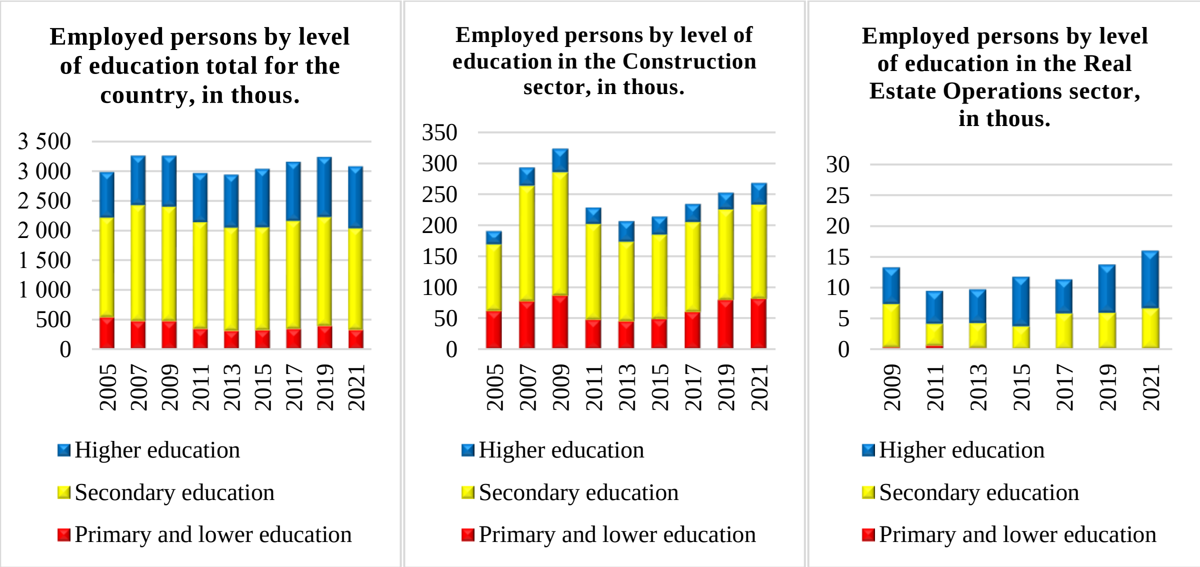

Figure 4. Employed persons by level of education in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021, in thousand
Source: Developed by the author from NSI data.

These ratios in the number of employees by level of education in the Construction and Real Estate Operations sectors show a certain resilience, at least for the research period, which inevitably has an impact on the efficiency, quality and productivity of labor in the surveyed sectors.

Based on the above, we can summarize the following conclusions:

- In the Construction sector, both the positives and negatives of the change in the environment are more tangible; economic activity is strongly influenced by the global economic crisis and significantly less – by the pandemic-related – in terms of number of enterprises and employees, which stems to a significant extent from the nature of labor and the peculiarities of the production process; salaries in the sector remain below the national average levels, correlating with the low educational level of employees.
- The Real Estate Operations sector is characterized by a more balanced development during the period, which gives it a leading position in terms of the number of operating enterprises, but not in terms of the number of employees who remain below 1% throughout the period; employed persons have a higher educational level, but salaries remain below the national average levels.

5. Labor productivity in the Construction and Real Estate Operations sectors

Labor productivity is a main indicator of the quality and efficiency of labor in the production process, comparing the achieved result (newly created product) with the amount of labor input (number of employees and time worked by them – hours worked). In this study, to measure the result of production activity, GVA is the more appropriate indicator. It represents a difference between the final value of output and the value of goods and services consumed to produce it (intermediate consumption) (Infograf, 2023). Data on GVA of the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021 are presented in Table 6.

Table 6.

Gross value added of the Construction and Real Estate Operations sectors and total for the country in 2015 prices for the period 2005-2021

Year	Total for the country		Construction sector			Real Estate Operations sector		
	GVA	Growth rate	GVA	Growth rate	Share	GVA	Growth rate	Share
	million leva	%	million leva	%	%	million leva	%	%
2005	60 553		2 949		4.87	6 430		10.62
2006	64 879	7.14	3 368	14.20	5.19	6 908	7.42	10.65
2007	69 127	6.55	3 876	15.09	5.61	7 216	4.47	10.44
2008	73 379	6.15	4 463	15.13	6.08	6 852	-5.04	9.34
2009	72 749	-0.86	4 764	6.76	6.55	6 936	1.23	9.53
2010	74 069	1.81	3 874	-18.68	5.23	7 187	3.61	9.70
2011	75 486	1.91	3 721	-3.97	4.93	7 184	-0.05	9.52
2012	75 683	0.26	3 553	-4.49	4.70	7 389	2.87	9.76
2013	74 420	-1.67	3 330	-6.29	4.47	7 222	-2.26	9.70
2014	75 151	0.98	3 263	-2.01	4.34	7 375	2.11	9.81
2015	77 389	2.98	3 377	3.49	4.36	7 544	2.30	9.75
2016	79 395	2.59	3 110	-7.91	3.92	7 973	5.68	10.04
2017	82 015	3.30	3 235	4.03	3.94	8 549	7.22	10.42
2018	84 868	3.48	3 270	1.10	3.85	9 523	11.40	11.22
2019	88 029	3.72	3 393	3.74	3.85	10 003	5.03	11.36
2020	84 514	-3.44	3 359	-0.99	3.97	9 367	-6.35	11.08
2021	91 270	7.99	2 786	-17.07	3.05	10 089	7.70	11.05

Note: The growth rate is calculated on a chain basis.

Source: Developed by the author from NSI data and own calculations (https://infostat.nsi.bg/infostat/pages/reports/query.jsf?x_2=1169).

The presented data shows that GVA shows a steady trend of growth (except for 2008/2009, 2013 and 2020) at national level and in the real estate sector. However, this is not the trend in the Construction sector, where after an average growth of 12 % on an annual basis, reaching 4 764 million leva in 2009, GVA began to decrease, reaching at the end of the research period a value lower than at the beginning of the period. This is especially indicative of **the power of influence of global (respectively macroeconomic) processes on construction production**, as well as **the investment policy of the government and local authorities**. To this should be added the fact that **the construction sector is one of the most resource-intensive sectors of the national economy**, which inevitably has an impact on the result of production activity.

Similar trends are observed with regard to the share of GVA of the surveyed sectors in the national total. Reaching a maximum value of 6.5 % in 2009, the share of the Construction sector decreases more than doubled by the end of the period. The share of the Real Estate Operations sector remains somewhat stable and although in the period 2008-2015 it remains below 10 %, in 2019 it reaches 11.4 % of the country's GVA.

Another interesting fact that emerges on the basis of the presented data is that **the result of production activity in the real estate sector, measured by GVA, exceeds 2, even 3 (2021) times that in the Construction sector**. An exception is observed in the period 2007-2011, when it varies between 1.5 and 1.9. However, this in no way corresponds to the effectiveness of the activities of the business operators in the sector (at least according to reporting). **For the period 2009-2016, the enterprises in the real estate sector have incurred more operating expenses than the realized operating income for the respective year**, and the negative difference is mainly due to a decrease in the revenues of the economic entities in the crisis year 2009 and the next - 2010, which decrease is compensated only in 2017.

The labor factor, as a constituent element of labor productivity, as stated above, measures by the number of persons employed and the time worked by them – hours worked. In Fig. 5 graphical data are presented for the hours worked (total) and per employee in the Construction and Real estate operations sectors and total for the country for the period 2005-2021.

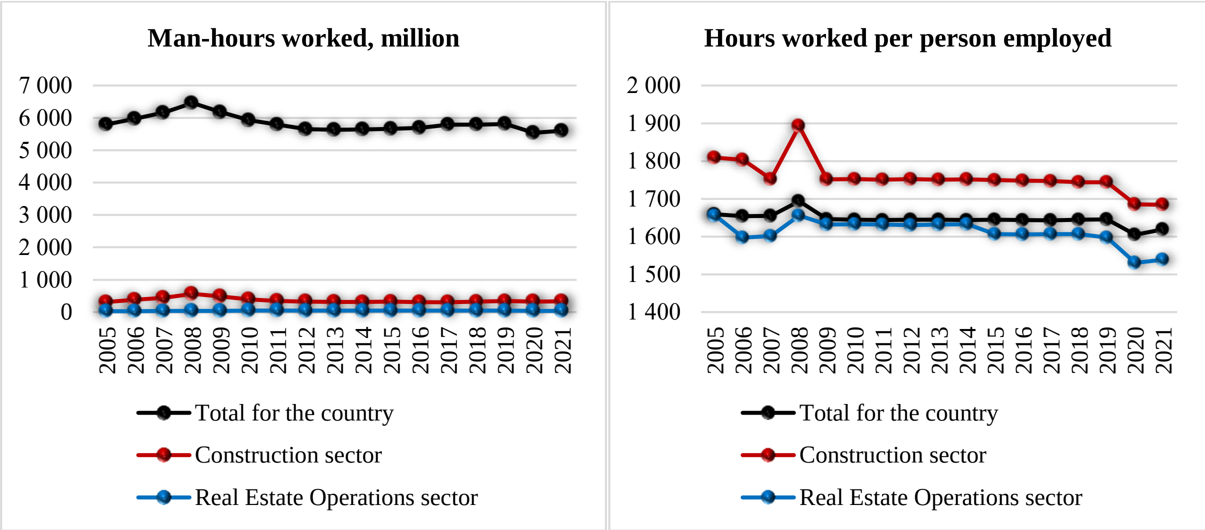

Figure 5. Hours worked (total) and hours worked per person employed in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021
Source: Developed by the author from NSI data and own calculations.

From the data presented, it can be concluded that similar trends are emerging, albeit with varying degrees of intensity. For example, the hours worked by employees in the Construction sector increase in the period up to and including 2008, similar to those at national level, but with a higher degree of intensity (on average by 21 % an annual basis compared to 3 % at national level), after which they begin to decrease, but at a slow pace (until 2014). From 2015 to the end of the study period, there are low dynamics of the indicator, varies between +6 and -5 %. In the real estate sector, the "peak" is reached in 2011 (with an average growth of 7.6 % on an annual basis), similar to the indicator of the number of employees, after which hours worked begin to decrease, with a more pronounced negative trend at the end of the period.

Of more importance here are the hours worked per person employed, which decrease during the study period, both at national level and in the Construction and Real estate operations sectors, with **employees in the Construction sector working on average between 7 and 9 % more hours than all employees and employees in the real estate sector**.

Data on annual productivity, measured by GVA per person employed and GVA per hour worked, are presented in Fig. 6.

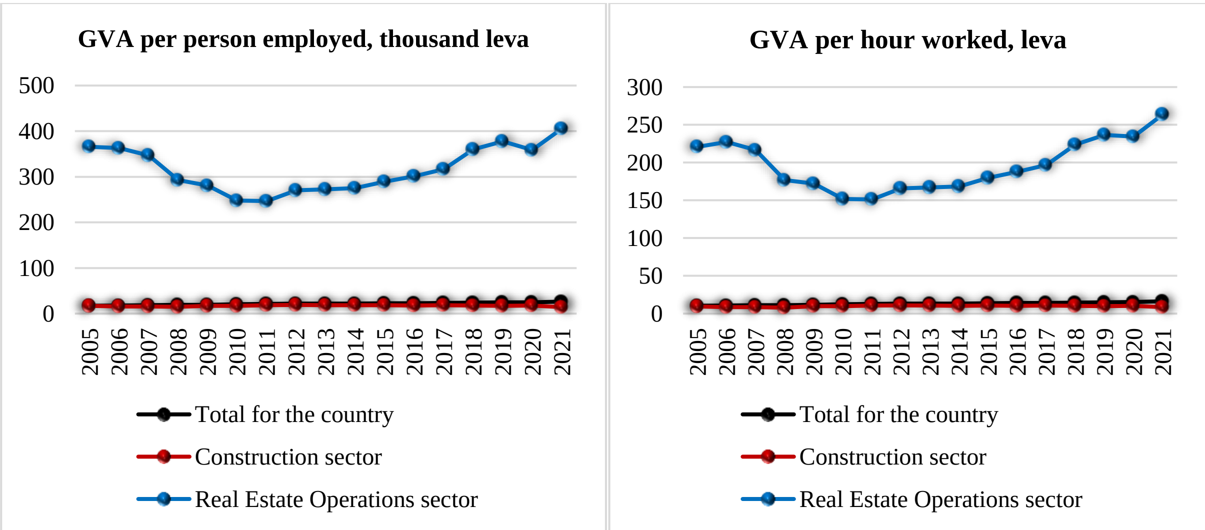

Figure 6. GVA per person employed (in thousand leva) and one hour worked (leva) per employee in the Construction and Real Estate Operations sectors and total for the country for the period 2005-2021
Source: Developed by the author from NSI data and own calculations.

The labor productivity per person employed in the Construction sector during the study period varies between 14.2 and 19.1 thousand leva annually and between 8.4 and 10.9 leva per hour worked, being the highest in 2012 and the lowest at the end of the period (2021). **The outpacing growth (respectively delayed decline) of the persons employed in the sector compared to the result of production activity, measured by the GVA indicator, has a direct impact on the labor productivity of the persons employed in the sector during the period**. This is particularly indicative in the last year of the survey period, when the low result of production activity of construction enterprises, measured by GVA, combined with the recovery of employment at pre-crisis 2019 levels, lead to the lowest labor productivity for the period.

The labor productivity per person employed in the Real Estate Operations sector during the period varies between 246.8 and 405.6 thousand leva per person employed per year and between 151.2 and 263.6 leva per hour worked, with the lowest value realized in 2011 and the highest at the end of the period (2021). Here, there are also periods of outpacing growth (respectively delayed decline) in employment (2006-2011, 2020) compared to the result of manufacturing activity, during which labor productivity decreases.

Despite the above, **the higher GVA in the real estate sector, exceeding 2, even 3 times that in the Construction sector, the lower number of persons employed, who remained below 1 % during the survey period, and the lower number of hours worked, on average 2 % fewer hours worked than all employed and 9 % - of the employees in the Construction sector, lead to nearly 15 times higher productivity than the national average and nearly 20 times higher productivity compared to the average in the Construction sector for period**.

At the national level, a positive trend is emerging, reaching 26.4 thousand leva by the end of the period annual productivity per employee and 16.3 leva per hour worked. Despite this, however, according to Eurostat data, **labor productivity in Bulgaria per person employed and hour worked in 2021 is 53.5 % of the EU average** (EU27_2020=100) (Eurostat, 2023). In the ranking of the International Labor Organization, the country ranks 69th out of 189 countries in terms of labor productivity, measured by GDP per hour worked at 2017 prices for the same (2021) year (ILO, 2023).

Based on the above, we can summarize that labor productivity, as an important economic indicator closely related to economic growth, competitiveness and living standards in the country, shows a steady trend of growth at national level, although remaining significantly below European levels. In the real estate sector there is also a positive trend, but with a higher degree of dynamics of the indicator during the period. In the construction sector until 2012 there is a positive and after 2012 - a negative trend, most pronounced at the end of the period, due to a significant extent to the disproportionate attraction of human resources compared to the product realized.

6. Conclusion (conclusions and recommendations)

Based on the presented analysis, we can draw the following more important conclusions about the dynamics of human resources and labor productivity in the Construction and Real Estate Operations sectors for the period 2005-2021:

Economic activity in the Construction sector during the period is strongly influenced by economic (and political) processes at macro level. The number of enterprises and employees increases in periods of economic growth and decreases with the deterioration of environmental conditions. Stand out: low level of salaries, low educational level and low labor productivity of the persons employed in the sector, which are interconnected and to a significant extent mutually predetermine each other.

The low level of remuneration has a direct impact on the motivation of employees in the sector and the opportunities for attracting qualified specialists. The lack of enough qualified construction workers in Bulgaria is becoming more tangible and has been observed in recent years by a number of specialists (BNR, 2017; Dnes.bg, 2020). For the decrease in labor productivity in the industry, especially in periods of growth, some authors (Stefanov, Dimitrova, 2012) point out the following reasons (factors): the attraction of lower-qualified staff at a time of growth in the industry, the insufficiently effective planning of activities, the entry of developers without the necessary experience in business, the rise in the prices of various raw materials, etc., adding also, that despite the continuous entry into the construction of new materials, products, technologies and mechanization, no increase in labor productivity is achieved. Here we should add the disproportionate attraction of human resources found in the analysis compared to the realized product.

