

## Administrative Services and Business Conditions: the Point of View of the Business



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The improvement of administrative services and conditions for entrepreneurship and business is the focus of a national survey conducted among enterprises within a research work on the topics of competitiveness, business environment and administrative burdens for the business in Bulgaria. The present paper aims at presenting the results of this research and communicating them with the general public. Given the format and the goals of this publication, the presentation is limited to and profiled on one of the indicators of the survey, i.e. the size of the enterprise – micro, small, medium and big business.

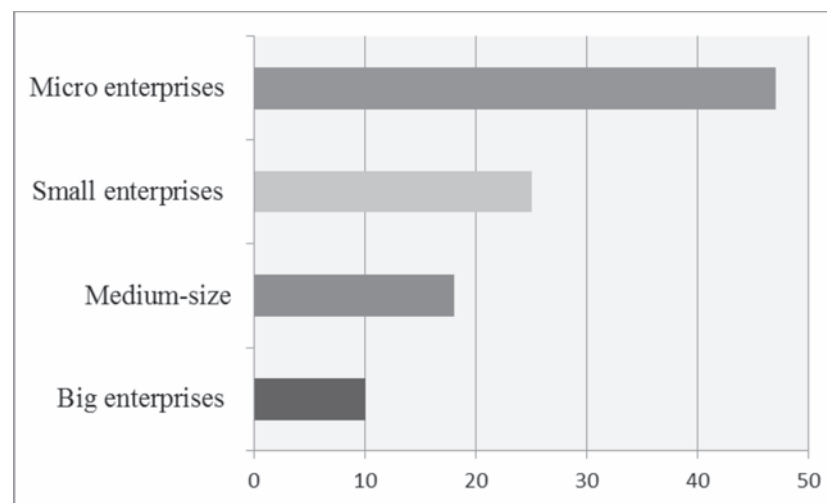
The study has been conducted within the period mid-January – mid-March 2015. It aims to acquire up-to-date, trustworthy and precise information on the impact of public policies on the business and entrepreneurship environment after 2008, on reducing the administrative obstacles and on their impacts on enterprises' competitiveness. The period of the study is chosen to be after the abovementioned year, because this is the time when the more systematized approach has been introduced and the implementation of policies focused on reducing the administrative burdens for the business started on European and national level. The study targets entrepreneurs and businessmen who pursue their business activities in Bulgaria. The subject of the study is only the management of the examined enterprises.

The main methodology used is an individual survey among respondents, 96% of whom submitted their answers electronically.

### General information

An overall of 223 respondents (representatives of business in Bulgaria) have participated in the survey. After a primary data processing, 204 have been analyzed<sup>1</sup>. All types of enterprises<sup>2</sup> are represented according to the number of their employees (Graphic 1)

**Graphic 1. Type of respondents according to the size of enterprise**



Micro enterprises have the biggest share in the survey: they account for app. 50% of all the respondents<sup>3</sup>, followed by the small enterprises with a share of 25%. The big business accounts for 10% of the respon-

<sup>1</sup> 19 surveys have been excluded because of incomplete data

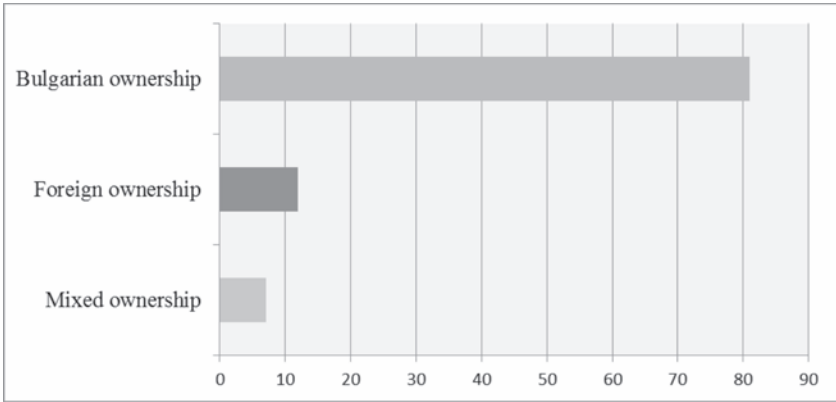
<sup>2</sup> Micro enterprises (up to 9 employees), small enterprises (10-49 employees), medium enterprises (50-249 employees) and big enterprises (more than 250 employees)

<sup>3</sup> The study is not a proportional sample of the number of non-financial (and financial) corporations divided in groups according to the number of their employees, respectively 92% micro enterprises in total for the whole country, 6% small enterprises, 1% medium enterprises and 0,2% big non-financial corporations in the year 2013. For more information, follow the link below: <http://www.nsi.bg/en/content/8231/number-enterprises>

dents. 70% of all respondents are entrepreneurs, business owners or heads and managers <sup>4</sup> of the respective enterprise.

