



BULGARIAN MANAGEMENT ASSOCIATION

Training for entrepreneurs

Introduction to entrepreneurship – definition and statistics for the European Union

TRAINING FOR ENTREPRENEURS

*Day 1: Introduction to the entrepreneurship — definition
and statistics of the EU*

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Entrepreneurship is a dynamic process where people continuously discover economic opportunities and act to develop, produce and sell goods and services. This process requires personal qualities such as self-confidence, risk-taking and personal responsibility.

Definition of the European Commission from 1998

In each country that has organized its economy on the basis of market principles (freedom of economic initiative, freedom of negotiating, freedom of entering into market, integrity of private property, etc.), small business have significant share in domestic product and ensures an important part of economic growth.

Thus for example in EU countries about 65% of the economic growth is ensured by small and medium enterprises. In USA over 90% of national business that includes about 14 millions of enterprises is implemented by companies with up to 100 employees. Furthermore, each state creates financial, organizational and legal prerequisites for assistance to the small and medium business.

In USA the role of coordinator assisting the creation and development of small business is exercised by USSBA (United States Small Business Administration) which is established in 1953. It represents the interests of small business in the Congress of USA, provides credits and public procurements, makes accessible specialized information and implements the training in the field.

The state creates by direct (public procurements, guarantees and credits) and indirect funding (tax releases, training, information) the necessary environment for the development of small business. Thus USSBA implements its constitutional designation — assistance and reproduction of what created it — private property. This is the way for creation of practical opportunity for establishment of a society of free, i.e. independent by the state people that are in the ground of each civil society and are a guarantee for the democratic development of society itself.

The analysis of small and medium business by researchers and specialists in most cases sets a clear dividing line between entrepreneurship and small business. Usually as entrepreneurship are considered high-tech and medium-tech enterprises while small business is assigned to the low-tech sector and fields of activity.

In most cases the division between is taken by innovations that ensure growth and attitude towards profit. That grounds the following logical structure: company introducing innovations is entrepreneurial, a company which does not introduce innovations is not entrepreneurial. But how we can explain with such a formula the facts that usually high-tech companies lead to releasing labor force, i.e. reduction of job places while during the last years over 20 millions of jobs in USA and over 6 millions of jobs in Western Europe are created by small business.

The cause for such consideration of entrepreneurship could be found as follows:

- entrepreneurship is considered as accumulation of wealth but not as a tool for implementation of society development;
- innovations are considered and evaluated as main source of growth;
- entrepreneurship is considered as a type of activity but not as essential characteristic, way of work, behavior, sign of the activity of individual, possible in all fields of human activity.

Entrepreneurial could be each business regardless of its profile, size and field of activity. As example could be mentioned Microsoft of W. Gates with its serial software introduced worldwide. Entrepreneurial is the behavior of a state university that opened simultaneously paid education along with the training granted by the state, as an additional funding source. Entrepreneurial is also the behavior of the teacher who, together with his/her team of students organizes production of new accounting product.

However, their purpose is not only profit, moreover, they would like to see their ideas covered by the practical solution, i.e. development of their idea and also of the practice along with it. Common between (although they have different objectives) is that they have strong impact (in direct relation with their place in the business) on the environment where they function and particularly contribute for its development.

This allows us to summarize that entrepreneurial is each business that finally leads to development of environment and society as entrepreneurship in small business is each small manufacturer, merchant, scientist, who discovers, creates and offers new benefits for society.

During last years passing from centralized to market economy and characterized with freedom of economic initiative in Bulgaria thousands of small and medium enterprises have been established. Over 90% of all enterprises in the EU countries are also small and medium enterprises (SME) providing over 60% of overall employment of labor force.

Small business as a form for expression of opportunities and skills of an individual as well as a tool for development of Bulgarian industry has significant chances to acquire the characteristics of entrepreneurial small business. If we summarize the results from researches done by various organizations and experts several important advantages could be mentioned as regards the development of small and medium enterprises in the country:

- they are source of enhancement the competition of market;
- they are a generator of new job places;
- they are more flexible in crisis situations;
- they have more flexible internal organizational structure and opportunity for faster and easier introduction of innovations;
- they are a favorable place for development of entrepreneurial skills and business culture;
- they are closer to the end user and satisfy the needs faster and more effective.

Several scientific academies are known in the field of entrepreneurship:

French Academy. Most outstanding representatives are Richard Cantillon and Jean-Baptiste Say. According to their theory an entrepreneur is each individual who has the ability to foresee the situations, who is ready to risk looking at the future and hoping for a profit but also ready to stand loss.: i.e. a person acting in risk conditions. Say introduced a new consideration of entrepreneurship as a function of those who need capital and different from those who have the capital. The accent is on the leadership qualities of entrepreneur, researches the behavior motives depending on personal characteristics, business sector, country and geographic area.

Austrian Academy. Most outstanding representatives are Ludwig von Mises, Hayek, Joseph Schumpeter. According to their opinion most important is not to do the others do and not in their way. They consider that the ground of entrepreneurship is the innovation and not the ownership of enterprise. By that mean entrepreneur could be each person who implements new combinations from manufacturing factors regardless whether is an employee in joint-stock company, state employee or manager of enterprise. The competition is considered as a process of demand of the new in conditions of uncertainty where in the center is the entrepreneur.

American Academy with representatives Peter Drucker (considered as a father of entrepreneurship), Kirshner, Haynemann, Vesper, Timons, etc. They also relate entrepreneurship with uncertainty and risk but also focus on the change that is used as an opportunity. Peter Drucker links the entrepreneurs, innovations and development in an integrity and focus on "opportunity". According to him the mind of entrepreneurs is structured so they could see opportunities but not the problems resulted from changes.

What is the place and role of small business in European and Bulgarian economy.

Considered as a process of discovering and implementation of new opportunities for expansion and better satisfaction of multilateral needs of people, entrepreneurship finds specific expression of all types and forms of public activity. Practically most widespread is the relation of entrepreneurship with small business as the entrepreneurship means creation or acquiring of own enterprise (company). The small and medium business consists of: micro-enterprises, small and medium enterprises (SME).

For the European Union entrepreneurship is:

- an important factor for enhancing competitiveness, creation of jobs and source of economic growth;
- way for discovering personal potential;
- important for the society as a whole.
- The EU policy regarding entrepreneurship aims:
- to stimulate entrepreneurship initiative in Europe;
- overcoming the insufficient ability for risk assumption;
- ensuring and maintaining of favorable business environment;
- reducing the obstacles for business growth;
- balance of risks and benefits for entrepreneurship;
- building a society that appreciates entrepreneurs.

The Single EU Market is the largest single market in the world. Over 25 millions of enterprises operate on its territory. It is established in 1993 and is based on following main principles:

- freedom of movement of goods, services, people and capitals;
- freedom of competition;
- single currency;
- common trade and customs policy;
- single taxation and budgetary policy;
- common agricultural policy resulting in common organization of agricultural markets.

Bulgarian entrepreneurs could benefit from chances that EU market provides — enlarged market of goods and services, technological upgrade of manufacture, more investments, opportunity for absorption of Structural funds.

Small and medium enterprises play more and more important role in Bulgarian economy. They are 99% of all enterprises in the country, implement 75% of total turnover and create 61% of added value in private sector. About 60% of long-term assets of private enterprises are concentrated there. The number of SMEs in Bulgaria exceeds 221 000 that is 99.3% of all enterprises. Prevailing are micro-enterprises (with 1 up to 9 employees), that are 198 727 or 89.8% of SMEs. Small enterprises (with 10 up to 49 employees) are 18 900 or 8.5%. The smallest is the group of medium enterprises (with 50 up to 249 employees) — 3 600 or 1.6%. Large enterprises in Bulgaria are 561.

- Over 1 1180 000 people are employed in SMEs that provides more than 3/4 of employment in enterprises (77.9%).
- SMEs generate annually over 7.5 billion BGN or 58.4% of added value, including macro-enterprises — over 1.9 billion BGN, small enterprises — over 2.5 billion BGN and medium enterprises — 3.1 billion BGN.
- The contribution of SMEs to the gross domestic product (GDP) of Bulgaria is significant — 19.2 % including: micro-enterprises — 4.9%, small enterprises — 6.5% and medium enterprises — 7.8%.

During the last years there is a favorable trend for annual growth of SME contribution as in added value as well as in GDP. However, the labor productivity of SME is twice lower than in large enterprises as in micro-enterprises it is 3.9 times lower. As regards the profitability the proportions are identical. As much the enterprises are smaller as much smaller is their profitability. The profitability of SME which is averagely 6.2% is twice lower than this of large enterprises. Profitability as a profit for 1 employee in micro-enterprises is BGN 2500, for small enterprises it is BGN 3600, for medium enterprises it is BGN 4400 as for the large enterprises it is over BGN 9500.