In this aspect, we consider the following measures appropriate: precise planning of human resource needs, according to production needs; more efficient use of construction workers in the production process; technical and technological innovations accompanied by an increase in the professional and qualification level of employees; and last but not least - increasing labor productivity with a proportionate increase in wages.

The Real Estate Operations Sector is characterized by a more balanced development during the period in a challenging environment, both in terms of the number of operating enterprises and the number of employees. This brings it to the forefront (relative to the Construction sector) in the number of operating enterprises and their relative share, but not in the number of employees who remain below 1% throughout the period. Employed persons have a higher educational level, but salaries since 2013 have slowed down, remaining below national average levels. Labor productivity has a pronounced positive trend, with a certain dynamics of the indicator during the period. Here we consider appropriate measures aimed mainly in two directions: increasing salaries and their recovery above average levels, by reviewing the applied salary systems and introducing flexible forms, taking into account the qualitative aspects of human capital (such as educational and qualification level, motivation for work, labor performance, etc.); improving the financial performance of the business operators operating in the sector on the basis of optimizing the cost side and achieving higher cost-effectiveness.

Within the national economy, labor productivity shows a steady upward trend, reaching 53.5 % of the EU average in 2021. However, this growth does not sufficiently provide the desired catch-up effect for the country's economy, remaining significantly below European levels. In this aspect, studying the low labor productivity in Bulgaria, D. Sabev concludes that: "the struggle to increase labor productivity should not be an end in itself, but a way to achieve higher well-being of people." (Sabev, 2021).

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The legacy of the European Year of Youth in achievements, initiatives and programmes

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Abstract. The conceptual framework of this article is focused on the overview of the various initiatives and programs related to youth development elaborated as part of the objectives set during the European Year of Youth. The main themes addressed in the article are the role of measures and activities in the field of youth policies, as supporting the consequences of the pandemic and contributing to a more active inclusion of young people in society. The purpose of the desk research was to argue the role of the European Union to respond through encouraging new programs to the youth policies of the member states. The findings of the research outline the constant need and aim of actively involving and engaging young people in the future policies of the EU. Moreover, the review of the various legal acts – resolutions, decisions, programs are reflecting dynamic processes in youth development and providing a normative role to the policies in the member states**.**

Key words: European Year of Youth, European Youth Strategy, Youth programmes, Bulgarian youth
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1. Introduction

The announcement of 2022 as the European Year of Youth, on 15 September 2021, by the President of the European Commission, Ursula von der Leyen, during the State of the Union speech, took place after a period of the COVID-19 pandemic and a period of restrictions. having a serious influence on the youth in Europe and Bulgaria. An important initiative in support of the Year was the presentation of NextGenerationEU - a recovery plan with an emphasis on young people ("NextGenerationEU - European Union"). The decision of December 22, 2021 of the European Parliament and of the Council ("Decision (EU) 2021/2316 of the European Parliament and of the Council of 22 December 2021 on a European Year of Youth (2022)"), reconfirmed and reaffirmed the goals for young people set in the European Union Youth Strategy for the period 2019-2027("Resolution on the European Union Youth Strategy 2019-2027").

2. Implementation

In choosing the topics that will be highlighted during the European Year of Youth, through various activities of the member states of the European Union, the results of the Eurobarometer study – "Youth and democracy during the European Year of Youth" ("Eurobarometer on the European Year of Youth: Young Europeans are increasingly engaged"), are also of significant importance, held between February 22 and March 4, 2022. Collecting responses from all member states of the sentiments among the young generation, the survey also expresses a trend of general engagement of young people in society (58%) of young people in the European Union are active in societies in which live and have participated in one or more youth organizations in the past 12 months, which compared to a 2019 study shows a growth of 17% percentage points. Bulgarian youth between the ages of 15 and 30, who responded to the conducted research, number 1003 people. It is also interesting to follow how they answered the questions, but here we will highlight some of them. Regarding the topics to be affected during the European Year, the answers with a high percentage among the Bulgarian youth stand out, namely – improvement of education and training, free movement of students, interns and students (38%) compared to the most selected by the overall youth people answers from the EU- improving mental and physical health and wellbeing (40%); the topic of combating poverty and economic and social inequalities is also of great importance among the respondents (40%). When asked about the expectations of the coming year, nearly 33% of those who answered highlighted the answer - "More efforts for better inclusion of young people in the labour market" ("Eurobarometer on the European Year of Youth: Young Europeans are increasingly engaged"). The announcement of the year also coincides with the presentation of another significant initiative of the EC - "ALMA" ("European Social Fund Plus"), whose abbreviation in English language means - (Aim, Learn, Master, Achieve), and is aimed at the group of young people who do not participate in any form of employment, education or training (NEETs).

In chronological terms, the announcement of 2022 as the European Year of Youth was also accompanied by a series of recommendations from April 2022, facilitating international youth volunteering activities ("Council Recommendation on the mobility of young volunteers across the European Union"), as a result of the active role of young people during the COVID-19 pandemic ("The impact of Covid-19 on youth and on sport").

In the survey Eurobarometer -,,Youth and democracy during the European Year of Youth" for Bulgaria, a small percentage of awareness among young people is observed - 8% of the program "European Solidarity Corps" against the background of the overall awareness of the program "Erasmus +" ' aimed at schools, vocational high schools, non-formal education and cross-sectoral cooperation. However, it is important to note, which is also contained in the EC recommendation, that the role of all instruments such as Youthpass and Europass, in documenting and evaluating the educational results of voluntary activities at the national level, should be supported in the validation of activities on solidarity in the context of the European Year of Youth. Here it is good to note that youth policies in the European Union are national policies and their harmonization at the EU level is not implied. However according to The Treaty on the Functioning of the European Union and Art. 165, there is a legal basis for supporting legislative initiatives and promoting the exchange at the level of youth workers, trainers and young people, and through Art. 166, it is possible to support the policies related to vocational training, in addition to the national policy of the Member States, through various forms of exchange ("Treaty on the Functioning of the European Union").

The active role of the European Parliament in the direction of accompanying activities - trainings, seminars and aimed at young people and training young people, is important to be mentioned in this context of the European Year of Youth. Along with the regularly held youth meeting - (EYE) in Strasbourg and gathering young people from all member countries, the "Ambassador Schools Program" and the Euroscola, the "Charlemagne" award for youth projects, it is also worth mentioning the presented, in September 2022, a new portal for youth news and initiatives - "Youth Hub" ("Youth Hub"). Other initiatives - "Have your say", "Youth Network Event" of the EP and Youth Outreach Unit of Directorate-General for Communication, which gained popularity, are aimed at youth trainers working in non-formal education and teaching on topics of European and active citizenship, with three editions held in 2019, 2020 and 2022. In its last edition - "Meeting of trainers from formal and non-formal education" in November 2022, it aimed to find the contact points between classroom methodologies and the projects of various non-governmental organizations to be able to respond to the needs of young people. Most of the representatives of various secondary schools were also participants in the "Euroscola" program of the European Parliament. It is important to emphasize that the role of the European Parliament in youth policies is consistent and has its advocacy role towards the member states. In support of youth policies, the European Parliament over the years expresses its opinion through various resolutions - for example, on "Empowering European youth: post-pandemic employment and social recovery". ("Texts adopted - Empowering European youth: post-pandemic employment and social recovery - Thursday, 17 February 2022"). Within the framework of the decision of the European Year of Youth, Parliament insisted on the participation of youth organizations at all preparatory stages and advocated for the empowerment of young people, in order to acquire knowledge and skills, for activities to deal with the challenges after COVID-19 ("DECISION (EU) 2021/2316 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 December 2021 on a European Year of Youth (2022)").

Information campaigns, brainstorming, and research during the European Year of Youth was supported by an operational budget of EUR 8 million through the Erasmus+ program and the European Solidarity Corps supported by the European Parliament and adopted by the Council of the European Union. Initiatives from various coordinators - governmental and non-governmental youth organizations, EU institutions, were presented and are available on the specially initiated web page ("What is the European Year of Youth? | European Youth Portal") to the European Youth Portal. One of the initiatives of the European Commission was "Policy Dialogues" ("Policy dialogues | European Youth Portal") - meeting 12-15 young people to talk with each of the 26 commissioners within 2 hours. Many of the activities within the Year were continued in 2023 due to the various safety measures in the member states in 2022 and the postponement of the planned activities. There were

194 meetings, conferences, and youth initiatives held in Bulgaria. Within the Eurodesk network, 142 activities and 147 online sessions were held to support young people ("Eurodesk's 2022 Overview is here!"). A highlight among the activities in Bulgaria is the National Youth Conference "Project for the Future" held by the "Youth Policies" Directorate of the Ministry of Youth and Sports in March 2023. The final event was intended to summarize the results achieved during the year and to provide an opportunity for open dialogue on the topics of green policies and education, youth health – mental and physical, prevention against aggression, violence and various forms of addictions, empowerment – young people in the decision-making process and youth work.

The various activities aimed at and for young people, youth workers within the framework of the Year, have reached 171 million Europeans - and by the end of January, there are 12,500 activities registered on the European Youth Portal page in over 70 countries. In this context, among the activities that were initiated are those in solidarity for Ukraine, as well as the participation of Ukrainian participants in the ``Erasmus +" program and its key activities, in the program ``European Solidarity Corps" was encouraged through additional guidelines.

The prioritization and placement of youth topics in policies, the search for their impact and an active role are reaffirmed most insistently and critically by the adopted resolution of the European Parliament - "The European Year of Youth 2022 Legacy" from November 24, 2022 ("Texts adopted - The European Year of Youth 2022 Legacy - Thursday, 24 November 2022"). In it, with particular importance, topics about the methodology are set, which would be important for the inclusion of young people, for their hearing throughout the EU; the question of the contribution of the Year is raised, but not through the number of activities carried out, but through adopted, committed policies for young people in the member countries. In the implementation of the activities and the initiation of new plans in the European Year of Youth, I would like to point out a strong emphasis in reaffirming the importance of young people in the implementation of the EU's external activities, namely the plan adopted at the end of 2022 - "Youth Action Plan for engaging young people in EU external action" from the Council of the European Union ("Youth Action Plan in EU external action – Council conclusions (28 November 2022)"). Thus, through the empowerment of young people, the determination of resources, their active role in new activities is sought, in commitment for a more inclusive and sustainable future.

3. Conclusions

In addition, the data extracted from the responses to one of the questions in the Eurobarometer ("Eurobarometer on the European Year of Youth: Young Europeans are increasingly engaged") regarding the awareness among young people in Bulgaria for mobility and stay abroad require more follow up activities on local level ; we will note that the new initiative- action from the program "Erasmus +" - "DiscoverEU" has a low awareness of 9%. Supporting and debating the well-being of young people in Bulgaria and investing in them through youth work, exchange programmes, volunteer initiatives in line with the framework of the European ones can bring more involvement on a national level. Here it is relevant to note that the initiative was launched in 2018 and was inspired by young people from Germany. In it, on a quota principle of participation, the national agencies under the "Erasmus +" program select projects and participants to explore Europe by awarding a travel railcard. In this context, the recommendations of the European Parliament in the aforementioned resolution and appeal to the Commission and the member states are relevant and imperative - to implement the active inclusion of young people in the debate on Europe, to implement modules for global citizenship and EU citizenship in the future activities.

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Rural areas as an environment for entrepreneurial activity

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Abstract. In recent years, the concept of "rural area" has gained particular importance in connection with the implementation of the principles, instruments and mechanisms of the EU's Common Agricultural Policy. The change in the definition of rural areas is a prerequisite for differentiation in territorial economic and social development. The purpose of the studies is to define and characterize rural areas as an environment for entrepreneurial activity, in accordance with the current regulations and in the context of the new Strategy for the Development of Rural Areas 2023-2027. The study is limited to the rural areas of Bulgaria. Through the methods of comparative and retrospective analysis and synthesis, the rural environment is characterized with all its elements and dimensions that create opportunities and/or problems for the development of entrepreneurship. The impact of the CAP and relevant national programs and institutional activity is considered as an objective factor. An attempt has been made to justify the classification of entrepreneurship in rural areas by forms, types and phases. As a result of the analysis, conclusions were drawn regarding: the influence of place and space, the role of entrepreneurship in value creation and the reassessment of environmental conditions. In an applied aspect, the research would be useful for achieving homogeneity in the development of rural areas in relation to the work of local communities and the implementation of the Recovery and Sustainability Plan.

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1. Introduction

Rural development in recent decades has increasingly been associated with entrepreneurship. In support of such a strategy for development of the areas are declared governments of separate countries, universities, NGOs and the academic society. Increasingly, entrepreneurship is seen as an intervention for strategic development of areas.

Entrepreneurship as a strategic intervention is associated with institutions and individuals working to promote businesses in rural areas: agencies for development of rural areas, farmers who consider entrepreneurship as a tool for benefits, politicians who see it as an opportunity to increase employment. For all the groups entrepreneurship appears as a means of improving the quality of life of individuals, families and communities, and to maintain a healthy economy and environment.

Problems in rural areas are extremely important and relevant to Bulgaria as over 40% of the population lives in rural areas, and they occupy 90% of the country.

Therefore, the aim of this study is based on different scientific views to characterize the rural business environment, and to bring out the conceptual foundations of entrepreneurship in rural areas.

2. Definition, boundaries and classification of rural areas

The term "rural" has been used in the scientific literature for many years, long before its nature, range and performance are adequately formulated. In scientific discussions disparate views on the definition and characteristics of rural areas are expressed. The most important of them can be classified into the following groups:

● "Rural" are areas where economic development, infrastructure and social indicators are much lower than the national average.

● Areas where agricultural workers occupy a high share of the population in villages and small towns;

● The basis is the administrative-territorial structure as "rural" can be designated areas with municipal centre - villages.

Each of these formulations may be considered insufficiently justified and sufficiently comprehensive. For example, given the fact that agriculture is the main source of income and the level of this income is below the average critical threshold, in the definition of rural areas should be included indicators such as the share of income from agriculture and income level in the area.

On the other hand, the designation of the village as a community centre is not sufficiently justified in view of the fact that this role is performed by towns that have integrative role in environmental, urban and economic system. American scientists define rural areas as sparsely populated rural areas. Poor population density is always present in the definition of rural areas, but there are significant differences between countries in terms of numerical limits, classifying an area as densely or sparsely populated. For example, in Slovakia is considered sparsely populated region with a population of under 5000 people, in Western literature rural area was formed as a territorial community centre of gravity up to 10,000 inhabitants, while in Bulgaria settlements, whose population does not exceed 30,000 residents, are assigned to this category. In Scotland, the rural area is defined as a local area with district administration and a population density of less than one person per hectare, which includes much of Scotland beyond the Central Belt.

On the other hand, the Organization for Economic Cooperation and Development (OECD 2003) defines the border between rural and urban areas on the basis of the "population density of 150 people per sq km." According to that definition two hierarchical levels are clearly distinguished: local = Municipality - LAU 1 = and regional - region - NUTS 3.

Application of this methodology for Japan, for instance, shows that this indicator can only be answered by forest areas. Applied to other countries, such methodology leads to selection of only remote (isolated) areas.

OECD developed the following classification of regions:

● predominantly rural regions with a population density below 150 inhabitants per square km, where more than 50% of people are organized in communities;

● mixed regions with a population density of 150 inhabitants per square kilometer, in which between 15% and 50% of people are organized in communities;

● urban areas with a population density of 150 inhabitants per square kilometer, in which no more than 15% of people are organized in communities.

In this definition, each NUTS 3 region in the European Union belongs to one of the three mentioned types. OECD definition is the most widely used in the European Union countries to determine their rural areas.

Eurostat classification creates a unified and coherent system for dividing the territory of the EU for the production of regional statistics for the Community. It is based on the extent of the urbanized area. This attribute defines three types of areas:

• Densely populated areas - a group of neighboring local areas, each of which has a population density> 500 persons / km2, and where the total population of each of these neighboring territories numbers at least 50,000 inhabitants;

• Intermediate group - a group of neighboring local areas, each of which has a population density> 100 persons / km^2 and / or the total population of each area is at least 50,000 inhabitants or adjacent to a densely populated area;

• Sparsely populated areas - a group of local areas, not belonging to densely populated or intermediate areas.