The survey covers all the economic sectors in Bulgaria according to the Classification of Economic Activities of the National Statistical Institute <sup>5</sup> . Almost 40% of the respondents identify themselves in the group “Other activities”. Between 6 and 8% of all represent the sectors “Information and communication”, “Manufacturing”, “Administrative and support service activities” and “Culture, sport and entertainment”. The sectors “Accommodation and food service activities”, “Construction”, “Wholesale and retail trade; repair of motor vehicles and motorcycles”, “Transportation and storage” and “Professional, scientific and technical activities” have relatively equal share. “Mining and quarrying”, “Electricity, gas, steam and air conditioning supply” and “Water supply, sewerage, waste management and remediation activities” have one respondent each.

**Graphic 2. Ownership of the enterprise**



<sup>4</sup> 50% of whom are owners and partners, while 20% are presidents, executive directors or managers.

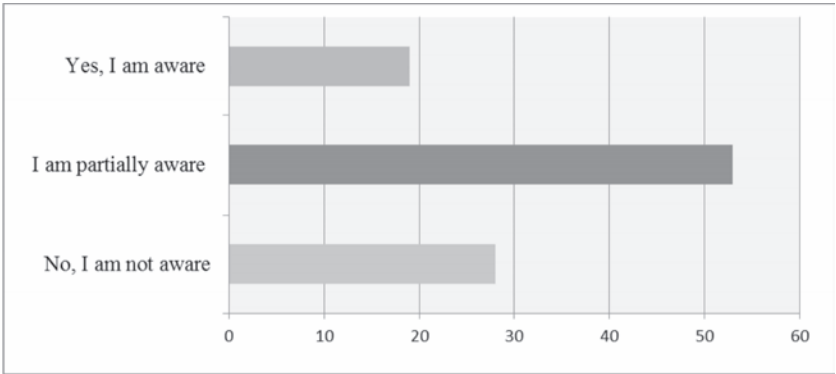
<sup>5</sup> CEA-2008, available on [www.nsi.bg/en](http://www.nsi.bg/en).

In general, we can make the conclusion that the national survey, targeting Bulgarian entrepreneurs and businesses, represents all the groups of enterprises, economic sectors <sup>6</sup>, types of ownership and that the main respondents are the higher management of the economic subjects represented by owners, partners, managers, etc. This remark is important when it comes to levels of awareness, perceptions and assessment of the business environment, public policies and more precisely, the administrative business services, the obstacles and their influence on the economic activity.

**Conditions for entrepreneurship and business**

Most of the entrepreneurs and the business are just partially aware or not aware at all of the measures the government takes in order to improve the business environment. As Graphic 3 shows, less than 20% of all the respondents confirm that they know what these measures are.

**Graphic 3. Levels of awareness of the measures improving the business environment**

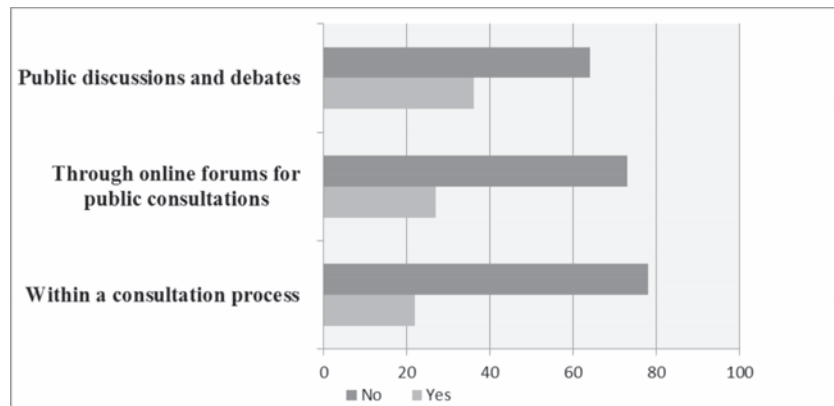


When it comes to micro enterprises, 15% of the respondents have information on the government's actions improving the business conditions. Twice as much does not have such information. Almost 20% of the small enterprises are aware, which is 2% less than those which are unaware of such measures. Equal parts of the medium enterprises – one quarter each – say that they are aware or unaware. Surprisingly, around 30% of the big enterprises are on the two opposite sides: a little less than 30% are aware and a little more than 30% are not aware of the measures improving the doing-business conditions.

<sup>6</sup> Non-financial enterprises

Between 20% and 30% of the representatives of the business propose improvements of the business environment-related policies through public consultations and debates, within participation in a consultative process or via online forums for public consultations. Graphic 4 shows the activity of the enterprises in those three directions.