Employees in small enterprises have relatively lower education and qualification. The salary per employee in SME is 58% of average salary in large enterprises. In most cases small enterprises use primitive or outdated equipment and technologies, as they are energy consuming as there are no own funds for upgrade. Bulgaria commits to implement the principles of European Charter for Small Enterprises by the opinion of European Commission is that small enterprises are not enough developed. Over the half (54.4%) of SMEs are concentrated in the sector of commerce, 12.7% in processing industry, 11.2% in real estate sector and business services, 9.5% in hotels and restaurants, 64% in transport, storage and communication sectors. The dynamic of entering and quitting the market by SME depends in large degree of availability of opportunities for overcoming the obstacles before business, most typical of which are licensing, registration and permission requirements. Strengths and weaknesses, opportunities for development and threats for Bulgarian SMEs are outlined by the SWOT – analysis of the state of play of SMEs in Bulgaria.

Shaping of appropriate economic and legislative environment for functioning of small and medium business is a complex and long term process. The legislative conditions for functioning and development of small business play significant role for the changes resulting after 1989. Problems and difficulties that small and medium business created in Bulgaria faced are a result as from the crisis due to the transition period towards market economy as well as from the legislative basis that lack until 1999.

The legal framework for development of small business currently is characterized with a number of legislative acts and regulations that regulate different aspects of the small business activity. Some of the regulations concern functioning of small and medium enterprises with different fields of economic activity as other are common for the business.

Currently small and medium enterprises in Bulgaria are over 200 000, i.e. over 90% of registered economic units. Therefore a large part of regulations for creation and regulation the activity of companies concern mainly the sector of small business.

The main legislative regulatory framework for small business is set by the SME Act. It has been adopted at later stage related to other regulations. By that reason there was a need of several changes for its harmonization with already acting regulations.

The Public Procurement Act and their Regulation (April 2000) also contributed to the creation of legal regulation for SMEs. Opening of a public procurement procedure contains a set of additional requirements according the law. The contractor has the right to include also some additional requirements among which conditions for encouraging SME participation. When evaluating the offers in the bid, in equal conditions the advantage is for applicants that are or subcontracted SMEs. The quality of SME is proved by registration in the Register of small and medium enterprises to the SME Agency. It should be mentioned that inscription in the register is voluntary as it does not perplex entrepreneurs and has a meaning of announce. Inscription in the register seems to be necessary for SME in participation in a small public procurement procedure.

Preferences and alleviations for small business are created by the Competitiveness Protection Act. In order to enhance competitiveness of SMEs, Committee on Protection of Competitiveness could discharge a SME from prohibitions for contracts, decisions and agreed practice aiming at or resulting in limitation of competitiveness. Discharge of SME from such prohibitions concerns determining of prices, commercial conditions, distribution of markets or supply sources, conditions for same types of contracts, etc.

Other regulations concerning the SMEs activity and providing favorable conditions for entrepreneurs are: Act for Restructuring and Privatization of Public and Municipal Enterprises, Act for Protection in case of Unemployment and increasing Employment, Regulation 208 of the Council of Ministers for adoption of a National Regional Development Plan for 2000-2006. Besides aforementioned regulations there are a number of international agreements and acts that have impact on development of SME in Bulgaria.

An important stage of small business development has been set with adoption of National Strategy for Promotion of SME Development. The implementation of the Strategy aims at achievement of results in following directions:

- Development of private property, freedom of competition and entrepreneurship;
- Creation of new jobs with relatively low capital investments;
- Enhancement of SME export activity;
- Introduction of high-tech manufacturing;
- Encouragement the investments in the SME sector;
- European dimension and internationalization of SME.

Concrete measures are determined for accomplishment of priority goals including: simplifying the administrative and regulatory framework of SME, enhancement of their financial servicing, enhancement the competitive environment and competitiveness of SME. The work program of the Strategy contains short-term, medium-term and long-term initiatives of different institutions related to SMEs.

The overall regulatory framework for SME development is created in general. However, it is characterized with some inconsistency, instability, as its effect on the development of small business in contradictory in certain cases. Some amendments and additions are necessary to the acting regulatory framework as well as improvement of the practice of implementation so a common favorable environment to be created for development of entrepreneurship and compliance to be achieved with the EU legislation.

In the first years of transition to market economy in Bulgaria there was no state policy for encouragement the development of small business. Spontaneous actions in that field were done during the years but they were not a subject of the common strategy and their efficiency was very poor. As an example could be mentioned the lack of regulations for the activity of small business as well as the inefficiency of the Small Enterprises Fund. Practically the consistent state policy for assistance to the small business is developed since 1997. Except regulatory framework of the small business sector during the period has been created also and institutional framework needed for the formulation and implementation of state policy concerning small business.

A public support to the small business has been built that is expressed in the appearance of non-governmental voluntary associations and formations as well as in the provision of concrete funding opportunities, trainings for entrepreneurs, etc.

The state policy in the field of small and medium enterprises is based on both complementary approaches:

- creation of a common favorable business environment, and
- concrete assistance for starting and development of SME by direct support to the entrepreneurs.

The main objective of the first approach results from the assumption that the development of SMEs depends directly on availability of favorable business environment. In this approach main measures for application of the policy are reduction of administrative and legal obstacles, reduction of the obstacles in trade, privatization and demonopolization, enhancement of taxation as well as creation of positive public attitude and entrepreneurial culture.

The second approach is implemented by various programs for supporting entrepreneurs in solution of a number of concrete problems — preparation for starting of business, funding, investments company growth, quality management, export activity, training and development of employees, etc., that are executed by funds and programs of sectoral ministries.

State policy and external environment where small business operates should be considered in different directions. Such directions could be summarized as administrative policy and business environment, regional aspects of state policy, funding of small business, informational, consulting and educational support, sectoral policy and employment policy in particular insurance policy and taxation policy of the state concerning the small business.

Administrative and legal policy

Recent legislation had contradictory effect on the development of small business. A number of amendments had to be done in administrative procedures, licenses and permissions.

For example, the bidding procedures in public sector have been facilitated as well as the procedures in the field of public procurement.

Since 30/07/1998 the BULSTAT number is considered as a single registration number for identification of economic and other entities that act on the territory of Bulgaria. BULSTAT number replaces the tax and customs number. The new Statistics Act was adopted in 1999. It regulates the introduction and using the BULSTAT register.

The payment mode has been changed as some limitations for import and export of cash have been removed by the introduction of the Currency Act. The National Standardization Act repealed entirely the obligatory character of Bulgarian standards (about 13 000) that released business from outdated regulations that have not been changed for decades. Part of license and permissions modes have been removed (14 for 1999) as well as other amendments and releases have been introduced.

The average number of administrative procedures for starting of new business in Bulgaria is 10 as the country is placed on 36 place in the world ranking. For comparison Canada requires only 2 procedures but in Poland, Slovakia, Greece, etc. this number is higher than in Bulgaria.

The days for starting new business in Bulgaria is 30 as the country is placed on 16 place. For example, in Slovakia starting of new business needs 125 days.

The cost of procedures for starting new business in Bulgaria is relatively low — USD 120 that places Bulgaria on the 6 place — far ahead before other states in transition. In Hungary this cost is USD 3 143. The cost of procedures compared with GDP per capita in Bulgaria is 7.9% since in Hungary it is 66.7%.

The number of procedures for dispute resolution in Bulgaria is 26 thus placing the country on 56 place. The less procedures in that field are required in France — 10.

The number of days for trade dispute resolution in Bulgaria is 410 thus placing the country on 61 place. The less days for resolving of such disputes are needed in Tunisia — only 7 but in Poland such cases need 1000 days and in Slovenia — 1003.

Now the main priority in that field is simplifying the administrative and regulatory framework. At current stage efforts are focused in two directions: On one hand, measures have been undertaken for enhancement of administration as a whole as on the other hand concrete changes in legislation have been made oriented also to decrease of administrative burdens for business.

In order the functioning of state administration to be enhanced two legal acts have been adopted — State Administration Act and State Employee Act. The higher requirements for state employees contained in the aforementioned regulations have been amended by the ethic regulations covered by the State Employee Code and adopted in the beginning of 2001 by the government. A Regulation of conditions for the Register of administrative structures and regulations of executive authority for assisting the communication with administration has been adopted for facilitating the contacts with administration.

According to the Regulation in the administration of the Council of Ministers has been created a Public Register on the Internet website of government. The Public Register is very useful for entrepreneurs and owners of small business as it contains information about all state and municipal bodies (governing bodies, administrative structures, functions of administrative structures, name and address, including Internet address, etc.), about regulations regulating their activity as well as individual administrative acts issued by the relevant bodies.