According to the national definition as rural municipalities in Bulgaria are defined all whose population density is below 150 inhabitants per square kilometer, and on the territory of which there is no city with a population of over 30,000 people. The National definition has two distinguishing criteria: population density and population in the largest city of the municipality (municipal centre). Using the OECD definition of rural areas as a basis, in Bulgaria are set 20 predominantly rural areas (NUTS 3), 7 intermediate areas and only one predominantly urban region - the capital Sofia. Thus, predominantly rural and intermediate areas cover 98.8% of the country's territory and 84.3% of its population.

In the Agriculture Report 1999-2003 of the Ministry of Agriculture and Forestry, rural areas are defined as "compact part of the territory, including the villages and small towns with basic function and complementary farming activities - forestry and fishing, crafts and rural tourism."

In 2010 the European Commission adopted a new typology of regions as "predominantly rural", "intermediate" and "predominantly urban" applied at the level of NUTS 3. In accordance with it regions are changed and reclassified into separate groups. Based on this classification, regarding the scope of rural areas are observed changes, as a territory designated as predominantly rural fell by 22.7%. Eurostat data for 2012 show that 53.6% of the territory of Bulgaria is primarily rural areas.

In the Strategic Plan of Bulgaria, prepared in 2022 and already sent to Brussels for approval, a new national definition has been written down, which defines the municipalities as "rural area" in which there is no inhabited place with a population of more than 15,000 people.

And if so far 231 municipalities out of a total of 264 in the country were defined as rural, our Strategic Plan clearly states that in the period 2023-2027, only 215 of the municipalities in Bulgaria will be classified as "rural municipalities" (Strategic Plan for the development of rural areas 2023 - 2027, 2022).

Generally, excluding the quantitative criteria, defining the term "rural" is based on socio-economic change in any country which is a member of the EU. The main requirement for rural areas is rural lifestyle to be preserved. Each country has developed its own definition of "rural area" given the above criteria. Referring to the overall argument of the European Commission rural are areas including space with certain characteristics, namely: agricultural land and forests, natural areas, including villages, urban centers and connecting infrastructure. It is defined as a complex economic and social structure that brings a wealth of natural resources.

Therefore, based on the summary and analysis of various literary and legal sources, we can point out that the boundaries of the rural area are dependent on national circumstances, territorial and socio-economic characteristics and therefore need to be defined by legislation. Therefore, in further considerations we stick to the national definition of "rural area". Thus the boundaries of rural areas will be clearly distinguished as they are bound by the administrative-territorial unit and are relatively constant regardless of the processes on the territory. This facilitates their study and implementation of policies, given their separateness as a single system.

Rural areas have specific characteristics that arise primarily from the characteristics of the space and the physical characteristics of the territory. They can be classified as follows:

First, the principal feature of rural is the small spatial scale and relatively low development. These are settlements with low density areas, which include villages and small towns.

Second, with the exception of areas near growth centres, the typical rural areas are remote and their populations are much smaller and more dispersed than urban areas. It is therefore difficult for local economies to integrate into the modern sector, which makes the provision of even the most basic economic and social infrastructure extremely expensive.

Third, the rural economy is largely dependent on natural resources. Usually they grow mainly agriculture, mining or other non-agricultural activities, which are emerging as a major source of income of the population in these areas. In the local economy except agriculture often dominate processing companies.

Fourth, another characteristic uniting rural areas, is their geographical location, environment, the number of people living in them, available infrastructure, the level of communication, the level of application of scientific and technical progress, the structure of rural economy and sources of income.

Differences and diversity in the development and characteristics of the regions in Bulgaria are the subject of research institutions and EU programs. The analysis of the United Nations in 2003, performed at the level of output LAU1, brings forward seven relatively independent aggregate characteristics of municipalities. Through factor analysis are selected 36 indicators of social, economic, demographic, health and environmental status of municipalities in Bulgaria. The results provide municipal typology as follows:

1. The degree of urbanization is leading differentiating factor for municipalities. Opposition to the "urban" versus "rural" municipality contains traditional indicators such as population density, share of reinforced housing housing and relative share of Cesc population. There are also key economic, educational and infrastructure indicators such as the share of own revenues in municipal budgets, unemployment among people with higher education; share of population with higher education, etc.

2. Ethnicity outlines major dividing line between municipalities. The differences between these municipalities are in their demographic outlook, namely birth rate, level of population growth and literacy. Another dividing line is associated with the Roma. The "Roma" factor is not included in the purely ethnic typology of municipalities, but is tied to the unemployment rate.

3. Differences between municipalities are much more detached from their mountain or plain location. Mountain typology is associated with higher average altitude and the large forest areas, while lowland communities are characterized by a high share of agricultural land, including arable. These differences have a significant differentiating importance of municipalities even more than their financial outlook.

4 Financial typology is dominated by the degree of industrialization. The high average wage, the net revenue from sales, tax revenues and GDP per capita are typical for municipalities with developed mining industry and energy.

5 Educational scope and demographic outlook have relatively less differentiated matter, especially considering rural areas.

This analysis highlights the need for a comprehensive variety of economic, geographic, educational, health, social, environmental and demographic differences between municipalities.

As a result of all the views on the definition, classification of rural areas and their distinctive characteristics can lead to the following important conclusions that are important for the development of entrepreneurship in these areas:

1 For the purpose of the study is considered the national formulation of the concept of "rural area" due to national peculiarities, territorial and socio-economic characteristics of the country and the need for all boundaries of the area to be bound by certain administrative territorial unit in that particular country.

2 Despite the different national traits and characteristics, limits and indicators, rural areas have typifying and unifying features in all countries;

3 Connecting the rural areas with the administrative and territorial division of the EU countries means that the scope of rural areas includes the territorial units: villages and small towns. Civil understanding of rural overlaps with the term "village" as a territorial unit;

4 The classification of rural areas by different features and different regulatory constraints (defined by Eurostat, OECD and others) allows us to say that in the national boundaries exists heterogeneity of the environment in rural areas related to geographical, educational, demographic, social, environmental and other characteristics of the area. In this connection it is necessary to take into account the differences between the peripheral border, mountainous and underdeveloped rural areas.

5 The heterogeneity of rural areas is a reason to suspect the presence of a strong differentiation in the levels of entrepreneurship, and in many cases variations in the negative direction (eg. depopulated areas) can reach zero.

6 Immanent characteristics of rural areas have an impact on the development of entrepreneurship. In certain time periods and different national rural territories characteristics of the rural areas create barriers and obstacles to the development of entrepreneurship in the region, and in other cases serve as challenges to entrepreneurship and social processes in the region. In support of this assertion we will point out that the OECD from 2005 (OECD 2005) listed three challenges to the development of entrepreneurship, namely:

● Reduction of employment opportunities (especially in agriculture) (OECD 2005, p.18). This requires action to create jobs in rural areas;

● Aging population and emigration of young people. It is also noted that in some cases pensioners, who settle in rural areas, become potential entrepreneurs who contribute to the revitalization of the economy in these areas;

● Difficulties in maintaining a constant preference for rural areas switch local management policies to endogenous mechanisms of development.

In addition, we can say that with the widespread introduction of modern technologies, the remoteness of rural areas is no longer an obstacle to their development. In the works of some researchers (Smallbone et.al. 1993) it is also indicated that the increasing number of small and medium enterprises in rural areas overcomes the constraints imposed by the environment by focussing on the region-specific products with high quality and unique production, thus preserving the lifestyle and culture specific to the region.

3. The specifics of entrepreneurship in rural areas

In the 90s of the 20th century the world observed a higher intensity of the processes of depopulation, stagnation in the development of industries and economic decline in rural areas. That's why more researchers and policymakers seek ways to improve regional development by promoting entrepreneurship. Entrepreneurship as a phenomenon has the potential to stimulate local economies by using local skills and resources. Through the growth of entrepreneurship rural economy can diversify and be less dependent on economic fluctuations affecting agriculture and other industries in rural areas.

Entrepreneurship in rural areas overlaps with the group of enterprises, established in those entities, but not merely in the process of using the countryside as a resource base of production and employment of people in the process of start-ups. Entrepreneurship in rural areas is essentially a process that ensures value to resources in the region by engaging more local human resources. In other words, it is based on the production of finished products in rural areas, based on local material and human resources.

According to Kane, vice president of the Kauffman Centre, the most important advantage of entrepreneurship in regional aspect is that it creates the so called "wealth," not only wages. The "wealth", created by entrepreneurs, remains in the community and is reinvested. Kane claims that these processes differ from the creating of jobs, which increases the income in the community, but does not enriche this community. According to the Kauffman Centre "entrepreneurial behaviour generates many results, including strong civic leadership, more productive workers and creators of enterprises" (Hustedde 2018).

In addition to the economic benefits of entrepreneurship are added also the intangible ones, which are limited mainly to the establishment of an appropriate entrepreneurial community. Improving the community spirit and generating entrepreneurial environment is likely to lead to the creation of organizations oriented to health care, child care and other social services for which the Kauffman Centre mentioned in their reports as a process for creating social entrepreneurship.

Since rural entrepreneurs need and are even dependent on the support of the community, that is why the theory of entrepreneurship in rural areas focuses on the interdependence "entrepreneurship-community." Entrepreneurship is based on creativity and the ability of people to take risks, but the rural community is the core of its strengthening and development. Therefore, entrepreneurship in rural areas is usually based on the community and has strong family relationships and major impact on the rural community.

Entrepreneurship in rural areas is associated with finding a unique combination of resources within or outside agriculture. This can be achieved by broadening the base of the farm business and including non-agricultural land or production use, different from what is done for agriculture. Therefore, the rural entrepreneur is a person who is willing to stay there and help for creating local wealth. Moreover, the economic objectives of the enterprise and social objectives of rural development are highly interrelated in the environment of rural than in urban areas.

There are several reasons for the increased interest in entrepreneurship related to its characteristics in rural areas and communities:

- Entrepreneurs play an important role as a driving force in stimulating the local and national economy;
- The structure of rural economy is mainly composed of small businesses, which are responsible for strong employment growth;
- Small businesses are an appropriate level of activity for most rural economies. Traditional ways of finding, hiring and retention are not applicable in rural areas and the need to seek alternatives primarily include entrepreneurship.
- Entrepreneurs in rural areas apply diversification or start a new business that diversifies the market by diversifying certain agricultural activities by the food industry, crafts, recycling, recreation, health and others. Diversification towards non-agricultural use of resources by catering to tourists, blacksmithing, carpentry and others such as diversification of activities and use of resources other than land, such as water, forests, available skills and local characteristics fitting into entrepreneurship. Form of entrepreneurial activity is the use of land in a new way, allowing the reduction of intensive agricultural production, for example by organic production.

Dynamic entrepreneurs in rural areas could also exist. They expand their business markets by finding new markets for their products and services outside the local borders.

Although agriculture today provides income for rural communities, rural development, more connectivity increases with the development of enterprises. Competition is growing more and covers not only the industry but also agriculture. Therefore, entrepreneurship in rural areas has a strong influence and importance as a factor of economic change in order to survive the rural community.

Entrepreneurship refers to the new organization of production factors, not only for innovations that are technological or organizational, i.e. it is a new business organization, new technology and new enterprises that produce goods that previously were not available. Therefore, it is considered to be a driving force through which to achieve high growth and higher levels of development of the regions and the municipalities in which it is present and multiplies.

In this picture of entrepreneurship in rural areas can be distinguished also some basic problems. Some of them stem from the specifics of the area, such as lack of financial resources; lack of knowledge as marketing, sales, maintenance, etc.; less support from financial institutions (eg. the need for microcredit), lack of regional control and regulation of business activities.

Others are products of poor management activities, such as misapplication of health programs in areas with a specific culture. The most common mistake is the mechanical application of the developed concepts for national socio-economic development. Causes of the economic crisis affecting almost all rural areas should be sought not only in the poor economic conditions. The crisis has its social, cultural and environmental dimensions. Entrepreneurship is not an automatic process, the result of lowered measures of the central government. The main potential for entrepreneurship is people. Therefore, the local government must treat people as objects, but above all as a subject of local government.

Adaptation of rural areas to a free market economy is often hampered by demographic problems. Treating the population as a major potential for the development of entrepreneurship is a new stage in understanding the issues.

Analyses of rural areas allow to outline some specific features that influence the entrepreneurial potential in these areas. Rural areas are not just geographical areas, populated by a number of residents. There are social relations associated with the local culture, which are as follows: the common conditions of life; sense of belonging to a common space, group solidarity; informal channels of communication; low coefficient of institutionalization; self-sufficiency of material needs and lack of interest in the outside environment. When considering the specifics of the social potential of rural areas should be considered and cultural characteristics, the common values and ideas passed down from generation to generation defining the perception of the surrounding reality.

When defining entrepreneurship in rural areas one should take into account the attitude towards agricultural labour as main activity in villages and small towns.

First, physical labour should be noted. In literature on this topic there are three types of public relations to land and agriculture. The oldest generation of them defines them as fixed capital, ensuring the entire family. This population group is the most difficult to accept the introduction of new technologies in the cultivation of land, and any changes in the economic and social life.

For middle-aged people farming could provide jobs and income. It is a means of livelihood, when a person has no other means of subsistence.

Finally, for the youngest generation land and agriculture are only tools to pursue goals quite different from those of their predecessors. This population group is most receptive to new production technologies and new methods of market research services. Rapid depopulation of rural areas is due to the fact that the majority of young and educated people go to live in big cities, attracted by the possibilities of new technologies and high income.

Another category are businessmen who move to live in villages and begin to develop a small business in the field of agriculture. Local leaders are often an example to others, however, aliens are not always well-received by the local population. Moreover, in percentage, the number of young people, leaving rural areas is much greater than the number of settlers.

An entrepreneur in rural areas is a person, who in most of the time is engaged in an environment, different from that in the big city. The difference between him and a local entrepreneur can be found in the peculiar effects of environment on the entrepreneurial process.

In this sense, the entrepreneurial process in rural areas researchers divide into three stages (fig.1). The first stage of the entrepreneurial process is the identification of opportunities for the development of a business or creating such opportunities. The second stage is the realization of a particular business based on existing economic conditions. In the third stage entrepreneurs make a summary of progress. It is important to note that rural entrepreneurs achieve conventional for entrepreneurship goals at a much later stage, since in these regions to create your own business is the only way the develop to provide work for themselves and for their family members. Moreover, much of rural entrepreneurs look for personal satisfaction in their business, a goal that is very different from that presented in the general economic theory, the main goal of the entrepreneur - profit maximization.

Passing through these three stages depends on the properties of the individual entrepreneur, and the characteristics of the physical, social and economic environment, which performs the entrepreneurial process. Conditions in these environments are constantly changing. The ability to create economic conditions for starting a new business is a personal quality. Social environment, education, and the availability of social capital and entrepreneurial culture in the region are prerequisites for recognition of existing conditions for the development of entrepreneurship.

In the third stage in this process the qualities of the entrepreneur are extremely important, for him to make a real assessment whether the initially set goals are achieved. As stated by some authors, the personality of the entrepreneur changes in different periods as a result of the experience and the level of training. The entrepreneur must be able to change his business strategies and goals, if necessary. Each of the three stages of the entrepreneurial process is influenced both by the geographical features of the region and the qualities of the individual entrepreneur.

The socio-cultural environment is considered a very important condition for the development of entrepreneurship in rural areas. By the indicators income per household, official and hidden unemployment and access to education rural population occupies one of the last places in the social hierarchy. Key indicator of social development is the positive change among the poorest segments of the population.

Lack of entrepreneurial examples is a serious obstacle in rural areas, because an important element of entrepreneurship is to learn from the experience of others. The importance of networking (typical for regions) in rural areas do not always unfold enough due to lack of other entrepreneurs.

Such barrier creates a lack of industrial clusters, which can be a source of competition and support. Although competition and promote oppose their existence enhances business efficiency. Agromeratsiite of different forms of business leads to the promotion of creativity and innovation, and networking leads to resource sharing. Rural communities often create industrial clusters and can not take advantage of the resources they provide.

As pointed out by most of the researchers, rural entrepreneurs face many challenges such as lack of promotion of business initiative, isolation and remoteness of the market that restrict viable business opportunities, scarcity of capital, which prevents the realization of business ideas.

