



DEVELOPMENT OF SMALL AND MEDIUM BUSINESS IN THE NEW PROGRAMMING PERIOD 2014-2020: SME'S IN STARA ZAGORA REGION

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ABSTRACT

One of the highlights of the Europe 2020 Strategy in terms of priorities for the financial support of European funds is the small and medium businesses. The purpose of this study was to characterize the small and medium enterprises from Stara Zagora Region and to identify key issues and possible solution. The survey results are accompanied by recommendations for the development of a municipal program to help small and medium businesses.

Key words: SMEs, Europe 2020, European funds, Strategy in Bulgaria,

INTRODUCTION

1. Why SMEs?

The proportion of SMEs and some data

SMEs are very important for the economy because they are a source of added value and provide significant numbers of jobs.

Use standard size classification by number of employees. Micro-enterprise is one in which there are fewer than 10 people, a small - between 11 and 50 employees and average - between 51 and 250 employees.

Bulgarian SMEs are more active in trade than in services, as in most member states of the European Union. SME share of all enterprises in Bulgaria in 2011 was 99.8%. Small and medium enterprises account for almost 76% of employment in the country and nearly 62% of gross value added.

The recognized role of business in developing regions

- ✓ backbone and foundation of all anti-crisis

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measures is to combat unemployment and how to increase employment.

- ✓ What we unite Anti-crisis The EP is support for small and medium businesses are the backbone of euro economics (over 65 per cent of employment is provided by the business).

- ✓ Overcoming depopulation and social disparities between regions involved in improving quality of life.

C. Three priorities in the heart of the 'Europe 2020':

- ✓ Smart growth - developing an economy based on knowledge and innovation;
- ✓ Sustainable growth - promoting a greener and more competitive economy and a more efficient use of resources;
- ✓ Inclusive growth - fostering an economy with high levels of employment, which creates conditions for social and territorial cohesion

2. Differences of SMEs in urban and rural areas

- ✓ World Bank study concluded,
- ✓ Businesses in rural areas differs qualitatively from that in urban areas. Traits:
- ✓ The relatively small size companies with fewer owners
- ✓ less access to markets
- ✓ Work with underdeveloped infrastructure

✓ operates in business areas with high seasonal

Indicators of regional entrepreneurship

"Width of entrepreneurship":

Characterized territorial frequency of entrepreneurship:

BE = (RSE / TRE) .100

RSE - number of entrepreneurs in the areas

TRE - number of employees in the area

For the European Union: higher values of 'width' regional entrepreneurship in rural areas to the values in the urban centers.

For Bulgaria: on results of studies in rural northeastern Bulgaria: High saturation of

entrepreneurs in the city center and lower in rural areas (1.3 times higher)

"Depth of Regional Entrepreneurship":

Determine the concentration of entrepreneurs with high performance

DE = (AInE / TIn) .100,

DE - depth of entrepreneurship in %;

AInE-middle-income entrepreneurs in the research area;

TIn - average incomes per capita of the region

The U.S. and the EU:

Rural areas are characterized by high "width", but low depth of entrepreneurship ie entrepreneurship in rural areas with high frequency, but it does not generate high added value as opposed to entrepreneurial activity in urban centers.

SMEs in Stara Zagora (Table 1, Table 2)

Table 1. The main economic indicators of the non-financial enterprises for 2011 organised in groups according to their number of employees

The main economic indicators of the non-financial enterprises for 2011 organised in groups according to their number of employees