The measures for releasing of administrative burdens for business on the second direction are expressed more specifically in the new adopted regulations that provide enhancement of administrative services for entrepreneurs and owners of small business in certain fields. Thus for example the release of administrative services for entrepreneurs and owners of small business is executed also by amendments in regulatory framework that regulates the foreign trade. According RCM 233/08.11.2000 about the foreign trade of Bulgaria, since 01/01/2001 there is a regime for obtaining the necessary permissions and registration of foreign trade deals, as the regime stipulates that the permissions and registrations are done by the competent authority (Ministry of Culture, Ministry of Agriculture and Forestry, Ministry of Finance, etc.) as official information is provided also to the Ministry of Economy. For comparison, the former regime required entrepreneurs and owners of small business to obtain agreements by competent authorities as after they should submit documents for permissions and registrations that have been issued only by the Ministry of Economy.

The legal act concerning administrative services for private and legal entities that has been adopted in the end of 1999 is important for regulation of administrative procedures related to the issuing of licenses, registrations and agreements. The legal act requires respecting of the principles of legality, promptness and accessibility in administrative services. One of the main requirements of the legal act is administrative services to be provided in high quality and comfortably for legal and private entities.

The legal act is applied also in administrative services provided by organizations that operate in the field of public services (water supply and sewerage, heating, electricity, gas supply, etc.). There is an explicit regulation that documents required from companies should be only these that are stipulated in a regulatory act.

It should be stressed that adoption of the legal act does not mean resolving of all administrative burdens by two reasons:

Firstly, the legal act concerning administrative services for private and legal entities is not sufficiently known and is not always applied.

Secondly, the application of the act is subsidiary that means it is used only where there are no special regulations concerning administrative services in certain fields.

As regards administrative field, the state policy for promotion of small business is assisted by the right of private and legal entities for access to public information (according the legal act concerning the access to public information).

Access to public information should be granted within 14 days starting from the day of submission of the request. Public information is not an information that concerns administrative services for enterprises.

Regional policy

Shaping of a regional policy reflects on the small business development because within the regional development .policy small and medium enterprises are considered as a tool for achievement of priorities of the regional policy

Explicit texts regarding the functions of local authorities could be found in Art. 19 of the SME Act. The texts include activities such as elaboration and implementation of programs for encouraging of small and medium enterprises, cooperation for implementation of training programs and programs for capacity building of small and medium enterprises.

According to the legislation concerning regional development the institutional framework for implementation of regional development policy is enhanced and better conditions for coordination and partnership are created as well as for better presentation and accounting the interests of small and medium enterprises in elaboration and implementation of regional development plans. Small business obtained the opportunity to be presented in the regional development councils. Along with new created councils the responsibilities for development and implementation of the national regional development policy are distributed among bodies and authorities at national, regional and municipal level.

In 2000 were shaped the planning regions of Bulgaria as state-public consultative committees for economic and social cohesion (CESC) of the regions were established. The committees are established for implementation of projects and programs co-financed by the EU programs in the field of regional development and economic and social cohesion as well as to implement the interaction with regional development councils, Regional Development Council of the Council of Ministers and central bodies of executive authority.

The National Regional Development Plan (2000-2006) provides measures differenced by regions for targeted impact where a place is separated for promotion of small and medium enterprises especially in areas that need diversification of economic structure (underdeveloped rural areas and areas with industrial drop down).

A National Plan for development of agriculture and rural areas has been developed in 1999 as it determines the priorities and objectives in development of Bulgarian agriculture for the period 2000-2006. The national plan contains clear defined measures and tools aiming at development of effective agricultural manufactures, competitive food sector and sustainable development of rural areas.

That means entrepreneurs and owners of small business in the field of agriculture, food industry and rural tourism could apply for funding under SAPARD Program on regional principle by relevant offices of the program.

Sectoral and employment policy

The national policy regarding small business is implemented by elaboration and approval by the Ministry of Economy and Regional Development Council of sectoral policies and concrete sectoral strategies for development of certain sectors.

The National Plan for economic development provides special measures for SME development on the basis of detailed analysis of trends in social and economic development of the country.

Regional employment offices and regional employment councils have been established for the implementation of employment policy. National projects and regional employment programs are implemented by them.

Implementation of the state employment policy includes a complex of actions in three main directions:

- First direction is the partnership in building of organizations that support small business;
- Second direction includes encouraging of unemployed to start independent economic activity;
- The third direction stimulates job opening by employers from small enterprises.

National employment offices participate as partners with regional employment offices and labour offices in building of structures that assist small business: business centers, incubators, regional development agencies, local informal structures (employment councils, consultative groups, etc.).

The cooperation is implemented by joint actions of enterprises with these structures with regard to the information, consulting and adequate qualification of stakeholders, assistance in preparation of documents (business plans, forms, etc.) as well as participation in the development of initiatives for promotion of small business.

Following projects of UNDP resulted from such partnership: Project BUL/97/012 — "Program for promotion and assistance for business" and Project BUL/97/013 — "Providing economic opportunities for women in the Devin region".

On the second direction of the employment policy, the National employment office ensures support for unemployed by the labour offices as:

- Informs, motivates and consults unemployed people how to start small business. Consulting are provided in the field of business plan development, specialized literature is provided as well as handbooks and manuals related to knowledge and skills for small enterprise management.
- Unemployed persons that are authorized to receive financial compensations and who wish to start economic activity independently or jointly for production of goods and/or services could receive all the funds in one after approval of a project by the labour office. If the project provides employment for other family member who have the right to receive financial compensation, the aforementioned right is eligible for each person. Such persons could be involved in training for professional qualification funded by the Retraining and Unemployment fund.

On the third direction currently is functioning the program of the Ministry of Labour and Social Policy "Assistance for retirement". It has started in November 2002 and will act until 2005 as it is focused on support for long-term unemployed with age close to retirement. Regardless the program is oriented to unemployed it supports indirectly also employers. The program covers costs for salaries and insurances for the aforementioned groups of persons if the enterprise hires them under labour contract. Advantage should be given to unemployed that have only one year to retirement or have the required age but do not have enough employment history.

One of the objectives of the program is to use the expert opportunities of unemployed in pre-retirement age especially these with higher education and qualification, for assisting the employers in their activity and transferring the experience between generations.

For each municipality the Employment Agency will define concrete quote of job places depending of the number of potential participants in the program from the relevant region. For involvement in the program employers sign contracts with the regional labour offices and recruited persons. Funds for 14 000 people recruited under this program are ensured in the National employment plan for 2003

The incentives provided for sole traders that create jobs ensured by legislation includes reimbursement by the Retraining and Unemployment fund of 12 monthly payments for social insurances for the first 5 recruited unemployed if their jobs are guaranteed for 24 months.

This policy is not always effective due to following reasons. Firstly, in conditions of unstable economic environment private manufacturers could not guarantee employment for such a long period. On the other hand, existence of "gray" economy is favorable for breaking the law, including labour one. With this regard employers are eager to recruit staff using illegal forms that "releases" them from payments for social and health insurances.

Changes and reform in social insurance as well as the introduction of health insurance also implicate changes in the SME development.

Insurance burden for employers is slightly reduced but is still very high. Actually the insurance burden is neutral for different employers, there are no preferences for employers from small business, except the preferences for sole traders to create new jobs (Art. 63 of the Act).

Although providing reduction of taxation burden for employers as an advantage, the new insurance system creates administrative problems especially for micro-enterprises. Such problems are: calculation and transferring of insurance payments in the funds and assumption of a part of debts for short-term insurance including payment of compensations.

Along with that the new pension and health insurance voluntary funds give much more opportunities for a targeted employment SME policy.

The Code for obligatory public insurance entered into force since the beginning of 2000. That was the start of practical reform of the Bulgarian pension system. One of the important changes concerning small and medium enterprises is the reduction of insurance burden for employers. The insurance payments for age, general disease and maternity, unemployment and sickness are distributed in ratio 75:25 (employer – employee) in 2002.

During the next years this ratio will change as follows: 2003 — 70:30; 2004 — 65:35; 2005 — 60:40; 2006 — 55:45; 2007 and after — 50:50 (employer/employee). The ratio from 2002 is valid for 2003.

Following regulatory changes in social insurance have been adopted in 2002:

- Insurance payments for unemployment paid to the Retraining and Unemployment fund are removed. The payment of 4% for unemployment should be paid to the accounts of state public insurance of the relevant unit of the National Insurance Institute.
- Payments from employee and employer are made in once with one order for facilitation of enterprises.
- The amount of payments for first, second and third category labour has been changed.