Despite the difficulties rural entrepreneurs can be in support of official policies at regional level by generating regional effects, namely:

- Promote training of professionals in the region to implement the mainstream economic activities for development of the region through the creation of new businesses;

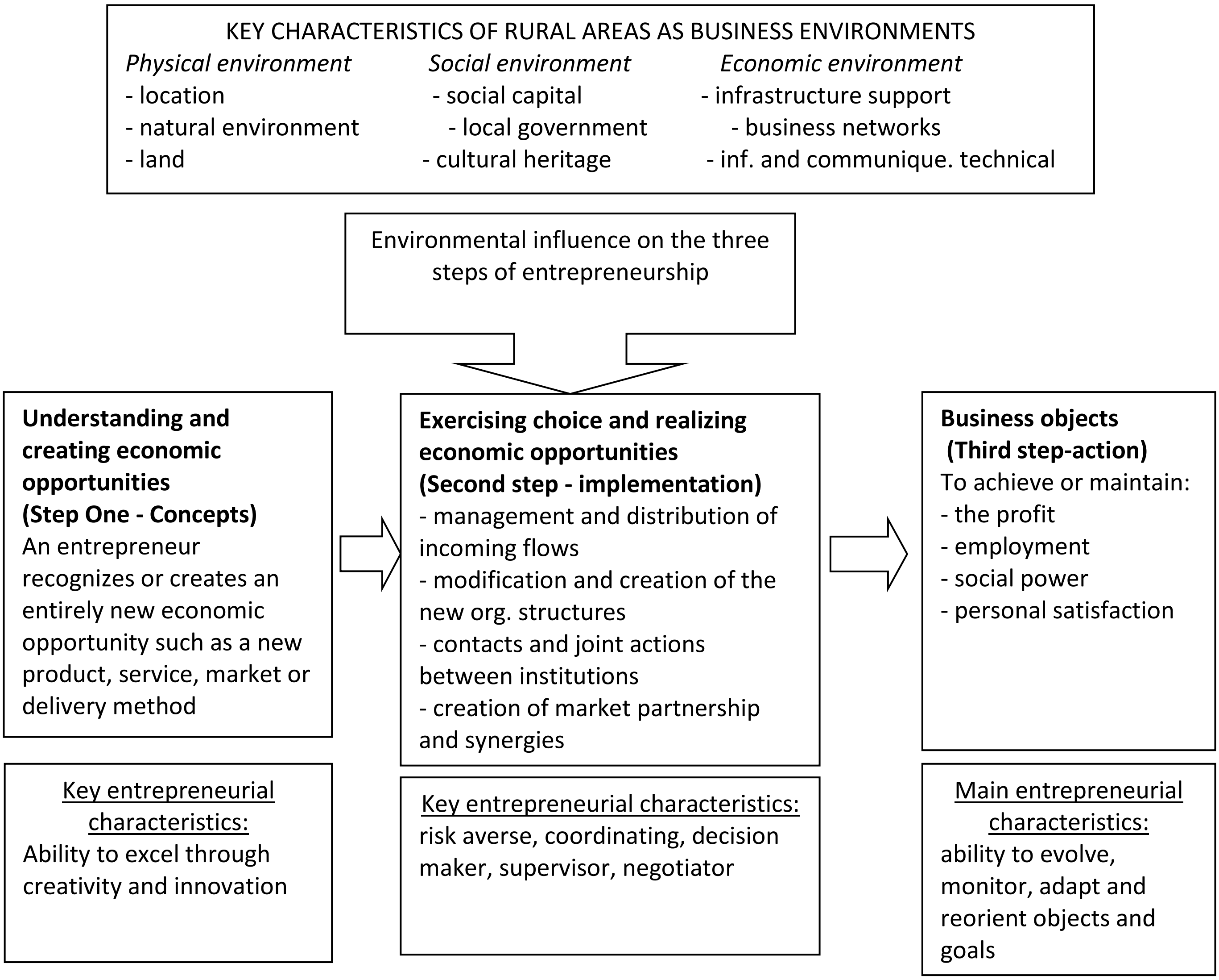

Fig. 1. Three-step entrepreneurial process in rural areas

Source: Stathopoulou et al. (2004).

- Attract in the area specialists and workers without jobs to generate employment and provide opportunity to work and settle in the area;

- Encourage the creation of specific types of businesses that depend on the environment. This nourishes the potential growth of enterprises through micro capital investment and access to capital for start-ups;

- To meet the need for specific local employment;

- To support the creation of a flexible network of cooperatives of all kinds;
- To promote cooperation of small enterprises in networks that promote their competitive advantages;
- To provide various services in the field of finance, marketing, research and development;
- To provide joint services in the field of manufacturing and administration to reduce transaction costs;
- Entrepreneurship to become an essential feature of the region, supported and multiplied through training in entrepreneurship.

4. The role of place and space in the classification of entrepreneurship in rural areas

In colloquial speech, space and place are used almost synonymously. They are also called location, area, region, landscape.

According to several contemporary authors (Korsgaard 2009) the term "place" is considered extremely important in understanding entrepreneurship in rural areas. First, entrepreneurship in rural areas is a separate form of entrepreneurship, different from the others, and second, there is a special feature space.

The concept of "place" is not the subject of particular attention in entrepreneurial science, but finds a place in geography and regional economy. The concept of place can be understood only in relationship to the concept of space. Most accurate characterization gives Tuan (Tuan 2007), who defines space as a movement and as a resting place. In his view space, it is a movement of the body, the eyes and the mind, and the place is communicating with people and things, it is "safe haven". Space is the network that connects places. In this sense, space possess quantitative characteristics, and place - quality. Therefore, space becomes a place where it is the object with which people have some interaction.

Describing the economic and social aspects of space and place, researchers (Castells 1999) define space as a flow of capital, labour, resources and information. This flow acquires new dimensions in the era of new technologies and means of communication. The use of space is the basis of economic concepts to optimize profits in different companies, countries and regions. As pointed out by Hudson (Hudson 2001), place is not intended for implementation of production, but also for exchange of capital, manpower, resources and information with other places in space. Every place is unique and has its own specific characteristics. It matters when people somehow connect their occupation and life with it.

Of course, the relations between space and place are complex. The intensity in space leads to economic growth in some places, especially in large urban areas. Other places, however, are threatened by processes taking place in space. Capital, labour, resources and information circulate generally in the central parts and leave the peripheral areas outside these processes. The uniqueness of all places, however, whether economic growth is reported or not, is threatened by the overwhelming global culture and global products.

Scientists point out that places have social and material characteristics. The place is not just a constant location, it is continuously being created due to human activity. It is also often an arena of conflict and clash of interests between people, but the physical and social environment of a place are constantly interacting. The physical environment can foster or hinder the performance of an activity, and human activity can improve or worsen the physical environment. Therefore, the constant renewal in one place is neither material nor socially driven process and is the result of a complex interaction between social and physical factors.

Feldman (Feldman 2001) and Julien (Julien 2007) stress that entrepreneurship is a regional phenomenon and is dependent on time and place, as entrepreneurs are always part of the environment in which they are located. This environment has hidden resources and social capital, which together with financial and human capital support entrepreneurs in building new companies and their development.

Other authors explore entrepreneurial opportunities and the creation of new companies in different regions where economic and social indicators range from the highest to the lowest levels. In regions with high levels of both types of indicators (economic and social) are reported significantly higher levels of entrepreneurial activity in comparison with other regions.

As already mentioned, the term "place" is not yet defined uniquely for entrepreneurial analysis, especially for the analysis of entrepreneurship in rural areas. Space and place are the main characteristics of entrepreneurship in rural areas and conditions in them are usually associated with a declining population, remoteness, lack of human, cultural, and financial capital, etc. To paraphrase the definition of Anderson (Anderson 1998) that entrepreneurship is "extracting value from the environment", we can say that entrepreneurship in rural areas is to extract value from the specific environment.

This link will bring a different classification of entrepreneurship in rural areas.

In the most general terms, entrepreneurship, developing in a rural area, is associated with space only to the extent to which entrepreneurial activities are necessary to develop somewhere and usually seek the most advantageous place for the establishment of this activity, namely the price of the land, granting of government subsidies, etc. In this respect, there are many examples from reality in Bulgaria. Localization of business, workshops for production of industrial and food products in villages and small towns is an example of entrepreneurship in rural areas, which uses space with its advantages, but not the quality characteristics of the place.

Entrepreneurship, which is associated with specific physical and social environment of the place and it is the basis for its existence and development, is called "rural entrepreneurship» (Korsgaard 2009). The name indicates that the basis for business are the elements of the environment in the rural area, including the environment, specific for the area crafts, historical monuments, traditions, customs and more. Of course, this form of entrepreneurship is more advanced in rural areas than in small towns in rural areas.

Williams and others (Williams et. al 2004) indicate that this environment can be formed as a result of natural conditions or as a result of many years of conscientious work of the people living in this place. Rural areas offer a variety of resources that entrepreneurs can use to create wealth.

Both forms of entrepreneurship contribute to the economic development of rural areas and from this perspective they can be considered in two aspects: first, they serve as the optimal use of resources in the region, and second, they have the potential to build sustainable entrepreneurship in rural areas.

In close relation to the forms of entrepreneurship we will also point agricultural entrepreneurship which is typical for rural areas. It is defined as the initiation and implementation of successful business in the field of agricultural production, services, trade in agricultural commodities and processing of agricultural products.

Since rural entrepreneurship is linked to the physical, social, cultural, historical and economic resources of a place and creates value from them, there is a bilateral relationship between space and place. On one hand, rural entrepreneurship creates economic value of local resources, which is called valuation or commodification. On the other hand, this valuation leads to conversion of the place, since there is intervention in already existing physical and social configurations on that place. This process can be called revaluation.

According to Clock and Perkins an object becomes a commodity when it "gets value over its own and it can already be traded" (Cloke el.al. 2002). According to the two authors revaluation is the transformation of an object into an object measured by quantitative indicators, respectively price. Thus this object is already becoming a part of the flow of resources that circulates in space.

Scientists, involved in rural development, have developed three modern strategies for the transformation of environmental resources into a commodity:

1) deepening, i.e. increase the value of a unit of production to the levels of organic farming;

2) expansion, i.e. inclusion of new activities related to population, community, nature and biodiversity, such as rural tourism;

3) restructuring, i.e. transition from traditional agriculture to rural tourism or energy production.

Valuation leads to the transformation of place. The use of new combinations of resources directly affects the social and material factors determining the significance of the place. Through these new combinations place resumes. In this regard, we can consider that rural entrepreneurship to a much greater extent than entrepreneurship in rural areas contributes to improving the quality of life in rural areas as rural entrepreneurship restores rural areas through the creation of various goods.

Based on research on rural entrepreneurship can be made some conclusions about it as a form of business activity that is much like the other forms of entrepreneurship, but also quite different from them.

First, as already mentioned, unlike other types of entrepreneurship, rural entrepreneurship uses mostly local resources.

Second, companies operating in rural areas, are unable to realize economic growth as other companies.

Third, while space is a logical pursuit of one goal, place implies the realization of different purposes. Combining the various resources of the environment, entrepreneurship does not set economic goals only. Entrepreneurs, who want to win only, are rarely established in rural areas. Therefore, it can be argued that rural entrepreneurs pursue different goals: personal, social and economic.

In fact, entrepreneurship in rural areas does not follow the logic of creation of new businesses for profit and growth, as is the classic entrepreneurial case. Businesses in rural areas are created mainly to restore these areas and to make them more attractive places, i.e. to revalue them. And for this purpose it is necessary first of all linking place to space.

In this regard, research studies will lead to a better understanding and appreciation of entrepreneurship in rural areas, and this is a prerequisite for the academic society to help for creating successful enterprises in rural areas.

Therefore, all the foregoing allows us to point out that the classification of entrepreneurship in rural areas (which we accept as general term) can be made in the following areas:

● Forms of entrepreneurship: entrepreneurship in rural areas, rural entrepreneurship, agro entrepreneurship;

● Types of entrepreneurial activity - micro, small, medium and large enterprises as defined by the Law on SMEs;

● Phases of entrepreneurial activity - latent entrepreneurship (attitudes and intentions for entrepreneurship), early entrepreneurship (TEA-emerging and new business), established business.

Further research and conclusions will be based on it, including through the use of these abbreviations.

5. Characteristics of the environment in rural areas

Conditions for the development of entrepreneurship differ in rural and urban areas. Scientists working in rural entrepreneurship explore different environmental factors that can be divided into three main areas: differences in the business environment, differences in attitudes and values of the population, differences in the existing economic structure. They have influence on both the natural development of entrepreneurship in rural areas and on the developing of strategies for regional development in the centre, which is entrepreneurship.

The main features of the business environment in rural areas are: narrowness of domestic markets, lack of skilled labour, insufficient and / or inadequate land for business development, poor transport and telecommunications infrastructure, limited access to information, advisory and business services, limited access funding, delays in the development of institutions. Let us consider in more details each of these characteristics.

Compared to its competitors that operate in urban environment, rural businesses are placed at a disadvantage in terms of the capacity of local markets. The fewer people in rural areas in combination with the low household income determine the presence of markets on a significantly smaller scale than those in cities.

Narrowness of local markets is forcing companies, established in peripheral rural areas, especially those geared towards economic growth, to seek opportunities in other markets. This occurs in the earliest stage of their development. Improvement of means of communication and constant decline in transport costs favour the expansion of foreign markets, however, small businesses need external support to make the most of these factors.

Narrowness of local commodity markets determines the existence of underdeveloped labour market in rural areas. This creates difficulties for emerging small and medium enterprises.

Other authors also characterize the labour active population in villages as far less educated than in cities. They believe that the historically low level of education of the people was not an obstacle to rural development, as the nature of rural work does not require higher education and the acquisition of specific knowledge and skills. Moreover, people in rural areas often work outside the family community. Usually they inherit their parents' activities, together with the necessary knowledge for its implementation. Nowadays, however, high technology rapidly replaces traditional industries and the lack of trained people in rural areas hampers the development of entrepreneurship in these places. Furthermore, the organization of training courses in economically weak and sparsely populated areas is a costly investment.

In big cities the supply of property for business purposes is high. Not such, however, is the case in rural areas. While overall prices in villages are lower than in cities, growing enterprises in rural areas find it difficult to find suitable land for the development of its activities in close proximity. On the other hand, large parts of rural areas have been declared protected areas where construction is prohibited. Limited supply of commercial real estate can be reflected in the implementation of weak economic indicators from the private sector, especially where entrepreneurial activity, and hence the demand for property for business purposes, are weak. This is where the state and local governments should take adequate measures for the conversion of existing buildings into commercial buildings while respecting the environment.

The remoteness of many rural areas impedes access of small and medium-sized companies to large markets. In some countries the vast distances between sparsely populated rural areas and large agglomerations, combined with harsh climatic conditions, make the development of small and medium enterprises in rural areas even more difficult. The presence of good infrastructure would help entrepreneurs to more effectively use modern transportation and telecommunication facilities to overcome the disadvantages of remoteness.

Another problem faced by companies in rural areas is the remoteness from banking institutions and companies for accounting and consulting services. Furthermore, where there are business services, they are designed primarily for companies in the agricultural sector, to the detriment of entrepreneurs developing another type of business. This situation implies adequate intervention by the state to support the development of entrepreneurship in rural areas.

Status of local institutions is a key factor for the development of entrepreneurship in rural areas. Analyzing the condition of the institutions in several rural areas in Poland and their impact on entrepreneurship, Piasecki and Rogut (Piasecki et.al. 2004) point out the need to improve the operation of banks and market institutions, and the need for training and retraining of employees in local administration. According to them, these measures should be combined with the introduction of local self-government, which will enable the government in each region to initiate their own solutions to promote entrepreneurship at local level.

The second group of factors that influences the development of entrepreneurship in rural areas is related to the attitudes and values of the people in these areas. Among these factors the most important are entrepreneurial culture and attitudes in society, social capital and migration to rural areas.

In some countries (eg. Germany) are performed studies of the entrepreneurial process, showing that the development of entrepreneurship in both rural areas as well as in other regions, is influenced mostly by the pattern of economic development. In this sense, the formation of entrepreneurial attitudes of people is influenced by the specifics of the environment and the process of transformation from a centrally planned economy to a market economy. This is a common feature of entrepreneurship in all post-socialist countries.