**Graphic 4. Participation of the business in the business environment policy-making process through proposals**

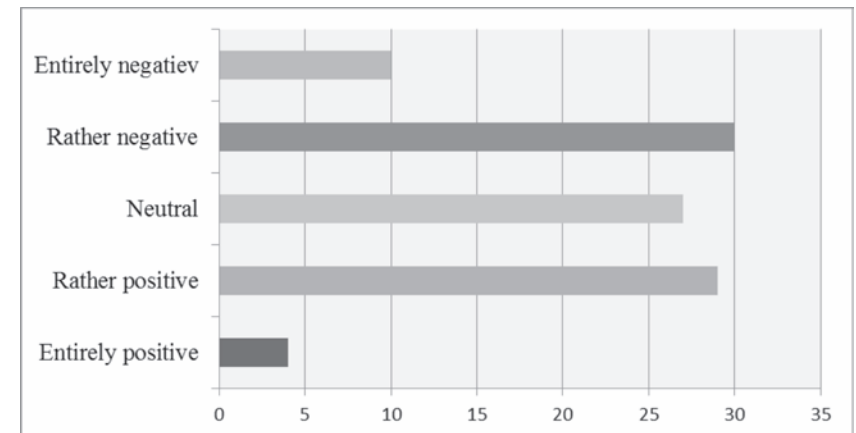


One part of the respondents says that they participate in surveys and they make proposals for improving the business conditions. In general, the big enterprises are the most active in all three directions. They are the most active in the public consultations – 50% of them participate in such debates, followed by the medium-sized enterprises which are also the most active in public consultations. Going from big towards small enterprises, the proposals are progressively decreasing. Micro enterprises, though, are more active than small ones. The small-sized enterprises account for wider participation in online forums for public consultations, which is just 5% lower than the participation of big companies.

The proposals of the business are taken into account in only 2% of the overall consultations, which is a total of four proposals and the respondents are respectively one micro enterprise, one small-sized enterprise and two big companies. 38% of the proposals have been taken into consideration only partially. The analysis shows that the medium enterprises have the smallest share of proposals, which have been taken into account – almost 23%.

The overall impact of the business environment policies to the economic subjects is positively evaluated by almost 5% of the respondents, while 10% of them have a completely negative perception. Almost 30% of the business remains neutral. The rest is comparatively equally divided, as the negative opinion prevails just a little bit, as shown in Graphic 5.

**Graphic 5. Impact assessment of the policies in the field of business environment**



A further analysis shows that micro enterprises give the most negative assessment of the business environment-related policies to their sector, followed by the medium-size companies. Respectively, only 1% of the micro enterprises and 6% of the medium ones give a positive assessment. 5% of the big business also gives a negative assessment, but that is also the share of positive assessments given by the medium-sized business. At the same time, the neutral position is the most widely spread among micro enterprises (31%), followed by the big ones (27%), small ones (25%) and then the medium-size enterprises (19%). In general, small and medium businesses assess positively the impact of the governmental actions towards improving the business conditions. There is a relatively equal division of assessments when it comes to the representatives of the big business.

#### **Improvement of administrative services**

The improvement of administrative services is closely related to the policies that introduce a complex administrative service and decrease the administrative burden on the business. Among the measures reducing

those burdens, are removal of disclosure requirements, failing motions and documents online, automatic collection of data, etc.

According to the study, only 10% of the business is fully aware of the state policy aiming to reduce administrative burden. 32% of the Bulgarian entrepreneurs and managers do not know about the actions the government takes in that direction. The more detailed analysis shows that this number is even higher among micro enterprises and it accounts for 37%. It is the lowest among medium-size enterprises – 21%. On the other hand, 14% of the big companies are aware of those policies, while the number for all the other categories is 9%. Most of the respondents are only partially informed (54-70%). However, when it comes to the effect of this policy to the business, less than 7% admit that there is any and less than 50% think that it is only partial. The differences between the representatives of the different business categories are huge: they vary from 2% to 23% whether there is any effect of the policies, and from 36% to 59% whether it is only partial.

According to the business, the improvement of administrative services will increase the effect of the measures that tackle the administrative burden in a first place. Summed up, 64% of the respondents prioritize that measure over wider consultations with the business (50%), preliminary discussions on the concrete proposals and measures (50%), increasing transparency of the policies and the respective measures (40%) , etc. While micro, small and medium-size business undoubtedly put the administrative services' improvement in a first place, the big business stresses out the need of increasing transparency of the results of the implementation of public policies.

On average, 60% of the Bulgarian business is periodically analyzing the expenses made in order to fulfill the regulatory requirements. 27% conduct a partial analysis. Periodical full data analysis is conducted among 73% of the big enterprises. Respectively, when it comes to the micro enterprises, this number is reduced by 19 percentage points.

Improving regulations and the efficiency of the public institutions are the most important conditions for better business environment in Bulgaria.

## Conclusion

According to the national enterprises survey that has been presented, the improvement of administrative services and the conditions for entrepreneurship and business should go more intensively through the processes of a deeper dialogue with the business, transparency and accountability.

The effect for the business environment of the conducted policies and of the measures that the government makes in order to decrease the administrative burdens will significantly increase when the administrative services improve, the business participates more in consultations, and the regulations improve.

## References

NSI (2013): Statistical data on the number of non-financial enterprises, available at: <http://www.nsi.bg/en/content/8231/number-enterprises> (last access: 22 April 2015)

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<sup>7</sup> The sum of the percentages exceeds 100 because of the option to check more than one response.