Since the beginning of 2003 there is a commitment for creation of well structured and transparent system for recruitment and dismissal of employees and officials and determination of insurance incomes. In order informal recruitment of employees without labour contract and well known "cash payment" to be removed, the state regulates the obligatory registration of contracts. When signing a contract with an employee the employer is obliged to submit a letter within 3 days to the regional office of NII. The deadline in case of dismissal is the same — 3 days. Contracts signed before 01/2003 are to be registered until the end of April 2003.

A minimum monthly size of insurance income by qualified groups of professions and economic activities is introduced according to the legal act concerning the budget of state public insurance for 2003. Due to its volume it cannot be provided in this document. The legal act stipulates the minimum insurance income divided by following groups of professions — managers and employees, analytical specialists, applied specialists, assistance staff, servicing staff, security and trade, manufacturing staff in forestry and fishery, qualified workers, machine operators, operators of facilities, transport utilities and low qualified workers. Economic activities are various, for example rural economy and forestry, production of mill products, production and casting of metal, etc. Aforementioned incomes are minimum threshold on which base will paid the insurances.

In a number of segments the new social insurance system have direct impact on the small business. Positive for development of small business are the changes related to the reduction of insurance burden for employers. Introduced are: preferences for traders working under patent tax, upper limit and lower limit on insurance income for self-employees, release from taxation for additional voluntary pension insurance by sole traders. Decrease of taxation and insurance burden reduce the cost of work force and (it is expected to) create prerequisites for opening of new jobs and reduction of the scale of irregular employment and self-employment. Establishment of a new insurance culture among entrepreneurs and owners of small business is the other positive change that is expected by slight introduction of the new social insurance system. The reform in social insurance requires as from owners of SME as from recruited persons to know and respect the requirements of legislative framework.

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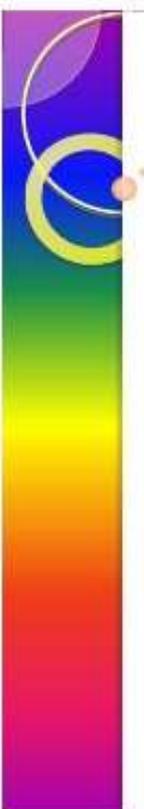
IPA CROSS-BORDER PROGRAMME
CCI2007CB16IPO007



PROJECT "CLUB ENTREPRENEUR"

№2007CB16IPO007-2012-2-11

- Entrepreneur training
 - 13-15 June 2014
 - Kraishte, Blagoevgrad



TRAINING FOR ENTREPRENEURS



**Introduction to the entrepreneurship – definition and European
Union statistics**



- About 65% of the economic growth in the EU countries is provided from the small and medium enterprises. More than 90% of the national business in the USA, including about 14 million firms, is implemented by companies with up to 100 people personnel.
- Entrepreneurial is any business which will lead to the development of the environment and the community, eventually. And entrepreneur, in the small business, is each and every minor manufacturer, trader, scientist who discovers, creates and suggests new benefits for the society.



Small and middle enterprises development advantages

- they are source of the increasing market competition;
- they are generator of new employment;
- they have grater flexibility in times of crisis;
- their internal organizational structure is more flexible and they have the possibility for a quicker and easier innovations implementation;
- they are a favorable place for developing entrepreneurial skills and business culture;
- they are closer to the end user and they have the ability to respond it's needs faster and more efficiently.



French school

The brightest representatives are Richard Kantalion and Jean-Baptiste Say.

- Entrepreneur – each individual who is capable of predicting, risk taking, forward looking, profit hoping, but also ready for losses: i.e. a person acting in terms of risk.
- Say brings in a new entrepreneurship interpretation – as a function of those who need capital, in distinction of those who own it. He also puts an accent on the entrepreneur's leadership qualities, studies the behavior grounds depending on the personal characteristics, the work field, the country, the geographic area.



Austrian school

- Most outstanding representatives are Ludwig von Mises, Hayek, Joseph Schumpeter.
- Entrepreneurship's main idea is not about just owning the company but bringing in new, fresh ideas in the business sector;
- Entrepreneur could be any person who realizes new combinations out of the production's factors no matter if is a joint-stock company employee, a public servant or an enterprise manager.



American school

With representatives: Peter Drucker (considered to be “the founder of modern management”), Kirzner, Hyneman, Vesper, Timons etc.

- They associate entrepreneurship with uncertainty and risk also but meanwhile they put an emphasis on the changes, as a chance for progress.
- P. Drucker puts the entrepreneurs, the novelties and the growth in a single whole and focuses on the “opportunity”. According to him entrepreneur’s mind is set so as they can see the possibilities not the problems, brought by the changes.



Small business significance in the European and Bulgarian economy

For the EU entrepreneurship means:

- An important factor for increasing the competitiveness, opening new job positions and providing an economic growth;
- It’s a way of letting someone’s potential out;
- It’s important for the community as a whole;

The EU policy regarding entrepreneurship, aims:

- Stimulating the entrepreneurial initiative in Europe;
- Overcoming the insufficient risk taking;
- Providing and supporting favorable business environment;
- Limiting the business growth barriers;
- **Balancing** the risks and the benefits for the entrepreneurship;
- Building a community which appreciates the entrepreneurs;



In Bulgaria:

- The amount of SMEs exceeds 221 thousands, which is 99,3% of all the companies;
- The micro enterprises (with up to 9 employees), which count 198 727, or 89,8% of the SMEs, dominate.
- The small enterprises (with 10 to 49 employed) count 18,9 thousands, or 8,5% of the SMEs.
- The minority is the group of the middle enterprises (with 50 to 249 employed) which counts 3,6 thousands, or 1,6% of the SMEs.
- The large enterprises in Bulgaria are only 561.
- The contribution of the SMEs in the country's gross domestic product is considerable – 19,2% of which: 4,9% for the micro enterprises, 6,5% - small enterprises and 7,8% - middle enterprises.



National strategy for promoting the SMEs growth

- Developing the private property, freedom in the competition and the entrepreneurship;
- **Opening** new job positions with relatively small amount of capital investments;
 - **Increasing** the export activity of the SMEs;
 - **Implementing** the high tech producing;
 - **Encouraging** the investment in the SMEs sector;
 - **Europeanization** and internationalization of the SMEs.



SMEs national policy is based on two mutually complementary approaches:

- **creating a common conductive business environment and**
- **supporting the startup and the progress of the SMEs by providing an actual support for the entrepreneurs.**



Administrative Law Policy

- In Bulgaria the average number of administrative procedures to start a new business is about 10 and we're 36th in the list. In Poland, Slovakia, Greece etc. the number is even bigger. In comparison in Canada it only takes 2 procedures.
- In Bulgaria the number of days required to start a new business is 30 and we're 16th. In Slovakia – 125 days.
- In Bulgaria the value of the procedures to start a new business is relatively low – 120 dollars, which puts us on 6th place – much before other transition countries. In Hungary this costs 3143 dollars. Comparing these rates with the GDP per capita, in Bulgaria it's 7,9% and 66,7% for Hungary.



Regional Policy

- The institutional framework for conducting Regional policy is improving based on the regional development legislation. Working out and implementing the Regional development plans, better terms of coordination and partnership are established, as well as for better interests presentation of the SMEs. Small business is given the opportunity to be represented in the Regional Development Councils. Along with the newly established councils the responsibilities for developing and implementing the National Regional Policy are distributed between authorities and institutions on a national, regional and local level.



Social and employment policy

Applying the National Employment Policy includes a set of actions in three basic directions:

- Firstly – partnership in building SMEs supporting organizations;
- Secondly – encouraging the unemployed towards setting up own business;
- Thirdly – stimulating the SMEs jobs opening.



EXERCISES



EXERCISE 1: WRITING PURPOSES

- Think about your SWOT analysis and problems, which you defined for your firm.
- Basing on this problems and working individual, use the instructions to define of purposes and think of one purpose for your strategy.
- Write the purpose on the flip chart , so everyone can see it. Discuss it with the group and determine if it corresponds to critical problems , identify to the firm and if it's good formulated and defined for the firm.
- Choose one of the purposes which is well defined and answers the specific problems of the firm. Write it on the flip chart, present it and discuss basic elements of the purpose in the group.



EXERCISE 2: RELATION BETWEEN VISION, LONG-TERM AND SHORT-TERM PURPOSES

- Work with the group of entrepreneurs and define local economic framework and potential problems, using your own SWAT analysis.

Task 1

Discuss the following with the group, basing on this materials.

- Vision
- Four long-term purposes for development
- Two short-term purposes for each of long-terms
- Make a structure of your answers, using Table1.

Task 2

- Think about the results that you want to reach in each of long-term purposes. Select at least one of the results and write it in Table1.
- Be ready to explain how your choice is related to the SWAT analysis and the vision.
- Write the information on the flip chart and select speaker.