On the role of social capital, a number of posts exist, in which parallel comparisons between social capital in cities and villages are made. Experts agree in the opinion that social capital in rural areas is established on the basis of a small number of long-term family relations and friendships. Especially important for people of the village is the preservation of tradition, trust and voluntary cooperation between them.

Another major factor, which has received attention from scientists, studying entrepreneurship in rural areas, is migration. It is said that in many countries the quality of life and the beautiful scenery in rural areas becomes a centre of attraction for many people. A large part of the people who choose to settle in those places have entrepreneurial experience and could start their own business or to convey this experience to the local population. This is undoubtedly beneficial effect on the business climate in rural areas.

The third strand in the characteristics of the environment in rural areas, which is examined in relation to entrepreneurship, is the economic structure. The degree of development of entrepreneurship in a region is determined by the level of development of each individual enterprise in this area. Economic structure in rural area is determined by the scale of enterprises, sectoral distribution and their contribution to economic growth and the introduction of new technologies.

Businesses in rural areas are relatively small in scale compared to companies in big cities. It is also known that the majority of business owners in villages hardly perceive differences and have never had much interest in the foreign aid for business.

Historically, the development of various sectors of the economy in rural areas and in urban centres has always been different. These differences in the economic structure have justified the existence of differences in entrepreneurial development between rural and urban areas. In recent years, however, in developed market economies these differences have faded away. The conclusions, reached in the studies, are that despite high employment in these regions, the lack of diversification of the economy is detrimental to the development of entrepreneurship.

The structural reforms in some countries do not change the fact that the agricultural sector retains its crucial importance for the economy of many rural areas, even where the share of employment in agriculture has declined dramatically. Agriculture could be the basis for the development of a number of industries on a local level. At the same time, competition in the market and decrease in the aid for the agricultural sector are forcing farmers to switch to search for other business opportunities.

In general (with a few exceptions) the traditional activities in rural areas such as agriculture, fishing and mining are the basis for the development of entrepreneurship in these areas. The importance of agriculture for the development of agriculture is not straightforward. First, agriculture supplies basic raw materials for many entrepreneurial activities related to the production of food and drinks. Second, agriculture is part of the development of rural tourism and third, this sector constitutes the physical, social and cultural environment of rural areas and consequently the opportunities for developing business in them.

Introduction of new technologies makes various regions more competitive in the international market. In the process of implementation of know-how and development of new products and services entrepreneurs play a key role. In this sense, the future development of rural areas is directly dependent on the development of entrepreneurship and successful implementation of new technologies.

6. Socio-economic prerequisites for entrepreneurship in rural areas at the modern stage

The introduction of a currency board in 1997 aims to stabilize the Bulgarian macroeconomic environment and gives the various sectors of the economy a chance to develop sustainably. As a result of the mentioned measures, the GDP produced in 2002 was 22% higher than that in 1997, calculated in constant prices.

Under the conditions of a monetary board, not all sectors develop efficiently and consistently. Particular progress is marked by the services and the increase there is of 24.4% for 2002 compared to 1997. Financial intermediation, trade and industry are developing at high rates.

Agriculture has developed unsustainably since 1997. The development of the sector has been accompanied by sharp declines and periods of sporadic growth.

As it was noted in the previous parts of the development, the population inhabiting the rural territory, with its demographic and social characteristics, determines to a significant extent the possibilities for utilizing its resource potential and its development. Moreover, from the point of view of entrepreneurship, the population redefines the availability of labor as a factor in the production function and simultaneously determines the potential local market for the business.

The negative trends characterizing the demographic situation in the country's rural areas have a long history associated with internal population migrations in the second half of the 20th century. The first data are from the 1940s, and the main part of the migration flow is from the villages to the cities (see table 1). Three decades later, the demographic resources in the villages have declined dramatically. Mostly people of working and under-working age migrate from these areas, which reduces the potential for private business.

Table 1

Ratio between urban and rural population in Bulgaria (%)

Year	City population	Rural population
1946	24,7	75,3
1975	58,0	42,0
2001	69,0	31,0
2008	71,1	28,9
2011	69,6	30,4
2021	73,35	26,65

Source: NSI by years and own calculations.

At the end of the 20th and the beginning of the 21st century, a new period of serious migration from small to large cities and outside the country was observed. Researchers of the regional structure of the population report an additional worsening of the demographic situation, noting that not only villages are affected, but also the centers of rural areas (small towns with a population between 5 and 30 thousand inhabitants).

In general, the Bulgarian population is constantly decreasing, but in rural areas the rate of decrease is significantly higher. For the period 1975 - 2021, the population in rural areas is 2 times less (1975 - 3,666,684 people to 1,737,725 people in 2021 according to NSI data).

According to the "Population density" indicator, rural areas are more than twice behind the average density for the country. In the years before accession to the EU, 3.2 million people lived in rural areas, and the population density was 35.8 d/sq.km, against an average density for the country of 69.9 d/sq.km. The analyzes presented in the Rural Development Programs (2007-2013) and (2014-2020) show that the average population for rural municipalities is 13,800 people, despite the large disparity between individual municipalities. As of 30.12. 2021, about 72.4% of cities are small in size - with a population of less than 10,000 inhabitants, and 27.9% of all municipalities have a population of less than 6,000 people. There are 18 municipalities with a density of less than 10 inhabitants per sq. km, and 58 municipalities with a density of up to 20 inhabitants per sq. km (Socio-economic analysis of regions in the Republic of Bulgaria, Fourth stage, part 2, 2021).

The recorded decline in the rural population averaged 10.5‰ in the first twenty years after 2000, which is several times more than the 2.1‰ decrease in the urban population. Mechanical growth (the net balance from external migration) also has a significant impact on the number and structures of the population in the country. It is formed as a difference between the number of people who settled (immigrants) and those who left (emigrants) from the country. The coefficient of mechanical growth in the country in 2011 was –0.7‰, and in 2020 – 4.4‰. An important factor in reducing the population in rural areas is the negative natural increase – 8.2‰ for the same period compared to –3.7‰ for urban areas. On the other hand, the mortality rate among the rural population is almost twice as high, which is also the main reason for the higher negative values of the natural increase. The values of this indicator in the villages exceed those of the cities by about 10‰.

As a result of the action of the two indicators - the reduction of the population as a result of natural reproduction and the negative mechanical growth, the territory is depopulated. Aging population in villages and depopulation are some of the most important problems in rural areas where endogenous development models are not working. This is because in the territories subject to depopulation the number of the population decreases as a result of the migration processes, the decrease in the birth rate and the disruption of the replacement of generations in a territorial aspect. As a consequence of this, the effect of migration increases and the age structure of the population deteriorates permanently. As a result of such processes, rural areas lose their labor potential and the share of the population over working age seriously increases, as well as the share of desolate land, because there is no workforce to cultivate it. Demographic processes have a strong negative impact and lead to the closure of part of the depopulated villages (table 2).

Table 2

Number of settlements for the period 1946 – 2020

Type of settlements	1946	1975	1992	2004	2008	2020
Rural	5821	5 163	5 113	5 086	5051	5000
Urban	106	216	238	247	253	257
Total	5927	5379	5351	5333	5304	5257

Source: NSI and own calculations.

From the data in table 2, it is clear that over a period of about 60 years, the urban type of settlements increased more than twice, and the villages decreased by 770 units. Even if part of the villages were transformed into towns, for the specified period, about 10 villages per year disappeared, which shows intense negative processes. In just one reporting year (2019), 17 town halls were closed, and two settlement entities of local significance were created.

The outflow of young people from rural areas is gradually becoming a concomitant occurence of budding democracy. It is important to note that the decrease in the number of population in rural areas is not only the result of limited employment opportunities, but also of the balance between settlements and emigration in and out of the country. Of note is the fact stated in the National Strategy for Demographic Development of the Republic of Bulgaria 2006-2020, upgraded with the National Strategy 2012-2030, that 144 small settlements do not have a single resident and they are disappearing from the map. As a result of this trend, uneven demographic and economic development of the country is taking place, which in the near future will create serious difficulties for the state and regional administration.

The reduction of the rural population in Bulgaria could have ambiguous consequences for the development of rural areas. It may be a sign of the presence of a more efficient workforce, for example a small number of farmers cultivating large amounts of land with highly productive machinery. However, the complete depopulation of villages could lead to negative social, economic and environmental consequences. Such have been reported in Spain and are reduced to the depopulation of villages; desolate land expansion; increasing the prices of urban housing and increasing the number of forest fires. In this regard, the directions in which the negative influence of the processes of depopulation of the regions are taken into account are identified and presented, namely: social, economic and ecological consequences.

The data of the European statistical office "Eurostat" show that our country is in one of the leading places in the European Union in terms of depopulation of rural areas. The population decline, measured by the rate of natural increase, was minus 9.5‰ for 2020 (down from minus 6.7‰ in 2019 and minus 5.1‰ in 2011). The coefficient of natural growth in cities is minus 7.1‰, and in villages – minus 16.0‰ (at 4.4‰ and 13.1‰ in 2019, respectively). At the moment in Bulgaria, one third of the country's population lives in the six largest cities, which have a population of over 100,000 people, and 27.9% of the population at the moment is the part that lives in rural areas, or 231 out of 264 municipalities in the country. With the changes in the new Strategic Plan 2023-2027, the number of rural areas will probably change to 215 municipalities.

Judging by the demographic processes in other European countries, the reduction of the population in the villages and its concentration in the big cities is an inevitable process. UN forecasts indicate that the share of the rural population would decrease by 5-6 percentage points by the end of 2022 in advanced countries such as Hungary and Poland and by 1-2 percentage points in Bulgaria.

Under similar conditions, it turns out that the availability of natural and other territorial resources in rural areas is not a decisive factor. The lack of a demographic resource or its reduction lead to a weakening of the area's sustainability due to the absence or decline of entrepreneurial activity. Such areas are characterized by the lack of new activities, as there are no regional entrepreneurship subjects available, and with the low supply of labor resources, the territory is unattractive for external investments. Usually in such territories there are activities from the agrarian sector, which are not market-oriented and aim to satisfy the owners of the land with food products. The condition of the infrastructure is related to the described conditions, since there are no users of this service and therefore there are no persons interested in its maintenance and management.

Infrastructure is an important element not only for the living environment, but above all as a basis for the development of economic activities. From the point of view of the spatial location of the business, it plays the role of a localization factor. The infrastructure developed according to the needs creates prerequisites for the improvement of living conditions and the system of services for the population.

In villages and small towns, regardless of the development of the national economy, one of the main characteristics is the insufficient degree of construction of the infrastructure, as well as the lack of variety and quality of the services offered - usually housing construction is of poor quality, health services and education are insufficiently developed or difficult to access, internet and transport connections are in poor condition. For these reasons, the quality of the living environment in rural areas is low and it becomes unattractive especially for young people, giving rise to a poor demographic and age structure there.

From the point of view of business ventures, regional infrastructure is an important part of the resources of any territory and potential for the development of the rural economy. It has a decisive influence on the localization decisions of entrepreneurs outside the territory and determines the possibilities for positioning the business in the rural areas. In this regard, the influence of infrastructure as a factor for the territorial location of businesses and for the development of regions is closely related to the advantages for the concentration of business activities and has an agglomeration effect. However, it manifests itself mainly in urban centers.

In rural areas, an important stage in infrastructure planning, which is indicated by scientists (Ilieva, Burdarov 2021, p. 51 – 54) as a new necessary characteristic, is its ecological effect. It is important in the construction of some regions, such as the Rhodope region, for example, which has insufficiently developed communications and facilities, but at the same time requires the protection of the natural and cultural landscape.

The authorities of each country and its economic actors are responsible for employment, training, business competitiveness, environmental quality, innovation research and more, but the Preamble of the EU Treaty also emphasizes European solidarity, which justifies Community action to strengthen of economic and social cohesion and reduction of differences in the levels of development of individual regions (Directorate - General for Education 2021). It is important to mention that several national strategies for the demographic development of the Republic of Bulgaria were developed during the transition years. The recent strategies have clearly defined the problems with the depopulation of rural areas and the cause-and-effect relationships for this phenomenon, but by themselves they cannot give clear indications that a motivated state policy in this direction will be implemented in practice.

The level of entrepreneurial activity and employment of the population with productive work is a factor of extreme importance for social progress, quality of life, security and successful participation in the intensively ongoing processes of globalization and European integration. Increasing the economic activity and employment of the population with the development of the economy and investments in human capital is the most important factor for the eradication of poverty, social disintegration and insecurity.

Going back to 1989, we can note with negativity the vicious cycle that has gradually developed over the years. It begins with the closing of a large number of so-called "rural schools". The argument is the reduced number of children in small settlements. This step reflects on the lowering of the quality of education in the villages due to the difficult access to education. A low educational qualification creates uncompetitive people on the labor market, for whom agriculture is almost the only alternative for employment. Lack of employment also means reduced purchasing power, which is typical for the rural community. Under these conditions, it turns out that there is also a lack of a local market for goods and services, which discourages potential local entrepreneurs.

In addition to this, it should be noted that the prices at which agricultural products are purchased in our country are still low. Most often, they are sufficient only to cover production costs. Sometimes prices are artificially kept low when there is only one buyer of agricultural produce (such is the problem with purchase prices for wheat, milk, meat, etc.). Usually a small number of companies control the market and keep prices low or hold a monopoly on the market for agricultural products. Solving this problem, at least in part, means that in rural areas work must be done on building the agribusiness system, which is related to the promotion of private initiative and the support of emerging producers.

There is already an experience for farm owners to increase their income by processing the basic products they produce, i.e. by closing the production cycle – and thus counteracting the low purchase prices in the local markets.

From the point of view of the concept of regional and human development, which places emphasis on entrepreneurial activity, the institutions in the regions should put the person at the center of their attention.

Accepting institutions as a system of rules channeling individual behavior means that the legal functioning of the state, the regulation of market rules, and the construction of the non-governmental sector make sense if they expand people's choices and reduce social differences between big cities and small towns. In this sense, supranational, national and regional institutions play an important role in the development of entrepreneurial activity and rural areas.

Numerous governmental and non-governmental institutions function in Bulgaria to support agriculture and the development of rural areas. However, they are still too dependent on the central government, they do not act close enough to people's daily lives, they are not deployed in the regions where their action is needed.

At the central level, the policy for the development of rural areas is led by the Ministry of Agriculture, the Directorate "Development of Rural Areas", the State Fund "Agriculture" (SFA), the Paying Agency (PA), the Ministry of Finance, the Ministry of Regional Development and Public Works (Ministry of Labor and Social Policy (MLSP), Ministry of Environment and Water, Employment Agency, Regional Agricultural Services, National Service for Agricultural Advice (NSAA), National Rural Network, etc. The rights and obligations of these institutions enable them to stimulate or limit the forms and speed of development of agriculture and rural areas.

For entrepreneurial activity, the presence in individual municipalities of branches of banks, insurance companies, commodity exchanges and markets, commercial and purchasing organizations, etc., implementing, supporting, promoting and financing activities for the development of business and rural areas.

The role of the local government in undertaking policies for the development of rural areas is determined by a number of units such as: municipal administration, municipal services "Agriculture", experimental stations and institutes, the regional units of the National Service for Advice in Agriculture (NSAA), the National Veterinary Medical Service (NVMS), the National Plant Protection Service and many other institutions concerning various aspects not only from the field of agriculture, but also from the field of services, construction, etc. From the point of view of the daily needs of people from rural areas, the NSAA has a special potential. It has diverse functions and a developed regional network in the country. Suitable from the point of view of business are the regional offices of the NSAA which play the role of multi-profile consulting centers.

Through the system of local offices, the state could not only "bring down" its decisions to the regional level, which is a fact at this stage, but also build its policies through meetings and consultations with local agricultural and non-agricultural producers.

According to an own research, people in villages are little aware of the possibilities of supporting institutions. A large part of the respondents do not know where to apply for support under the Rural Development Program and think that this is the work of experts. A large part of people in rural areas do not know the activities of state and non-governmental institutions.

Only 15.1% of them believe that in their area there is a "place where they can be consulted and apply" for assistance in small business and traditional agriculture. Even fewer (3.5%) are the respondents who agree that in their area there is a place to apply for support of rural tourism, ecotourism (2.6%) and ecological agriculture (1.8%). They know significantly more about this in the regional cities - 33.5% of residents believe that there are agricultural development programs in their area.