EXERCISE 3: SELECTING A BUSINESS PLAN

- Work with the group
- Look trough the matrix of long-term goals, defined in exercise 1 and 2. Implement the following problems for each of them (8 long- term goals) :
 - Make a list of all kinds of business plans, which would be helpful for the realization of each long-term goal. Write the long-term goals and business plans which are connected with them on the flip chart.
 - Save the materials on a file, so you can use them on the 2nd day of Modul 3.



EXERCISE 4: SELECTING A BUSINESS PLAN

- Work with the group.
- Use the matrix from ex.:2 and ex.: 3 from module 3. Look over the long-term purposes that you defined and business plans that will be helpful to realize these purposes.
- Look through each purpose, discuss it and think about all of the projects, that would be helpful for realizing it. Make a list.



EXERCISE 5: LINKING PROGRAMS AND PROJECTS

- Use table 2 and 3 "Examples for business plans and projects".
- Work with the group.
- Fill in the blank columns in table 2 with programs." for each one of the projects related to the particular business plan. Fill in the blank columns with projects of development using the list of projects from exercise 4. Put "X" in each row contains a program related to the particular project.
- Think in your group how this information could help you to select projects in your firm.



EXERCISE 6: PRIRITIZATION OF PROJECTS

- By using the results from ex. 4 and ex. 5, enumerate the projects of development which you can use to realize your goals.

Step 1

- List all the projects from ex.:5 which corresponds to the following criteria. Use table 4 to rate them.
- Number each project.
- Using the following criteria put points on each project: 1 point-low ranking , 2 points-average ranking, 3 points- high ranking
- Effect of the project and contribution to short and long-term purposes.
- Prior conditions.
- Resources.
- Organizational capacity skills and available stuff.
- Potential influence on some of the long-term purposes
- Visible results in 2-3 years

Step 2

- Calculate the points for each project and sort out the projects.
- Write the results on the flip chart.
- Select a speaker to stand up your choice.
- **Make a copy of the list with projects so you can use it for the next exercises.**



EXERCISE 1: ACTION PLAN PROJECT

- Using the model from exercise(Table A1), Work in team from your group.
- Select two projects from the projects identified in exercises from module 3 or that you've made a strategic planning. Project can't be related to one long-term purpose.
- Think over the different components of the plan for development of your firm. Work in your group and discuss particular elements from the action plan and reach an agreement about most appropriate answer for each element. Make an action plan for each project.
- Remark where you miss information to finish this plan and think how to find it.
- Be ready to discuss your action plan.



EXERCISE 2: ANALYTICAL RISK ASSESSMENT

- Read the casus „Action plan project“, which is part of the exercise /table 2/. Discuss the following items and fill the form in appropriate way.
- Identify four risk factors, that would be negative for the project. The cell in table 3 named “Scenario” is the same like description of the project. Fill the form of the risk analysis/ table 3/ for each of the four risk factors.
- Discuss the essence of each risk. Think what would happen trough each risk and what are the conditions of its existence or appearance.



EXERCISE 2: ANALYTICAL RISK ASSESSMENT CONTINUATION

- Think of probability of the risk and its effect on the success of your project if it appears.
- Propose a solution or measure against each potential risk to prevent or limit the consequences of it.
- Please notice that comparing the efforts for removing or correcting the risk, with the chances of it's appearance and the consequences of it, you can do nothing.
- Use the form to documenting your answers.
- You would be asked to defend your decisions and then you'll be given with an alternative solution. Discussionsingroupareimportantand recommendable.
- Save the form and your answers for the planning session.



EXERCISE 3: ORGANIZATION PERFORMANCE

- Work in group.
- Based on your strategy of development of the programs and projects and available resources for realization, think over and do the following tasks.
- **Propose an organization structure for realization of the plan for development. Identify the three basic reasons why this is the best solution for you.**
- Explain how the chosen structure will be established, funded and about the way of reading the results. Call the potential obstacles and problems which have to be solved with establishment and finance of the organization structure.
- Make a profile of the types of personalities which will work in your main team and identify kinds of skills that this team would have to demonstrate. Give an estimate about the necessary finance.



EXERCISE 3: ORGANIZATION PERFORMANCE-CONTINUATION

- Relying on the structure, chosen by you and the given plan for development, identify the most suitable people for you main team to be involved in the realization.
- If you're based on your plan for development, which persons or group of people, would have to be involved in the realization of the project?
- Which partner organizations and instructions you think are crucial in the project realization. What would have to be their role in management and co-ordination of the project?
- Prepare a flip chart, using this information and define an announcer , who will present your conclusions.
- Save your conclusions so you can use them for planning the establishment of the project.



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**THANKS FOR YOUR
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PROJECT “ENTREPRENEURS’ CLUB”

№2007CB16IPO007-2012-2-11

- ∞ Training on entrepreneurship
- ∞ 13-15 June 2014
- ∞ Kraishte, District of Blagoevgrad



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Effective Manager





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Identifying of job requirements

- ∞ Why is it so important to determinate the job requirements?
- ∞ How to determinate the job requirements?
 - ∞ Job analysis
 - ∞ Job description
 - ∞ Preparing of job description



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Analysis of the job position

- ∞ What are the main activities?
- ∞ What is the frequency of performance?
- ∞ What are the results?
- ∞ What are the basic requirements of the job position to the employee?
- ∞ What is it that he/she should know and can do?
- ∞ What is the link between this job position and the other job positions in the company?



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Job description

- ⌘ Job title
- ⌘ Location
- ⌘ Object/Aim of the job
- ⌘ Subordination – of who he/she is subordinated
- ⌘ Relationships
- ⌘ Physical working conditions
- ⌘ Work content
- ⌘ Safety issues
- ⌘ Salary and working conditions



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Preparing a job description

- ⌘ Skills
- ⌘ Knowledge
- ⌘ Experience
- ⌘ Behavior

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Preparing of Want-ad

- ☞ Logo
- ☞ Brief information about the company
- ☞ Job title
- ☞ Key elements of the profile
 - ☞ Education
 - ☞ Professional experience
 - ☞ Language skills
 - ☞ Computer literacy
 - ☞ Personal qualities
 - ☞ Responsibilities of the job position
- ☞ Offer
- ☞ Deadline for submission of documents, email and/or phone number, contact person

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Interview for the selection process

- ☞ What do you need?
- ☞ What does the candidate need?
- ☞ What do you need for the interview?



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Type of interview

- ⌘ Depending on the number of participants, the type of interview could be:
 - ⌘ Individually
 - ⌘ As a group
 - ⌘ Panel type
- ⌘ Depending on the focus of the questions, the type of interview could be:
 - ⌘ Traditionally
 - ⌘ Situational type
 - ⌘ Behavioral type



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Type of interview

- ⌘ Depending on the degree of standardization of the questions, the interview could be :
 - ⌘ Structured interview
 - ⌘ Semi-structured
 - ⌘ Unstructured
- ⌘ Depending of the communication means used during the interview:
 - ⌘ Traditional interview
 - ⌘ Phone interview
 - ⌘ Video interview



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Tips for the interview

- ⌘ Take a few minutes to make the candidate to feel good
- ⌘ Make the candidate to speak - 70/30
- ⌘ Make the candidate to speak on the topic
- ⌘ Listening skills
- ⌘ Ability to judge



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The worst practices in interviewing

- ⌘ Stereotype of the ideal candidate
- ⌘ Early evaluation during the interview
- ⌘ More influence of the unfavorable information than the favorable information
- ⌘ Searching for evidence to support the idea that we already have for the candidate



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Alternative methods for selection

- ☞ To hire interns
- ☞ Assessment Centers
- ☞ Internal promotions



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Assessment system – objectives

- ☞ Evaluation and feedback for the achieved business results
- ☞ Optimizing of work efficiency
- ☞ Identifying of needs for development and training of employees
- ☞ Warning employees with poor performance
- ☞ Discussion of future work and objectives



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Assessment system - elements

- Well written and structured job descriptions
- Key competencies for each employee
- Assessment forms for evaluation and development
- Discussions for the assessment procedure
- Preparation of a Development plan



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Evaluation system

- Evaluation of work performance
 - Quantitative indicators
 - Quality indicators
- Assessment of the staff quality
 - Strengths – Weaknesses (areas of development)



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Methods for performance measurement

- ☞ Work monitoring by the supervisor
- ☞ Feedback by colleague
- ☞ Self-evaluation
- ☞ Research on customer satisfaction
- ☞ Reports



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Goal setting

„Vague goals produce vague results“

- S (Specific)
- M (Measurable)
- A (Accepted by you and/or others)
- R (Realistic)
- T (Time-bound)



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Principles of an interview for assessment

- ⌘ Ask the evaluated person for his/her opinion
- ⌘ Give time and help the person to be prepared for the interview
- ⌘ Discuss the work, not the person
- ⌘ Give facts, not opinions
- ⌘ Ask questions
- ⌘ Active listening
- ⌘ Ask the evaluated for the training needs and development



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Analysis of training needs - Why?