The tasks of the NSAA and other local institutions imply serious investments in the institutional and human capital of the regional offices. At this stage, no such capacity has been built to cover every municipality. Efforts to build business advisory capacity are a relatively new function for the NSAA staff, but they would enable the regional offices to work more actively in the municipalities and settlements of the users.

The main challenge for the institutions and administration of the Rural Development Program in the new program period (2023-2027) is related to the idea of providing integrated administrative services, ensuring interoperability between existing systems in administrations that are built independently and in weak coordination, as well as official exchange of information and documentation in electronic form. The delegation of more powers to the regional units of the institutions is also among the main challenges during the past programming period - 2014 - 2020, which would facilitate and speed up the processes of application and verification of the costs for the beneficiaries.

The organizational strengthening of state agencies and services requires not only personnel and financial support, but also good coordination of institutions. At this stage, the existing institutions are coordinated not on a regional basis, but at different levels and more often by central offices, which overlaps some of their functions.

The numerous institutions and programs lack spatial coordination and regulation for action on municipal territory as secondary distributors of state funds.

There are positive attitudes among the population about changes in the decentralization of decisions and ways of managing financial resources, although the ensured freedom of municipalities to determine local taxes and fees led to serious problems for businesses in some areas due to the introduction of much higher local taxes in some areas compared to others. On the other hand, in order to cover their budget deficits, municipalities are forced to sell their assets. This threatens their financial stability and decapitalizes them.

The share of municipalities in public investment expenditure decreased from 23% in 1998 to 19% in 2014 and there i a subsequent increase to 27.6% in 2018. Another issue is that the share of expenditure on construction, maintenance and repair of the infrastructure in rural municipalities is relatively small.

At the national level (Research of the National Association of Municipalities in the Republic of Bulgaria 2019) 87.4% of people believe that management decisions for agriculture have positive results when they are taken by the municipalities and not at the central level. Similarly, town halls are expected to play a decisive role in the management and control of programs to support rural areas and to promote local business.

Along with state institutions, non-governmental organizations (NGOs) at the regional level also have a decisive role in the development of entrepreneurship. NGOs are particularly important in protecting small producers against the market pressures of large trading and manufacturing firms, as well as in relation to the state institutional and regulatory environment. Over 100 associations, unions and associations on the problems of rural areas operate in Bulgaria, which we can group as:

- production associations (branch unions);
- producers with the same organizational status (farmers, cooperatives);
- professional groups (associations and unions of agronomists, agricultural economists, veterinarians, zootechnicians, etc.);
- business consulting centers

More popular non-governmental agricultural organizations among farmers are the following: the Association of Agricultural Producers in Bulgaria (AAPB), the Association of Farmers (AF), the Union of Young Farmers, the National Union of Agricultural Cooperatives in Bulgaria, the Agency for Regional Development, the National Association of municipalities in the Republic of Bulgaria, etc. A large part of them declare that they are of national importance for the development of agriculture and rural areas. Most often, however, it turns out that they are built from the top down and are initiated by representatives of scientific institutes or a few relatively large manufacturers. For these reasons, very often small producers do not identify with these organizations and their activity is known as lobbying for private interests.

The trust of people living in villages in business centers or farmers' associations is extremely weak. Less than 2% of them believe that these organizations can influence young people to stay in the countryside. An even more serious drawback is that in 65% of cases there are no such organizations in the villages.

The role of trade unions and associations can be appreciated more by those engaged in business in the big cities than in the villages. The authority of NGOs can be strengthened if they solve day-to-day problems at the local level, such as protection from the monopoly of the local reseller, assistance in entering the local market, assistance in planting and breeding material, assistance in applying for measures, lobbying local authorities, etc.

Credit institutions are a major factor in the success of entrepreneurs. The provision of financial means for business in rural areas has several main sources: medium-term and long-term bank loans from commercial banks (in agriculture, registered farmers benefit from them), the investment programs of the DF "Agriculture" and financing under various projects and programs, most -often the Rural Development Program. An alternative to bank loans is the use of the services of non-bank financial intermediaries.

In general, the business environment in Bulgaria is slowly changing. In the latest ranking of the Doing Business 2020 report, published by the International Finance Corporation and the World Bank, it is indicated that our country retains its 61st place in the ranking for business climate in European regions. The report measures the freedom to do business in 183 economies using 9 indices. It is reported that the progress of our country is in two areas: paying taxes - reducing the share of employers in social security contributions and starting a business - reducing the minimum capital for registration of limited liability companies.

Another World Bank report states that the state tax regime creates a particularly heavy burden for companies in Bulgaria (World Bank 2020). According to the report, the outdated regulatory framework, weak institutional structure and government policy in setting state fees lead to uncontrollable growth. The increase over a period of 5 years is 60%, and the time entrepreneurs lose in dealing with various regulations is 10.6%. In comparison, entrepreneurs from Estonia and Slovakia, for example, spend less than 7% of their time on compliance with various regulations. In this regard, it is recommended to reduce the time and costs of entrepreneurs who are required to fulfill various regulations and pay fees for them.

Therefore, the conditions that hinder entrepreneurial activity in rural areas and their socio-economic progress are related to the lack of decentralization in management and an appropriate local tax system, to the depopulation of villages, to the creation and/or improvement of technical and social infrastructures in villages, with the difficulties in coordination and the functions of individual institutions, with the conviction of those living in rural areas about the role and importance of national programs and those of the EU CAP, with awareness and the creation of an entrepreneurial attitude and entrepreneurial climate in the region.

7. Influence of the Common Agricultural Policy on entrepreneurship in rural areas

After the accession of Bulgaria to the European structures, the toolkit for supporting the development of infrastructure and for agriculture was increased through the Program for the Development of Rural Areas (PDRA). Within the framework of separate measures, non-agricultural economic activity in rural areas is also supported.

The influence of the PRDP on the restructuring of agricultural holdings is in the direction of consolidating farms, increasing the average size of the Agricultural Area Used (IZP) per farm and reducing the number of farms with small sizes of the used agricultural area. These processes definitely contribute to increasing the market orientation of agricultural production. On the other hand, the highly dualistic structure in agriculture is preserved.

The structure of agricultural holdings is a determining factor for the receipt and amount of direct payments. Changes in the direction of consolidation of farms lead to an increase in the share of farms that received support. For comparison, in 2007 only 15% of farms received area subsidies, while in 2010 their share increased to 24% (Koteva 2013, p. 29). The dualistic structure of the holdings also proved to be irrational for the implementation of the CAP, as it led to a serious imbalance in the support of the holdings. It is expressed in the concentration of significant funds from a small number of large farms, mainly specializing in the field of grain production. Small farms receive symbolic funds or are deprived of support.

With the CAP reform after 2013, an attempt was made to distribute direct payments to farmers more equitably. The so-called multi-layer structure of direct support was applied, introducing green payments, redistributive payments, payments for young farmers, for small farmers, etc. The change meant increasing the flexibility of the direct support system, tailored to the needs of farmers and their farms. Research shows that non-production direct payments retain their priority and continue to be a major share of direct support. The unfavorable trend from the first program period has not been overcome until the end of the second program period - until 2020.

The internal redistribution of financial resources did not lead to a significant change in the regime of direct support. Through the introduction of the reform in 2013, its implementation in 2015 also introduced various measures as part of the new multi-layer structure for direct support. The goal was to create a fair distribution of direct support to individual types of farms, with the smaller ones receiving a larger amount of support at the expense of the larger ones. Among the new measures was the redistributive payment, referring to different amounts for the first 300 decares of the agricultural holding and for a larger amount of farmed land, as well as a number of others. Despite the changes aimed at fairer financial support, in relation to the specifics of agricultural holdings, they did not have a serious effect. The priority part of direct support is again targeted and absorbed by large farms and farmers with above-average incomes. The economic fragmentation of agricultural holdings, the unpredictability of the farmer's income and the reduced ability to plan and cover costs continue.

With the planned CAP reform, after the first programming period, two main goals of direct support were set, which were not achieved. Differences in support levels between individual farms in our country were not eliminated or reduced. The implemented reform has a limited effect and a controversial effect, and it is not in line with the realities and challenges facing the future development of agriculture.

Farmers need real and concrete actions and measures at this time, based on SWOT analysis, bottom-up research approach, as well as analysis of objective facts. Similar analysis and proposals in this direction have already been made in the new Strategic Plan for the Development of Rural Areas 2023-2027 (2022, p.213), it is important how they will be specified in the Program and with what tools they will be implemented in the planned period until 2027

There is no doubt that the system of direct support should be continued, but modified and adapted to the specific challenges in the sector, in order to be justified and entirely in the interest of farmers. It is reasonable to provide a grace period for the elimination of direct support which is not related to production. The directions in the future period should turn to stimulating young farmers, implementing innovations and technological renewal. Restructuring of direct support and the creation of other pillars of support to manage and reduce the risks of production, to stimulate specific sectors of production, etc. are also not excluded.

In the mountainous regions of the country, 22.1 thousand small farms, or 25.8% of all operating on the territory of the country, are active.

Support, especially through direct area payments, therefore reinforces the differentiation between farm sizes and hence leads to an increase in regional disparities – due to the link between area specialization and farm size. For example, support in the South Central region can be expected to have lower farm values than support in other planning areas. According to the latest data, the Dobrich region has the highest relative share in the total payments under Area Payment Unit Schemes (SEPP). The influence of direct payments and PDRA in the Dobrich region and in some other municipalities causes processes of consolidation of agricultural lands, and has a positive effect on the development of lease relationships.

In general, the ratio between the projects agreed upon and those submitted is 61% for the entire program, which necessitates increasing the efforts of the local administration with a view to complying with legally established deadlines. Over time, there has been a drastic increase in the number of concluded contracts in the last two years, in contrast to the initial years of the program. This is due to a number of factors, including the increased awareness of potential beneficiaries, as well as the increased experience of local administrative structures charged with accepting and processing application documents. The additional developed mechanism for providing interest-free loans to municipalities, the new alternative provided for guaranteeing advance payments through a guarantee contract in the amount of 110% of the advance payment, as well as the refinancing the commercial banks schemes applied since 2011, granting loans to finance the projects, have a positive impact on the operation of the program.

The actual financing of measures under the 2014-2020 PDRA began only in 2018 with 0.23% of the total budget. In 2019 and 2020, respectively, 8.15% and 9.54% or 9.54% of the total program budget have been implemented so far. Although the second program period started in 2014, the cumbersome procedures for application, approval and starting actual payment take too much time and 90% of the budget remains unused (Strategic Plan for the Development of Agriculture and Rural Areas in Bulgaria for the period 2023-2027 2021, p. 214).

Evaluations of the effectiveness of the measure show that the amount of support is insufficient for the restructuring of farms and it is necessary to provide additional support under program measures aimed at modernization of agricultural holdings and diversification of activities.

The data on financing under separate measures of the PDRA indicate that the bipolar model of the organizational-economic structure in agrarian entrepreneurship is increasingly being strengthened, which in certain regions leads to the creation and growth of monopoly structures and the absence or destruction of the competitive market environment (for example, in the North-East region and Dobrich region). In such areas, the small farms created with great efforts do not stand up to the competition with the large structures, especially in the processes of land leasing, where the competition is mainly expressed in the amount of rent paid.

The approaches to the financing of agricultural holdings under the CAP exacerbated not only the problem of the irrational agrarian structure, but also gave the opportunity for the so-called fictitious entrepreneurs to enter the sector. The implementation of the decoupled payment scheme has allowed random individuals without motivation for permanent investment in the sector to access European funds. A similar trend is also observed in subsidizing measures from the first program period, where the purchased assets do not meet the requirements and are not intended for diversification into non-agricultural activities and development of tourism in rural areas (Nikolova, Linkova 2020).

In principle, after the accession of Bulgaria to the EU, the average income of farms as a whole has increased. The comparative analysis shows that direct payments affect income differently by farm type. There is a strong differentiation in the amount of subsidies received and differences in the level of support by farm specialization, dictated by the different level of land security and the different relative share of direct payments in production costs. The importance of subsidies in the income of farms with field crops, permanent crops and animals is increasing.

The most serious factor in increasing incomes is the increase in subsidies received. Their share in the net income of farms increased from 19% in 2007 to 130% in 2009, and for 2018 it was 75% of the net income. In the works of some authors (Nikolova, Linkova 2020) regarding the applied measures, it is noted that subsidies do not have a positive impact on the gross added value produced by agriculture.

The analysis of the impact of the Common Agricultural Policy establishes an adverse effect of agricultural subsidies in Bulgaria, especially on employment in some subsectors. From figure 13 it is clear that in Bulgaria agricultural employment is growing in the highly subsidized sectors of agriculture. According to the Agricultural Accounting Information System, this is the production of field crops that are low labor intensive.

Other authors (Plachkov 2019) also point to the problems with unclear interpretation and last-minute changes by the SFA of the eligibility criteria, which hinders the preparation of projects by the beneficiaries, as well as prioritization of grain producers over producers in sensitive sectors, which is in contradiction with the objectives of the program.

In parallel with this, the subsectors with high labor commitment - vegetables, perennial crops - have low subsidies. As a result, there is an adverse effect of the subsidy from the point of view of the dynamics of agricultural employment, keeping it in labor-intensive sectors of agriculture at the same time at an unsatisfactory low level.

These circumstances lead to new territorial disparities, given the fact that field crops are mainly concentrated in the region of Dobrich region, respectively, vegetable crops - mainly in Plovdiv region, and animal husbandry - in mountainous and semi-mountainous regions.

The change in the subsidy policy in the direction of taking into account the territorial and sectoral specificities will contribute to an increase in efficiency in the regional plan, will lead to an increase in entrepreneurial activity and an increase in competitiveness in the labor-intensive subsectors.

Regarding the motivation for entrepreneurial activity, we can note that there is a serious difference in the trends of received subsidies and the average net income of agricultural holdings. It turns out that the subsidy has a diminishing effect on the average net income of a farm. It is natural to expect that the attractiveness of agriculture as a type of entrepreneurial activity will also decrease.

The effects of the program in terms of unemployment and employment can be assessed as negative or, in case other factors affecting rural areas prevail, we could assess the effect as neutral. It is a fact that compared to 2010, the economic activity rate of persons aged between 15 and 64 decreased by 0.5%.

The implementation of the measures and axes of the PDRA were oriented indirectly in the direction of reducing the depopulation of the villages. A review of rural population migration data for the period 2007-2020 shows several important results. Internal migration processes can be considered in two separate stages, proceeding in different directions and with unequal power. In the period 2007-2014, the number of people who moved from cities to villages exceeded the number of people who left villages and settled in cities. In 2007 - 2020, the internal mechanical growth in villages was negative. The new challenges to the development of rural areas are clearly fueling certain hopes in part of the urban population for a better life in the countryside. It turns out that migration processes in this direction are unsustainable. The expectations of the participants in them for a relatively quick adaptation to the rural way of life and realization in agribusiness at this stage are not justified. The reasons for the migration from the villages are primarily related to the closing of schools in small settlements and the lack of opportunities to find permanent or temporary work.

In the case of external migration, no sharp jumps are observed in individual years. A coefficient of variation of about three and a half times lower than that of internal migration is reported. Expectations for the impact of the CAP on demography and employment in rural areas have not been fulfilled. Therefore, after 2007, the migration of the population from the villages outside the country continued. The positive in the process of migration from villages outside the country is the reduced activity. While until 2006 the villages lost an average of 2,500 people per year, during the period 2007-2020 this number dropped to 800 people. Of course, the decline in migration is also due to the deepening post-2019 pandemic crisis on a global and European scale. Such variations in migration levels can be explained by various reasons and for the most part do not lie on an objective basis. However, the inability of the program to achieve the goals of stopping or reducing the outflow of young people from rural areas is present.

The review of the implementation of the PDRA to date shows that, although it is aimed at the complex solution of specific national, economic, social and structural problems, its impact is primarily on the competitiveness of Bulgarian agriculture. The growth of incomes in agriculture, the increase of knowledge and qualification of agricultural producers, the development of organizations, the improvement of the structure of the agricultural sector and the development of small and medium enterprises from other non-agricultural sectors lag behind significantly. The low absorption by a number of measures, relative to the planned amounts, shows the weak activity, which can be interpreted as a lack of motivation of the potential and real entrepreneurs in the regions. The reasons for the low absorption are also rooted in the insufficient professional training of agricultural producers, as well as in the limited access to support for small and medium-sized enterprises. Last but not least, the weak implementation of LEADER and the inapplicability of the developed strategies for local economic development have an impact.

Progress in implementing the PDRA is uneven and insufficient. It is also unbalanced both in terms of achieving the objectives of the program and in some of the measures, which does not allow the synergistic effect of its application to be manifested. The main reasons that have been identified can be noted: the insufficient administrative capacity, the weak competitiveness of some sub-sectors and lack of opportunities to implement projects in the completely depopulated settlements, the unfavorable economic situation in the country, the low activity of the population for the development of agrarian and other types of entrepreneurship, the weak awareness, the lack of consulting services and, above all, the missing institutional local infrastructure to promote, support, encourage and support entrepreneurship in all its forms. As the main problems for the implementation of projects in rural areas, one can add the lack of funds for their initial crediting, the long period for buying back the investments in some of the projects, procedural problems in some of the measures under the PDRA.

A precise and clear distinction should be made between the structure of agricultural holdings and the way they are supported - both in terms of their scale and in terms of the type of crops grown. It is recommended that small and medium-sized farms should be prioritized for financing, while large farms should be placed in a position of primarily market development. The aim is to allocate funds for the entry into the sector of young farmers and small farms, for the economic and social development of rural areas, for the implementation of investments and modernization of small and medium-sized farms, for the stimulation of production with high added value, which will be competitive and independent

8. Conclusion

Summarizing the above research in the broadest way, we can point out that in their development the regions, placed even under relatively identical national conditions and considered in the broadest sense, create a radically different level of entrepreneurial activity. The general normative, economic, social and other components of the external business environment are not the reason for unifying the degree of regional development of companies. Entrepreneurial activity is influenced by the following factors: entrepreneurial attitudes in the region, educational level of the population, regional policy, institutional support and interpersonal support. In this context, it is necessary to build the policy in the rural areas of the country, emphasizing the creation of access to higher education, the construction of institutional support and appropriate social and financial regional policy, which in its indirect sense is aimed at stabilization of social capital.

A serious shortcoming in planning, managing and analyzing the effects of funding is considering it on a regional basis. Looking for and reporting quantitative macro-level effects such as absorption of funds, social effects and positive economic indicators is not the right basis for analysis and management impacts. Hence the need to develop sub-programs at the regional level to the PDRA and to other national programs.

It should be emphasized that, in general, the development and development of a modern European model of rural economy with specific regional approaches to impact on entrepreneurship will contribute to the growth of income and employment, as a result of which the processes of convergence in regional development will be manifested.

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Identifying of possible factors which affect the investment policy of some Bulgarian Black Sea coast resorts

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Abstract. The author's aim in the article is to identify the factors that is possible to influence the investment policy of resorts along the Bulgarian Black Sea coast. In this regard, a short literature review is made, which traces the main factors identified and studied by other authors, as well as solutions proposed by them to similar problems. The methods of analysis used are observation, investigation, comparison as well as induction and deduction. On this basis, 9 possible work factors are derived and analysed. The preliminary hypothesis of the research is that the state and the businesses involved in tourism in the Bulgarian Black Sea should cooperate to ensure success in the sector. The main recommendation corresponds to the set preliminary hypothesis and encourage the state and the business as the main parties in the process to cooperate in order to create a far-sighted and adequate investment policy, which will guarantee and securitize the prosperity of the sector.

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1. Introduction

Tourism is distinguished as one of the leading sectors in the economy of developed countries until the prolonged pandemic situation caused by the coronavirus. Currently, the sector is slowly but surely regaining its position. Considering the significant revenues typically generated by the tourism sector and the substantial investments in hotel infrastructure, recreational (sports), and entertainment facilities, its continuous development is predetermined, while, at the same time, consumers of tourism services are becoming increasingly demanding in our increasingly modern world.

The issue related to the state of tourism is particularly relevant to the Bulgarian economy, as it is a sector that generates substantial income. According to the latest data from the Ministry of Tourism, in 2019, the sector accounted for 8.1% of Bulgaria's GDP, which declined to 3.7% in 2020, while statistics for 2021 indicate growth (Ministry of Tourism, 2021; National Statistical Institute, 2022). The experience of economic and social development in many countries clearly shows that the development of the tourism business depends on investment policies and their effective implementation. Consequently, intense international competition for investments takes place, where various methods and approaches are implemented to improve the investment environment and increase its attractiveness (Martinkus & Lukasevicius, 2008). Therefore, considering the increasing challenges faced by the sector, it becomes evident that there is a growing need for the formation and implementation of an aggressive investment policy that will provide a new impetus for its progressive development.

The objective of this article is to identify factors that may influence the formation and/or successful implementation of an investment policy in Bulgarian Black Sea resorts, considering the observed trends in Bulgarian Black Sea tourism, such as the growing complexes of "Sunny Beach" and "St. Constantine and Helena." The main task is to investigate these factors primarily based on the potential for expanding the existing material infrastructure in Bulgarian Black Sea resorts as a basis for sector development, primarily in terms of increasing the number of overnight stays on a year-round basis through a greater number of tourist facilities that can utilize the available accommodation capacity.

The preliminary hypothesis of the study is that the state and tourism-related businesses in the Bulgarian Black Sea region should work closely together to achieve success in the industry and, above all, jointly create a national investment policy as a common framework, allowing individual businesses sufficient freedom to choose their own investment policies without interfering with each other, while maintaining loyal competition and a spirit of cooperation among them. According to us, the Bulgarian Black Sea tourism industry has not yet fully utilized its potential precisely due to the failure to consider the factors that should determine the investment policy in it, despite the substantial but apparently misdirected assistance provided to the sector by the state.

It is also incorrect to have a general impression that there must always be strong competition, including unfair competition, in the construction business in Bulgarian Black Sea resorts. Although this may currently be the case in Bulgaria, there are already numerous global examples of clustering construction businesses in good resorts worldwide, and these practices often bring more success to all participants than if they are working independently and separately. In reality, many of these practices are not applied in our country, thus missing out on opportunities. In this regard, the main question examined in this article is to identify the possible factors for success in tourism and the good development of Bulgarian Black Sea resorts, primarily in creating an optimal investment policy and how to use them to develop Black Sea tourism more effectively in our country.

The study utilizes methods of observation, investigation, comparison, as well as induction and deduction. Based on these methods and the results obtained, recommendations and conclusions are drawn in this article.

2. Literature review

The complex tourist product is the result of combining several primary products, which is within the capabilities of tour operators. It is also known as a product mix or all-inclusive product and represents the highest degree of mutual complementarity of elements in a tourist trip (Sofronov, 2018), (Poon, A., 1998), (Anderson et al., 2009).

Tourist product systems should be complex in nature. The chain of services and value-added is quite extensive. They include all services offered before, during, and after travel to the destination (Mihailov, 2013). The decision of an agency as a tour organizer to offer a tourist service or a package of services at a fixed price is a question of strategic management. Considerations for growth and economic forces in the industry play a role in this context (Dilek & Kulakoğlu, 2018).

For example, the complex tourist product most commonly includes the following services:

- Transportation - from the airport/initial destination to the hotel/resort and back to the final destination (Martin Cejas, R., 2006);
- Accommodation in the tourist facility;
- Meals;
- Complementary activities - organized entertainment in the hotel;
- Visits to other tourist sites - near or far from the hotel or resort where the tourists are staying, such as nearby architectural and historical monuments, as well as nature reserves, cultural sites, events, etc. (Jelinčić, D. A., 2019);
- Other activities based on the tour operator's and tourists' judgment, in order to provide a more fulfilling recreation during their vacation. These activities are usually organized with the tour operator's local partners, such as souvenir shops for tourist shopping, dining places (as food is also perceived as an attraction and entertainment in modern tourism) (Cohen & Avieli, 2004), casinos, amusement venues, etc., which are important components of every resort's infrastructure.

Visitors, of course, do not perceive tourism as a statistical concept. For them, the journey to and from the destination, the time spent there, and everything associated with it, such as the quality of the provided services, contribute to a positive experience (Latiff & Imm., 2015), (Augustyn & Ho, 1998), (Akroush et al., 2016). Considering this holistic perception by potential clients, we need to adapt a tourism-oriented system in line with market structures. The increased value of tourism as an experience compels providers to develop package services and do everything possible to create a more "magical" atmosphere or, in other words, direct and dramatize the entire experience. It is extremely useful to review the production of tourism goods and services in the context of service chains or networks, composed of different companies and sectors (Bocean et al., 2021).

As evident from the review of the elements of the complex tourist product, it is a result of the overall state and capabilities of the tourism business in a country. The better opportunities the tourism industry has in a country, the more competitive the tourist product it will offer (Vujko & Gajić, 2014). If we abstractly consider the types of tourist products that a country can offer in a specific region, they can be summarized as a "portfolio" of tourist products (Dilek & Kulakoğlu, 2018). In order for the tourism industry to offer an attractive portfolio of complex and tourist products in a particular region, a well-organized investment policy must be implemented in the resorts of that region, both by businesses and the government (Dilek & Kulakoğlu, 2018). This is how, in practice, a country needs an accurate plan and strategy, even at the investment policy level in tourism, to offer an attractive portfolio of complex tourist products in a specific region that appeals to both local and foreign tourists. Similar practices are valid on a global scale.

The factors that theorists advise public (governmental and municipal) authorities and businesses to consider when formulating this policy are highlighted in the following order (Zaman et.al., 2021; Andriotis, 2018; Baranova & Kegeyan, 2018; Lazarov, 2008):

- Supremacy of the law.
- The amount of capital available for investment.
- State aid and subsidies.
- Taxation.
- Available infrastructure and facilities.
- Destination planning, including natural conditions, resources, and ecological requirements.
- Workforce qualifications, skills, knowledge, and the overall culture of service provision.
- Promoting resorts as interesting and attractive destinations.

We accept these factors as a good foundation given the stated goal, but we believe it is appropriate to add the factor of "urbanization potential of resorts in the region – in terms of current employment and expansion opportunities." We believe that by doing so, the relationship between the implemented investment policy, its strategic development, and the ongoing processes of urbanization in some of our Black Sea resorts will be more comprehensively addressed.

To achieve the objective stated in the article, groups of universal factors that may influence the investment policy of certain resorts along the Bulgarian Black Sea coast have been identified. The potential impact of each of the identified factors within the individual groups is examined separately. This approach can help determine what additional actions could be taken by the government and businesses to achieve maximum return on investments in tourism in our country and ensure that the industry enjoys continuous growth.

On the other hand, investment policy in the tourism sector is usually defined primarily as a set of government regulations that establish the framework of opportunities that state institutions can offer to both foreign and local investors (Nawaz, 2016). However, this definition encounters significant criticism in modern tourism literature as it emphasizes a universal, common framework at the national level for the state's investment policy without taking into account the specific investment policies that different business units may adopt (Dincer & Yüksel, 2019).

Indeed, the factors that could influence investment policy in tourism should be considered from the perspective of their impact on state policies such as tourism laws and regulations, as well as their impact on businesses and how they exploit them. In practice, investment policies, ideally, should be formed as a consensus between the government and businesses to ensure the optimal prosperity of the sector. The national investment policy should serve as a general framework for sector development while providing maximum freedom for businesses to choose the most suitable investment strategy for their own development. This may include market penetration, demand retention, value investment, dividend investment, securities investment, property resale, clustering with other businesses, market exit if necessary, or the acquisition of shares in companies during market downturns, mergers, or the acquisition of other companies, and so on.

Therefore, it is of paramount importance to consider how each of the factors identified by us could potentially influence the investment policy of resorts along the Bulgarian Black Sea coast. According to theory, these factors practically exhaust the possible influences on the sector, although they may seem comprehensive at first glance. The possible impact of each of these factors is briefly explained below:

1. Supremacy of the law - This is a factor that can be addressed at the national level. As a member state of the European Union, Bulgaria is expected to provide absolute security and fairness in relation to the existing legislation, particularly in the tourism sector, as well as in construction and labor laws. Investments in resorts along the Bulgarian Black Sea coast are usually associated with the construction of tourist facilities, improvement of infrastructure, and employment of staff to serve them. While Bulgaria has a solid legal framework, occasional problematic cases arise in the public sphere, raising concerns about the unequal application of laws and doubts about the actions of prosecutors and authorities. Such issues could significantly undermine the trust of potential investors in the region of the Bulgarian Black Sea coast and their willingness to invest their money there.
2. Size of investment capital - Resorts along the Bulgarian Black Sea coast attract various types of investors. There are predominantly hotels owned by local investors, as well as internationally renowned chains like "Best Western" in Sunny Beach. However, overall, the region is predominantly dominated by local capital, and it gives the impression that foreign investors are disproportionately scarce considering the natural resources and potential the region offers. It is possible that large chains are still

cautious about investing in this part of Europe, and the aforementioned image problem regarding the rule of law in our country may also be holding them back. Nevertheless, Bulgarian entrepreneurs have indeed built impressive hotel buildings in the region, so it cannot be claimed that local capital is insufficient. Examples such as the "Planeta" hotel in Sunny Beach or the "Astoria Garden" in St. St. Constantine and Helena showcase their grand construction and luxurious five-star accommodations. At the same time, there are also a significant number of smaller hotels in the Bulgarian Black Sea resorts, indicating that the region still offers opportunities for all types of entrepreneurs, both modest and large-scale businessmen, which is a very positive trend that should be maintained to foster a diverse business environment for everyone.

3. State aid and subsidies - During the Covid-19 pandemic, the state provided substantial assistance to the tourism industry, which had a significant impact on the budget. The Bulgarian government made efforts to support the sector, and in the past two seasons, hoteliers along the Bulgarian Black Sea coast had the opportunity to benefit from measures such as the 60/40 and 80/20 programs (Ministry of Tourism, 2020). The state directed a considerable amount of aid towards the Black Sea resorts, utilizing the funds allocated for the care of Ukrainian refugees in Bulgaria. This pragmatic strategy allowed the European funds to be redirected specifically to Bulgarian hotels (Ministry of Tourism, 2022). Thus, in the past two years, the government has made serious efforts to practically support the entire tourism sector, and this factor could have a positive impact, although some hoteliers consider these efforts to be insufficient.
4. Taxation - In the tourism sector, the value-added tax (VAT) for accommodation stays remained at 9% until the end of 2022 (Ministry of Tourism, 2022), which is a significant discount compared to the pre-pandemic level of 20%. Therefore, from this perspective, this factor is expected to have a favorable influence on the development of tourism along the Bulgarian Black Sea coast and act more as a stimulus for investments rather than an obstacle.
5. Available infrastructure - could be another key factor in attracting investments to a given tourist region. In the case of the Bulgarian Black Sea coast, it has undergone significant positive changes in recent years, particularly in terms of road infrastructure. It can be summarized that it currently acts as a stimulating factor for investments. In resorts such as Sunny Beach, Golden Sands, or St. St. Constantine and Helena, the road infrastructure can be characterized as very good at present. However, the situation is not the same for other types of infrastructure, especially the sewage system. During the busy summer season, there is periodic information about problems with the sewage infrastructure of large hotels in the resorts, which indirectly implies two things. First, in its current state, it is most likely not designed to withstand the current load from the large summer tourist flow to the Bulgarian Black Sea coast. Second, it probably needs modernization, as a significant part of it dates back to the socialist era when, according to hoteliers' own admissions today, the load on it in the resort centers is not as high as it is now. So, although the roads in the Bulgarian Black Sea resorts have significantly improved and it is expected to have a more stimulating effect on investments, the challenge with the sewage infrastructure could have a restraining effect, especially if potential investors learn about it before investing their capital.
6. Destination planning, including natural conditions and resources - in the Bulgarian Black Sea coast, one of the most serious problems seems to arise specifically in terms of destination planning, considering natural conditions and resources. Resort complexes such as Sunny Beach, Golden Sands, and now St. St. Constantine and Helena, Elenite, and even small coastal towns like Primorsko, Sozopol, or Kiten, experience progressive and increasing construction. This construction is at the expense of natural features such as areas designated for green spaces, parks, and beachfronts. It can be assumed that this factor may have a negative impact if the destination becomes unattractive to a certain segment of tourists. Therefore, a practical way to avoid overbuilding the resort areas is to build vertically, similar to the practice adopted by the Emirates long ago. In this regard, we recommend a change in the current development plan for the resorts along the Bulgarian Black Sea coast to increase the height of construction.
7. Workforce in terms of qualifications, skills, knowledge, and service culture - in Bulgaria, work in the Bulgarian Black Sea coast area is often seen as seasonal employment, which practically presents hoteliers with the problem of staff shortages. On the other hand, the Bulgarian workforce in the hotel industry, restaurants, and the tourism sector as a whole is not low-skilled or lacking in skills since there is also a phenomenon of personnel migration from this sector to neighboring countries with higher wages, including during the summer season in Bulgaria, which coincides with that in Europe. The main reason for this outflow of local personnel from the Bulgarian tourism sector should probably be sought primarily in the wage difference. It is known that wages in the tourism sector in Bulgaria are one of the

lowest for the majority of employees compared to most other sectors in the country, and they are also among the lowest compared to the offered remuneration for the same or similar positions in the European Union as a whole. In our opinion, to improve the situation with the workforce in tourism in the country, businesses should primarily assess its importance for their own success and offer more competitive wages. The strategy partly launched by the Ministry of Tourism, but long seen by the authorities, to attract personnel from neighboring countries where wages are even lower (Ministry of Tourism, 2018), is not particularly successful. The focus is mainly on countries such as Ukraine, Moldova, and Macedonia, to which businesses tried to direct their attention through local recruitment agencies. The sector also faces the challenging issue of insufficient professional and language preparation of the staff. It is underestimated that they have difficulties communicating effectively in Bulgarian with both local and English-speaking foreign tourists. This is due to the fact that their educational systems in their countries are not yet required to provide the necessary quality of foreign language training, which is the case in Bulgaria as a member of the EU. Additionally, the prospect of a significant number of Ukrainian refugees continuing to work in the Bulgarian tourism sector is evaluated with only partial success, as only a small portion of them remain in the country after leaving our Black Sea hotels.