- ⌘ Linking the business needs of the organization with the knowledge and skills of the staff for their achievement
- ⌘ Increasing productivity and results
- ⌘ Ways of staff improvement
- ⌘ Motivation and revealing the employees' potential and its link with the strategy of the company



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Analysis of training needs - How?

- ☞ Competency analysis
 - ☞ Description of the professional responsibilities
 - ☞ Breaking them into specific tasks
 - ☞ Description of the skills needed to perform the tasks

- ☞ Establishing the level of competence for each employee



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Analysis of the training needs - sources

- ☞ Job description
- ☞ Work procedures
- ☞ Motivational and closing interviews with employees
- ☞ Work evaluation
- ☞ Customer and contractors complaints



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Analysis of the training needs – results

- ☞ Planning of training
 - ☞ Assessment of the specific needs
 - ☞ Goal defining
 - ☞ Determination of content
 - ☞ Determination of the type and methods of training



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Types of training

- ☞ Outside the workplace
 - ☞ Courses
 - ☞ Seminars
 - ☞ Conferences
- ☞ At the workplace
 - ☞ Rotation
 - ☞ Mentoring
 - ☞ Participation in projects



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Employment contracts

An employment contract is an agreement between a person, a provider of labor and an unincorporated body, under which the provider of workforce is obligated to provide labor force under certain discipline, and the other body – providing of work conditions and paying salary.



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Employment contracts

According to duration of contract:

- ∞ Fixed-term contracts – with a deadline
- ∞ Permanent contracts



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Employment contracts

- ⌘ Employment contract is always between two sides
- ⌘ Employment contract is always under valuable consideration
- ⌘ Employment contract is always commutative – even at the time of signing, the worker/employee knows what he has to do, but also the employer knows what and to whom he owes
- ⌘ Employment contract is always formal



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Fixed-term contracts

- ⌘ Employment contract is for a fixed term – not longer than 3 years
- ⌘ EC for completing a work. The term of this type is determinable
- ⌘ EC for replacement of absent worker/employee
- ⌘ EC by a contest for a job position
- ⌘ EC by a contest for a job position. This type of EC is concluded for the time until the position is filled on the basis of contest. This is a job position that is determined to be taken with a contest.
- ⌘ Employment contract for a fixed term
- ⌘ Employment contract for a trial period



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Civil contract

Civil contract is a form of incomplete and irregular employment with insurance rights for pensions and health insurance.



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Civil contract

- ⌘ By civil contracts you can only lose the rights to use sick leave /paid sick days/.
- ⌘ By civil contracts the contractor doesn't have to pay sick leave, a positive thing for the contracting authority because he is not required to provide financially the 'work breaks' of the employee.
- ⌘ furthermore, the contractor doesn't have rights for compensation of unemployment.



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Civil contract- content

- ∞ General conditions of the contract, describing the type of services, the amount of payment that the CONTRACTING AUTHORITY need to make, and the period for payment
- ∞ Rights and obligations of the CONTRACTOR, including the period for the assigned task.
- ∞ Rights and obligations of the CONTRACTING AUTHORITY, including the right of the CONTRACTING AUTHORITY to check the status of implementation of the assigned tasks.
- ∞ Obligations of the CONTRACTING AUTHORITY to provide to the CONTRACTOR all necessary information for the proper performance of the task.



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- ∞ THANK YOU FOR YOUR ATTENTION

JOB DESCRIPTION

Job position

Class by NKPD /HKПД/:

Code by NKPD /HKПД/:

I. GENERAL DUTIES

- 1.
- 2.
- 3.
- 4.
- 5.
- 6.

II. GENERAL RESPONSABILITIES FOR THIS JOB POSITION

- 1.
- 2.
- 3.

III. ORGANIZATIONAL LINKS AND RELATIONSHIPS

- 1. Job position is directly subordinated to.....
- 2. During your work performance the organizational links and relationships are with
- 3. Communicates with managers and specialists

IV. NECESSARY COMPETENCE FOR THE JOB POSITION

- 1. He/she should know:
 - a) regulations in the area of
 - б) procedures and requirements for conducting
 - в) normative regulations for
 - г) computers and other automated systems for

V. REQUIREMENTS FOR THE JOB POSITION

- 1. Education:, related to, with a degree of
- 2. Other skills: work with computer, knowledge of written and spoken foreign language
- 3. Professional experience: over years work experience, and in absence of it - employment contract with a trial period.

Prepared by:
/signature/

Approved by:
/signature and seal of the employer/

I'm aware /I've got a copy/ of the job description.

Data:
city/village.

Worker /Employee/:
signature of the worker /employee/:

Sample questions for an interview

INITIAL QUESTIONS

- Why did you decide to apply for this position?
- How did you learn about it?
- Could you briefly describe your professional background and qualifications ?

PROFESSIONAL EXPERIENCE

- what aspects of your previous work experience would be useful for this job position?
- Describe some of your professional successes.
- In what way was the control exercised over the way you deal with professional duties of your former position?
- What are your biggest disappointments in the professional aspect?
- Why did you leave your previous job?
- What is the first information that you'd like to have for a company/organization?

PRESENTATION OF WORKPLACE

- Every employee has strengths and weaknesses. Which are your strengths and weaknesses for the proposed position?
- How were you evaluated by your previous boss? Give some examples – what were your advantages and disadvantages?
- If you or someone else notify your disadvantages in terms of your work, what would you do? Please, give an example. .
- How do you prefer to work - alone and in a group?
- What kind of people do you find difficult to work with? Why?
- Could you illustrate the ability to manage/control a group of people?
- What would you like to avoid in your work? Why?
- What was the level of stress in your previous positions?
- What is the most important thing in your job search?
- List some tasks/duties/responsibilities you were able to deal with, achieving the best results? By what reason did you chose these ones?
- What is the most difficult thing for you to deal you with?
- What kind of problems did you have in work? Which one of them bothered you most? How did you deal with it?
- What did you like most in your previous job?
- How do you evaluate the way you and your colleagues were managed?
- Do you think that your growth in your previous job required to your skills and qualifications? Why?
- If I could ask your former employer about you skills(your previous position)..... what do you think he/she would say?

EDUCATION

- How your education could help you for this job position?
- Which courses/specializations/qualifications have contributed to your successful professional performance till this moment?

PROFESSIONAL GOALS

- What is your long-term goal in professional aspect?
- What will be your position after 5 years? What knowledge and skills will you need for that position? Why do you

think that you'll have a success in that position?

- What place in your long-term plans does our position have?
- Could you list the reasons why you have exactly these professional goals?
- What could you achieve with our position?
- What could make you leave it?

SELF-EVALUATION

- What kind of person are you?
- What do you think that you do best?
- What qualities should a person possess to be successful(for this position).....? Do you think that have these qualities?

CREATIVITY

- Meaning your previous experience – did you do anything really creative?
- Could you point a problem where the solution wasn't in the traditional approaches and you've found a new approach?
- Which expression of your creativity (at work or at home) did provide you the greatest satisfaction?
- For what kind of problems were the others looking your help lately? What were your suggestions?

DETERMINATION

- Do you consider yourself as an analytical and thoughtful type of person you make decisions quickly ?
- Which one was your most difficult decision over the past 6 months? Why was it so difficult?
- What did you decide the last time when you had to make a decision?
- How do you make the decisions for your career?
- Which one was the last problem you had ? How did you decide to approach to solve it ?

CIRCLE OF INTERESTS

- Are you a member of any organization?
- If yes – say what you personally do in these organizations?
- How are you informed about what is happening in your company/ industry/ profession?

MOTIVATION

- What is your professional goal?
- What does it give most satisfaction in professional aspect?
- Did you have short- and long-term plans for your department? Was it realistic? Did you reach your parameters for the past periods?
- Describe how you prioritize your tasks.
- How do you define "well done job"?
- When you evaluate the skills of your colleagues/subordinates, which factors do you think for the most important ones ?

LEADERSHIP

- How did you motivate people to work together?
- How did you motivate people to accept your ideas/ goals of the department?
- How often did you meet with your subordinates as a group?
- What type of leader do you think people identify you? Do you agree with them?

PRESENTATION SKILLS

- Have you ever talk in front of a group of people? What about recently? What was the occasion? How did you deal with?
- did you have a presentation recently? How did you prepare?