In summary, the workforce factor should be a concern for any future investor, regardless of the size of their planned investment in any of our Black Sea resorts. If they fail to offer fair wages to their employees, they are unlikely to attract the optimal workforce, which would ultimately hinder the development of their business.

Promoting Bulgaria as an interesting and attractive tourist destination - one of the factors that stands out with significant negative impact on the sector and acts as a major obstacle to realizing the investment intentions of investors is the insufficient efforts of the government to promote our country as an interesting and attractive tourist destination. The government lags behind in this regard, necessitating the search for solutions to this problem and support for tourism companies. Recommendations could include the establishment of a national information system that carries out informational and promotional activities both domestically and abroad, in order to increase the influx of foreign investors in tourism and foreign tourists. Additionally, another recommendation could be the opening of our tourism representations in major European cities to support the marketing of our country as a tourist destination, which would help increase the occupancy of tourism facilities and their profits, thereby stimulating more investments.

Urbanization potential of the resorts - in investment literature focusing on tourism, the urbanization potential of resorts is a key factor in policy planning, especially in terms of current occupancy and available space that could be urbanized. However, it seems that this factor is almost disregarded in the planning of Bulgarian tourism policies, as evidenced by the current state of our resort complexes. On one hand, there is excessive construction in some areas, driven by the ambition of investors to maximize the use of the land they have purchased. At the same time, there is a lack of architectural foresight, as low-rise hotels are being built in mass across Bulgarian Black Sea resorts instead of embracing modern high-rise construction, which would ensure higher revenues due to increased room capacity. On the other hand, in resort complexes like Sunny Beach and Golden Sands, which generate millions of overnight stays almost every season, there is the interesting practice of selling apartments at prices that seem unusually low compared to the market potential of the location. For example, a studio apartment with a rough construction between 20 and 30 square meters in the mentioned resort complexes can currently be purchased for a price of 10,000 to 15,000 euros (imoti.net, 2022). Considering that the average price for a night's stay in such an apartment in a hotel is around 100 euros, even with a proportional offer during the season, it means that the apartment is effectively valued at only 200 overnight stays. This rough estimate indicates that it would take about two to three seasons, depending on the length of the season, to generate the same revenue from the apartment if it is booked every night. Meanwhile, this is one of the interesting examples of how investors in less successful tourism complexes have developed or implemented a business scheme for the rapid realization of holiday homes, including relying on significant long-term funds through annual maintenance payments from the new owners for the common areas.

There is a strong interest, above all, in understanding the reason for the presence of construction in the resorts along the Bulgarian Black Sea coast. The fact is that in the resorts near major cities like St. St. Constantine and Elena near Varna, as well as in Sozopol and Primorsko near Burgas, quite a few new buildings are "emerging." This shows that there are investors who consciously buy plots in the area and build residential buildings solely for the purpose of selling apartments, taking advantage of the underutilization of resort territories by the tourism industry. This is largely due to the fact that in recent years, there has been intensified construction in major cities like Varna and Burgas, and there are no longer many vacant plots available for construction entrepreneurs. As a result, the cities are expanding, and large construction companies, for whom this is a business, are seeking plots in the vicinity to build and realize their projects. Moreover, despite the proximity to the sea, in small coastal towns and near the resorts, land plots for sale can be found at lower or comparable prices to those in Varna and Burgas, for example.

In this way, primarily driven by the affordable price of land and the proximity to our two largest coastal cities, residential construction enters the tourist resorts and is observed simultaneously with seasonal tourism and permanent residents. Consequently, an interesting internal competition between the hotel complexes in the resorts and the housing cooperatives near them, where there are constantly apartments for sale, could arise. On the one hand, this creates favorable conditions for businesses, from the perspective of attracting more customers, but it is detrimental to tourists who have visited the resorts along the Bulgarian Black Sea coast.

On the other hand, in some places, suitable land for the construction of tourist facilities is being missed. Definitely, when choosing sites for the construction of new hotels along the Bulgarian Black Sea coast, the available land around the existing resort complexes is not sufficiently utilized. For example, tourists in our country can see deserted lands just a few kilometers away from resorts like St. St. Constantine and Elena or Sunny Beach, which are not only not being developed but also lack investment interest for their purchase. Many of these lands are in close proximity to major road arteries and the Black Sea, and with the establishment of good road and sewer infrastructure, these lands, which are currently considered too far inland in the Burgas or Varna region, could even become part of our resort complexes.

There are many examples of how land, even ten kilometers or more from the seashore, has already been developed in Spanish resorts, for instance, and has become part of the resort. Hotels are being built on them, generating enormous revenue for the local economy as well as for businesses. So, it is categorically clear that the potential of our seaside resorts is not simply unutilized but objectively not yet fully appreciated.

This, along with the absence of state legislation regarding residential construction in resort complexes, allows construction entrepreneurs to realize their business projects and profit. It should be emphasized that this is not about isolated cases but rather a growing trend of residential construction in resorts like St. St. Constantine and Elena, for example, which many now informally consider as a new neighborhood of Varna.

In our opinion, the issues and problems presented above require urgent intervention from the state and municipality in terms of determining the status of the resort complex and facilitating successful tourism business operations as well as the livelihood of permanent residents within the resort complex area. The lack of such intervention would be detrimental to both groups and would exacerbate the mentioned problem.

3. Recommendations for improving the investment policy of resort along the Bulgarian Black Sea coast based on the identified possible factors

Regarding the investment policies implemented by the resorts along the Bulgarian Black Sea coast, the insufficient coordination between the government and the business sector regarding the development of the tourism sector is noticeable. In this regard, several key recommendations can be made for creating an optimal investment policy for tourism along the Bulgarian Black Sea coast:

- Utilize the potential of our coastal resorts by constructing high-rise buildings to create more green spaces, providing a better and more attractive atmosphere for tourists.
- Transform currently abandoned lands near the roads connecting the resorts and the Black Sea into part of the resorts themselves. To achieve this, the government and the business sector should jointly invest in developing suitable infrastructure such as sewage systems and road networks.
- Promote existing residential complexes in the seaside resorts and coastal towns to attract more international buyers and increase their prices.
- The government should encourage cooperation among businesses in the Black Sea region by informing them about successful practices and strategies. One such strategy is clustering businesses in tourism, actively practiced in resorts in the UAE. This involves construction companies collaborating with furniture manufacturers and equipment suppliers, either through long-term partnerships like holding companies or project-based agreements, significantly reducing their costs in constructing and operating new tourist facilities.
- Businesses should seek more collaboration opportunities for jointly operating a specific tourist facility, particularly natural ones, such as accommodation places, dining establishments, and souvenir shops. By agreeing to work together on the maintenance and promotion of the facility, larger funds are gathered, attracting a greater number of tourists.

When formulating the overall investment policy at the national level concerning the Black Sea, our government institutions should always take into account the needs and goals of businesses as their starting point. Relevant meetings should be convened to avoid the unacceptable situation where businesses, which practically generate the sector's funds, are forced to compromise their goals to conform to artificially imposed policies that do not optimally support them.

Regarding better management of the available natural conditions and resources along the Bulgarian Black Sea coast, several specific recommendations can be made to attract more investments:

- Improve control over urban development, one of the main problems of the Bulgarian Black Sea coast, as it deprives the region of its valuable ecological aspect that modern tourists highly value. One possible solution is to focus on vertical construction, similar to high-rise hotels in countries like Dubai, Qatar, and others.
- Enhance the management of protected areas, potentially developing new eco-trails that can be offered as attractions to tourists.
- Maintain pristine cleanliness along the beachfront and within resort complexes, as tourists who choose to vacation in coastal resorts spend a significant amount of their time on the beach.

Regarding the management of anthropogenic factors, primarily tourist facilities such as hotels, guesthouses, bungalows, infrastructure, and their employees, the following recommendations can be made:

- Maintain the sewage infrastructure in better condition where necessary, including government assistance and oversight to ensure when and how this is done.
- Strengthen control over tourist facilities to ensure their safety, prevent incidents, and address other fundamental issues that could have a detrimental effect not only on the specific hotel but also on the entire resort and, in the long run, on Bulgaria as a tourist destination.
- Increase wages in the sector, which will practically contribute to better return on investments in tourism. The overall promotion of Bulgaria as a country with cheap labor not only hampers income growth in the sector but also fails to signal to investors that they are likely to lose employees if they strive to minimize labor costs. Such behavior will eventually have a negative impact on both the country and the business itself.

Regarding the decline in revenue due to the Covid-19 pandemic, from which some hoteliers, albeit not many, complained during the summer of 2022, it is also worth considering. In this context, the following practical recommendations can be made for hotels experiencing a shortage of guests in order to increase reservation bookings:

- "Thank you to frontline workers" - this is an interesting strategy that globally renowned hotel chains have used and continue to use to attract more guests. They specifically target potential clients who are employed in sectors engaged in the fight against the coronavirus during the pandemic, such as healthcare and law enforcement. These professionals are provided with small but attractive discounts, such as 10% off, if they present documentation during the reservation process that proves their employment in the medical field, police force, etc. This is an example of successful marketing because it motivates them to spend money by creating the perception that they are "saving" on one hand, and on the other hand, it is a gesture of appreciation for their service during challenging and dangerous times.
- Consider offering a more flexible pricing policy for all hotel guests, combining discounts with faster accumulation of loyalty program points. This encourages guests to stay more frequently at the same hotel or at least within the same hotel chain, with the incentive of redeeming their points for, for example, free nights.
- Invest in more affordable anti-pandemic equipment so that hotels can meet consumer expectations ideally without burdening guests. This can be as simple as providing more complimentary masks, availability of hand sanitizers, and other similar measures. Although some COVID-19 preventive measures have been lifted in our country, various countries around the world continue to implement periodic measures, and many have lost loved ones to the virus. Providing guests with a sense of care for their health, such as leaving a box of masks in the lobby or providing hand sanitizers on each floor, would create a positive impression for foreign tourists.

Based on observations and individual expert opinions regarding existing investment policies in resorts along the Bulgarian Black Sea coast and national-level tourism, as well as within the business entities themselves, the main conclusions that can be drawn are:

1. There is a lack of good cohesion between the interests of the state and the tourism industry, which becomes particularly evident during crisis situations when owners of tourist facilities periodically complain about insufficient or ineffective government policies.
2. There is a lack of knowledge within the tourism industry regarding the benefits of collaboration between individual companies in the sector based on common goals and projects that they can invest in together. There may also be a certain level of mistrust among them,

which somewhat hinders their ability to work together and pushes them solely towards fierce competition.

Based on the conducted research and considering the current state of tourism along the Bulgarian Black Sea coast and the main factors that could potentially impact investments in the sector, the general conclusion can be made that in recent years, particularly since the outbreak of the pandemic, the government has been making targeted efforts to support the sector. Unfortunately, there are still some fundamental issues, including pre-existing problems that could act as significant deterrents to the full success of investments and their maximum return on investment.

4. Conclusion

The presented brief study in the form of an article explores the factors that may potentially influence the investment policy in the Bulgarian Black Sea region. It confirms the primary research hypothesis that it is necessary to have a good understanding of these factors and use them in an optimal and planned manner, with joint efforts from the business sector and the government. This approach aims to provide an optimal framework for the development of different investment policies that business entities adopt, without hindering them but rather promoting cooperation among them. Tourism, although rarely receiving public attention for this characteristic, is actually a very complex sector that requires effective capital organization and policies. It should not be treated haphazardly as a result of beautiful nature, sea, and pleasant climate alone. The Bulgarian Black Sea region is much more than that, and ignoring this fact will lead the state and businesses not only to missed opportunities but also to real losses.

Based on the presented potential factors that appear crucial for the development of Bulgarian Black Sea tourism and investment policies, as well as the recommendations on how the government and businesses can better exploit these factors, it would be advisable to recommend further in-depth research. This research should examine to what extent these potential factors truly influence and whether they can be extrapolated to the development of other types of tourism in Bulgaria, such as mountain tourism. This is important because Black Sea resorts, due to the region's climatic characteristics, cannot generate high revenues throughout the year. Therefore, it is particularly important for the government and the tourism industry to offer a successful alternative during the autumn-winter season in the form of Bulgarian mountain resorts.

Undoubtedly, the problems of Bulgarian Black Sea tourism today should not be underestimated, and it seems particularly challenging to solve them, regardless of the efforts that the public authorities and businesses are willing to invest. This is mainly due to the seasonal nature of the sector in the Black Sea region and the inability to reach a consensus between the government and businesses regarding the framework of national investment policies in tourism and how the various stakeholders can assist each other. Currently, Bulgarian Black Sea tourism can be characterized as poorly structured, as strong competition between small and large business entities creates additional barriers to its optimal functioning. There is also negative internal competition between hotels and residential complexes being built in the resorts, which affects tourism due to the increasing number of permanent residents in the resorts who also benefit from establishments and attractions intended for tourists.

In this regard, we believe that three main issues should be considered for a potential in-depth discussion regarding a more comprehensive study and analysis of Bulgarian tourism and the problem of factors influencing the investment policy in the resorts of the Bulgarian Black Sea region:

1. The need to consider whether it is necessary to think towards a more visionary investment policy aimed at eliminating internal competition between residential cooperatives and tourist facilities in close proximity to each other in the region that brings significant tourism revenues to the Bulgarian economy – the Black Sea region. It should be examined whether residential construction in the Black Sea resorts should be supported as an investment policy or rejected and/or regulated by Bulgarian legislation. It should also be checked whether there is an intermediate option in which resorts can be divided into zones for tourists and zones for permanent residents, for example.
2. The possibility of creating a universal tourism policy in Bulgaria should be examined, aiming to strengthen the country's presence as a year-round tourist destination.
3. Research should explore how the government can assist businesses in redirecting resources from maritime to mountain tourism between tourist seasons.

The results of such a comprehensive study could provide an entirely new and potentially more effective direction for the overall Bulgarian national investment tourism policy, transforming Bulgarian tourism into a sector that generates profits and provides year-round employment with a steady and upward development trend. Therefore, this article concludes primarily with an appeal to the public authorities and businesses to look into the "big picture" of Bulgarian tourism, which undoubtedly reveals not only beautiful nature, sea, and mountains but also enormous business potential that can only be achieved through cooperation between the two interested parties.

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