SKILLS FOR WRITTEN COMMUNICATION

- which one of the two options do you prefer – to report directly or to write a report? Why?
- What type of texts did you write? What part of them was prepared for a group of people and what part for individuals?
- In case that detailed reports have to be written, how could you help?

FLEXIBILITY

- What is the best idea you've ever received by your employee? Was that idea realized?
- What do you think about the constant changes of the internal rules in some companies?
- How do you evaluate the ability of the company you worked for to bring internal rules in line with the emerging needs?
- Is there a significant change in your company for the last 6 months that affected you directly, and if the answer is yes, how do you estimate this change?

STRESS RESISTANCE

- Did you have stress in your work? Talk about stress in your workplace.
- What is your most stressful situation in the past few years? How did you manage?

STABILITY AND MATURITY

- Describe your biggest success and failure in the last 2 years?
- What do you like to do?
- What don't you like to do?
- Have you been advised to improve your skills? Did you do anything about it?

DESIRE FOR SELF-IMPROVEMENT

- Which was the person/event affected your desire for self-improvement?
- What type of books/publications do you read?
- How do you help your subordinates to improve themselves?

Assessment of annual performance

Employee: _____

Date: _____

Manager: _____

Evaluation of goals and tasks for the last year

- 1.
- 2.
- 3.
- 4.

Strengths (at least 2):

Areas of development:

Goals and tasks for the current year

- 1.
- 2.
- 3.
- 4.

Trainings/Development initiatives

Comment by the employee

Manager's signature: _____

Date: _____

Employee*: _____

Date: _____

*I certify that I'm aware with the assessment.

Scale of the assessment

1. It exceeds the requirements
2. It complies with the requirements
3. It doesn't fully complies with the requirements
4. it doesn't complies with the requirements

<p>Project 1 Consulting business center</p>	<p>Type of the program Encouragement the increase of a local business Encouragement</p>
<p>Short description of the project To be created an office with one or more professionals, offering services for entrepreneurs or future ones in management, finance, marketing, human resources. Services include: assistance in business planning, preparing documents for applying for loan, offering information for expansion of business, organizing short business courses, supporting business community through information and communication, roundtables, conferences etc. Consulting center should accomplish feedback to the local administration in potential problems in business environment and identify areas for improvements. Business center could be financial independent eventually and customers could pay the full cost of the received services. Alternatively charges for direct services could be subsidized and other services such as seminars could be free. Expected results Target groups</p>	
<p>Reducing unemployment Existing entrepreneurs who want to expand their Reducing of the business filters business Increase in new business People that have business ideas, but don't have Increase the contribution of the private sector in municipal enough funds or knowledge to start a business. budget and the local economy New small investors Improved business environment/ favorable for new investments/</p>	
<p>Possible stakeholders Local business association and/ or private sector : professional advice</p>	<p>Possible contribution to the project: Potential winner of the project Material contribution: equipment and/ or expert's report</p>
<p>Local government: stronger SMEs, leads to lower unemployment , better economy, higher income</p>	<p>Proposal for direct support: buildings, political support, expert's report</p>
<p>Local educational and other institutions: future jobs for students Support in finding investments opportunities and creation of local business links</p>	<p>Support by consultants on technical issues Service to verify employability Financial aid Proposals for information and opportunities: business opportunities, manager assistants, innovative ideas Financial support</p>
<p>International organizations Practical support for development of the SMEs</p>	<p>Technical services Risk factors Determination of four risk factors</p>
<p>Prerequisite: Existing organization to take the control of the project. Specialists that offer the services.</p>	
<p>Approximate costs 22 000 euro in the first year ^{ndrd} 16 000 in the 2 and 3 year Buildings 3660 euro /300 euro per month/ Equipment 6 000 euro Salary for 3 people 8400 euro</p>	<p>Running costs: 4 000 euro per year Stakeholders can contribute cash or in-kind contribution.: buildings, equipment or work. For special occasions / Trainings, conferences/ it would be collected additional funds.</p>
<p>Lead time Time for realization Minimum duration of the project:3 years Start of the project not later than 6 months</p>	<p>Time for influence First assessment 1 year after the project start Every each year the results are compared with previous information.</p>
<p>Result 50% approval to apply for credit 40 % from all of the supported businesses increase their profits</p>	<p>5 new businesses per year 20% from supported businesses expand their markets</p>

Checklist for a systematic analysis of the work performance

1. Approach of the Keywords

What to do?

Why?

When?

Where?

How?

2. Responsibilities

Responsibility for subordinates

Responsibility for machinery, equipment and materials

Responsibility for money

3. Working relationships

Relations with superiors

Relations with colleagues

Relations with other departments/structures

Relations with suppliers, clients, customers, public society

Relations with subordinates

4. Job requirements

Required standards of performance and results

Required skills and experience

Required manual and analytical skills

Required education and training

Required motivation and social skills

5. Work conditions

Physical conditions and working environment

Social conditions and work group

Economic conditions, including salary

6. *Check*

Check for the work performed with the participation of the worker/employee

Check with the participation of the Chief



EXERCISE 1: Writing on purposes

Time: 30 min

Purpose:

- Exercising determination of clear goals, connected with the vision of the firm, purposes and critical points.

Instructions

1. Think about your SWAT analysis and about the problem defined for your firm.
2. Working individual and basing on this problems, use the indications to define the purposes and think of one purpose about your strategy.
3. Write the purpose on the flip chart, so everyone could see it. Discuss it with the group and think if it corresponds with the critical problems, identified for your firm and whether it's well-defined and determine for the firm.
4. Select one of the purposes that has best definition and corresponds to the specific problems of the firm. Write it on a flip chart, present and discuss the based elements of the purpose in the group.



EXERCISE2: RELATION BETWEEN VISION, LONG-TERM AND SHORT-TERM PURPOSES

Time: 1 hour

Long-term purposes:

- To understand the connection between long-term purposes of the strategic plan for development.
- To think over the criterion of making decisions.

Instructions

- Work with the group of entrepreneurs and define local economic framework and potential problems, using your own SWAT analysis.

Task 1

Discuss the following with the group, basing on this materials.

- Vision
- Four long-term purposes for development
- Two short-term purposes for each of long-terms

Make a structure of your answers, using Table1.

Table 1: Example of vision

	Description and link to the development	Long-term purpose 1	Possible results	Long-term purpose 2	Possible results
Short-term purpose 1					
Short-term purpose 2					
Short-term purpose 3					
Short-term purpose 4					

Task 2

1. Think about the results that you want to reach in each of long-term purposes. Select at least one of the results and write it in Table1.
2. Be ready to explain how your choice is related to the SWAT analysis and the vision.
3. Write the information on the flip chart and select speaker.



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EXERCISE 3: SELECTING A BUSINESS PLAN

Time:30 min

Purpose:

- Understanding the relation between business plan and short and long-term purposes..

Instructions

1. Work with the group .
2. Look over the matrix of long-term purposes, defined in ex.:1 &2. Perform the following tasks for each one of the purposes /they're 8/:
 - Make a list of all types of business plans, that would be helpful for the realization on each long-term purpose. Write the long-term purposes and the plans which they are related to on the flip chart.
 - Save the materials on file, so you can use them on the second day, module 3.



EXERCISE 4: SELECTION OF A BUSINESS PLAN

Time:45 min

Purposes:

- Selecting potential projects related to the business plan.
- Comment: This exercise will help you to understand the relation between the project and business plan.. The exercise aims to develop in you the knowledge of selecting appropriate and relevant project.

Instructions

1. Work with the group.
2. Use the matrix from ex.:2 & 3 from module 3. Look over the long-term purposes that you defined and business plans that will be helpful to realize these purposes.
3. Look through each purpose, discuss it and think about all projects, that would be helpful for realizing it. Make a list.



EXERCISE 5: LINKING PROGRAMS AND PROJECTS

Time:45 min

Purposes:

- Linking programs and long-term purposes to the projects
- Placing priorities

Instructions:

1. Use table 2 and 3 "Examples for business plans and projects".
2. Work with the group.
3. Fill in the blank columns in table 2 with programs." for each one of the projects related to the particular business plan. Fill in the blank columns with projects of development using the list of projects from exercise 4. Put "X" in each row contains a program related to the particular project.
4. Think in your group how this information could help you to select projects in your firm.



EXERCISE 6: PRIRITIZATION OF PROJECTS

Time:1 hour

Purpose:

- Understanding how to use criteria for selecting and prioritization of projects.

Instructions

- Using the results from ex.:4 and 5 list the projects of development which would be useful for realization of your purposes.

Step 1

1. List all the projects from ex.:5 which corresponds to the following criteria. Use table 4 to rate them.
2. Number each project.
3. Using the following criteria put points on each project: 1 point-low ranking , 2 points- average ranking, 3 points- high ranking

Effect of the project and contribution to short and long-term purposes.

- Prior conditions.
- Resources.
- Organizational capacity skills and available stuff.
- Potential influence on some of the long-term purposes
- Visible results in 2-3 years
-

Step 2

1. Calculate the points for each project and sort out the projects.
2. Write the results on the flip chart.
3. Select a speaker to stand up your choice.
4. Make a copy of the list with projects so you can use it for the next exercises.



EXERCISE 7: ACTION PROJECT PLAN

Time: 1 hour

Purpose

- To make visible the factors that are needed for planning the project.
- To identify the information that is needed for realizing the project.

Instructions

1. Using the model from exercise (Table A1), Work in team from your group.
2. Select two projects from the projects identified in exercises from module 3 or that you've made a strategic planning. Project can't be related to one long-term purpose.
3. Think over the different components of the plan for development of your firm. Work in your group and discuss particular elements from the action plan and reach an agreement about most appropriate answer for each element. Make an action plan for each project.
4. Remark where you miss information to finish this plan and think how to find it..
5. Be ready to discuss your action plan.



Table A1: Action project plan

Project 1	Type of the program
Short description of the project:	
Expecting results:	Target groups :
Possible stakeholders :	Possible contribution to the project::
Prior requirements :	Factors involving risks:
Estimated cost:	
Time for realization :	Period for influence :
Results :	



Таблица В1: Action project plan

Project 2	Type of the program
Short description of the project:	
Expecting results:	Target groups :
Possible stakeholders :	Possible contribution to the project::
Prior requirements :	Factors involving risks:
Estimated cost:	
Time for realization :	Period for influence :
Results :	

EXERCISE 8: ANALYTICAL RISK ASSESSMENT



Time: 45 min

Purposes

- To understand all kinds of risks which would inhibit the successful realization of the project.
 - To take an analytical risk assessment
 - To identify ways to manage the risk.
-
- Read the casus „Action plan project“, which is part of the exercise /table 2/. Discuss the following items and fill the form in appropriate way.
 - Identify four risk factors, that would be negative for the project. The cell in table 3 named “Scenario” is the same like description of the project. Fill the form of the risk analysis/ table 3/ for each of the four risk factors.
 - Discuss the essence of each risk. Think what would happen trough each risk and what are the conditions of its existence or appearance.
 - Think of probability of the risk and its effect on the success of your project if it appears.
 - Propose a solution or measure against each potential risk to prevent or limit the consequences of it. Please notice that comparing the efforts demanded for removing or correcting the risk, with the chances of its appearance and the consequences of it, you can do nothing.
 - Use the model to document your answers.
You would be asked to defend your decisions and then you'll be given with an alternative solution. Discussions in group are important and recommendable.
 - Save the form and your answers for the planning session
 -
 -

Project 1 Consulting business center	Type of the program: Encouragement the increase of a local business Encouragement
<p>:Short description of the project</p> <p>To be created an office with one or more professionals, offering services for entrepreneurs or future ones in management, finance, marketing, human resources. Services include: assistance in business planning, preparing documents for applying for loan, offering information for expansion of business, organizing short business courses, supporting business community trough information and communication, roundtables, conferences etc. Consulting center should accomplish feedback to the local administration in potential problems in business. . environment and identify areas for improvements. Business center could be financial independent eventually and customers could pay the full cost of the received services.</p> <p>Alternatively charges for direct services could be subsidized and other services such as seminars could . free.be</p>	
<p>:Expected results</p> <p>Reducing unemployment Reducing of the business filters Increase in new business Increase the contribution of the private sector in municipal budget and the local economy Improved business environment /favorable for new investments/</p>	<p>Target groups :</p> <p>Existing entrepreneurs who want to expand their business People that have business ideas, but don't have enough funds or knowledge to start a business. New small investors</p>
<p>:Possible stakeholders Local business association and/ or private sector : professional advice</p>	<p>:Possible contribution to the project: Potential winner of the project Material contribution: equipment and/ or expert's report</p>
<p>Local government: stronger SMEs, leads to lower unemployment , better economy, higher income</p>	<p>Proposal for direct support: buildings, political support, expert's report</p>
<p>Local educational and other institutions: future jobs for students Support in finding investments opportunities and creation of local business links</p>	<p>Support by consultants on technical issues Service to verify employability Financial aid Proposals for information and opportunities: business opportunities, manager assistants, innovative ideas</p>
<p>International organizations Practical support for development of the SMEs</p>	<p>Financial support Technical services</p>
<p>Prerequisite:Risk factors Existing organization to take the control of the project. Determination of four risk factors, Specialists that offer the services.</p>	
<p>предлагат услугите Approximate costs 22 000 euro in the first year; 16 000 in the 2 and 3 year; Buildings 3660 euro /300 euro per month/ Equipment 6 000 euro; Salary for 3 people 8400 euro</p>	<p>Текущи разходи4 4 000 евро на годинаRunning costs: : 000 euro per year Заинтересовани лица могат да допринесат Stakeholders can contribute cash or in-kind пари в брой или апортнаequipment or work.contribution.: buildings, вноски: сгради съоръжения или работа conferences/ it wouldFor special</p>
<p>Задължителни условия за реализация:Minimum duration Минимален срок на проекта: the project not laterof the project years; Start of 3 than 6 monthsгодини</p>	<p>occasions / Trainings, additionalобучения,be collected случаи / funds. специалниференции/ би трябвало да се Време for въздействие: assessment 1 year after theTime за influence: First</p>
<p>Стартиране на проекта: не по-късно от 6 месеца Резултат: Result 50 процента одобрение на кандидатсва- 50% approval to apply for credit</p>	<p>Бъдва бизнес а година, есе до стартиране на project start. Every 20% from the results помаганите бизнеси their markets20% from with previous резултатите са 50 нови работни места за 3 години</p>

щи за кредит of the supported businesses increase40 % from all
40 процента от всички подпомагани
their profits
бизнеси увеличават приходите си



Таблица 3: Аналитична оценка на риска

Project					
"Scenario "					
Risk factor 1					
Description of the risk					
Probability of occurrence	<input type="checkbox"/>				
	Very low	Low	Average	High	Very high
Level of consequences	<input type="checkbox"/>				
	Very low	Low	Average	High	Very high
Actions to prevent					
Recovery measures					

Risk factor 2					
Description of the risk					
Probability of occurrence	<input type="checkbox"/>				
	Very low	Low	Average	High	Very high
Level of consequences	<input type="checkbox"/>				
	Very low	Low	Average	High	Very high
Actions to prevent					
Recovery measures					

Risk factor 3					
Description of the risk					
Probability of occurrence	<input type="checkbox"/> Very low	<input type="checkbox"/> Low	<input type="checkbox"/> Average	<input type="checkbox"/> High	<input type="checkbox"/> Very high
Level of consequences	<input type="checkbox"/> Very low	<input type="checkbox"/> Low	<input type="checkbox"/> Average	<input type="checkbox"/> High	<input type="checkbox"/> Very high
Actions to prevent					
Recovery measures					

Risk factor 4					
Description of the risk					
Probability of occurrence	<input type="checkbox"/> Very low	<input type="checkbox"/> Low	<input type="checkbox"/> Average	<input type="checkbox"/> High	<input type="checkbox"/> Very high
Level of consequences	<input type="checkbox"/> Very low	<input type="checkbox"/> Low	<input type="checkbox"/> Average	<input type="checkbox"/> High	<input type="checkbox"/> Very high
Actions to prevent					
Recovery measures					



EXERCISE 9: ORGANIZATION PERFORMANCE

Time: 30 min

Purpose

- To think about the organization needs for realization.
- To identify realistic decisions for the realization.

Instructions

1. Work in group.
2. Based on your strategy of development of the programs and projects and available resources for realization, think over and do the following tasks.
 - Propose an organization structure for realization of the plan for development.
 - Identify the three basic reasons why this is the best solution for you.
 - Relying on the structure, chosen by you and the given plan for development, identify the most suitable people for you main team to be involved in the realization. Make a profile of the types of personalities which will work in your main team and identify kinds of skills that this team would have to demonstrate. Give an estimate about the necessary finance. Give the Estimate cost for this.
 - identify the most suitable people for you main team to be involved in the realization, relying on the structure, chosen by you and the given plan for development'
 - If you're based on your plan for development, which persons or group of people, would have to be involved in the realization of the project?
 - Which partner organizations and instructions you think are crucial in the project realization. What would have to be their role in management and co-ordination of the project?
- 3 Prepare a flip chart, using this information and select a speaker , who will present your conclusions.
- 4 Save your conclusions so you can use them for planning the establishment of the project.