Stara Zagora District Group	Number of Companies	Gross Production (BGN, Thousand)	Operational Revenues (BGN, Thousand)	Net Revenue (BGN, Thousand)	Expenses (BGN, Thousand)	Profit (BGN, Thousand)	Loss (BGN, Thousand)	Employees (BGN, Thousand)	Wages (BGN, Thousand)	Tangible Fixed Assets (BGN, Thousand)
Total	14,269	5,606,780	8,517,354	7,825,821	8,275,239	486,704	279,393	98,692	768,736	6,175,292
Micro (up to 9 empl)	13,049	1,028,718	1,937,058	1,787,246	1,888,783	161,047	124,756	25,314	75,683	2,314,615
Small (10 – 49)	1,002	963,256	2,345,505	2,142,037	2,247,022	121,274	33,055	19,948	119,869	578,163
Medium (50 – 249)	178	1,007,975	1,513,017	1,374,586	1,489,206	67,147	49,204	16,793	131,327	796,820
Big (over 250)	40	2,606,831	2,721,774	2,521,952	2,650,228	137,236	72,378	36,637	441,857	2,485,694

3. Macroeconomic conditions for business development:

According to the Institute for Market Economy (Table 3):

✓ The economic crisis has limited economic freedom, then reported in 2008 improved to Bulgaria's rating on this indicator;

✓ A feeling of poorly functioning judicial system, incl. business cases, poor protection of property rights;

✓ Availability of organichavashta business bureaucracy and corruption;

✓ If we assume that the direct effects of the crisis will be in the short and medium term, the mid-term and long-term horizon can be expected for the positive trends in the macro environment in the country (measured in 2008) and maintain a relatively favorable makrousloviya business.

Table 2. Companies with profit, loss and break-even balance for 2011 by municipalities

Companies with profit, loss and break-even balance for 2011 by municipalities

Group	Companies Number	Profit-making companies		Loss-making companies		Break-even companies	
		Number	%	Number	%	Number	%
Total for Stara Zagora District	14,269	9,100	63.8	3,028	21.2	2,141	15.0
Stara Zagora	8,604	5,394	62.7	1,898	22.1	1,312	15.2
Kazanlak	3,032	2,004	66.1	574	18.9	454	15.0
Radnevo	598	381	63.7	129	21.6	88	14.7
Chirpan	572	354	61.8	117	20.5	101	17.7
Galabovo	422	267	63.3	97	23.0	58	13.7
Pavel banya	336	235	70.0	65	19.3	36	10.7
Maglizh	239	164	68.6	44	18.4	31	13.0
Bratya Daskalovi	185	117	63.2	37	20.0	31	16.8
Gurkovo	119	86	72.2	19	16.0	14	11.8
Opan	85	45	52.9	30	35.3	10	11.8
Nikolaevo	77	53	68.8	18	23.4	6	7.8

University studies define the major problems for businesses in deprived areas in the country

- ✓ Strong deterioration: demographics to employment opportunities and income generation.
- ✓ Lack of skilled workforce.
- ✓ satisfactory condition of all types of basic infrastructure;
- ✓ The decline of civic and professional integrity, which leads to insufficient responsible attitude to work in certain population groups;
- ✓ Businesses often criticized government (including municipal) administration and believes that they have difficulties in their relationship with her is insufficient work of local administration to businesses, particularly in the preparation and management of projects funded by the EU and others. funds.

The basis of economic life in rural areas is agriculture, where:

- ✓ entrepreneurial activity in these regions is represented mainly by small producers. Their number is large for the size of the country. The majority of farms (75%) treated up to 1 ha;
- ✓ Most of these structures are semi-subsistence and their production for their own consumption, which means that they lack the basic features of the entrepreneurial market-oriented units;

✓ businesses manage human resources on greater preferences than entrepreneurs in urban areas in order to protect personnel from migration.

✓ Most of these farms are maintained in order to provide additional income to pensioners or people employed in other sectors of the economy - 55% of farms are run by people of retirement age;

✓ Some of the farms are maintained by people who are engaged in agriculture, just because they can not find alternative employment;

✓ have limited access to credit and training opportunities, and many of them started their business with limited resources and knowledge;

✓ There is a problem of information security as well as on the latest achievements of science and technology and in terms of funding opportunities for business.

Tasks:

✓ Creating a consortium of businesses, universities and local authorities to be the "institutional figure" to participate actively in the implementation of 2020 in the country;

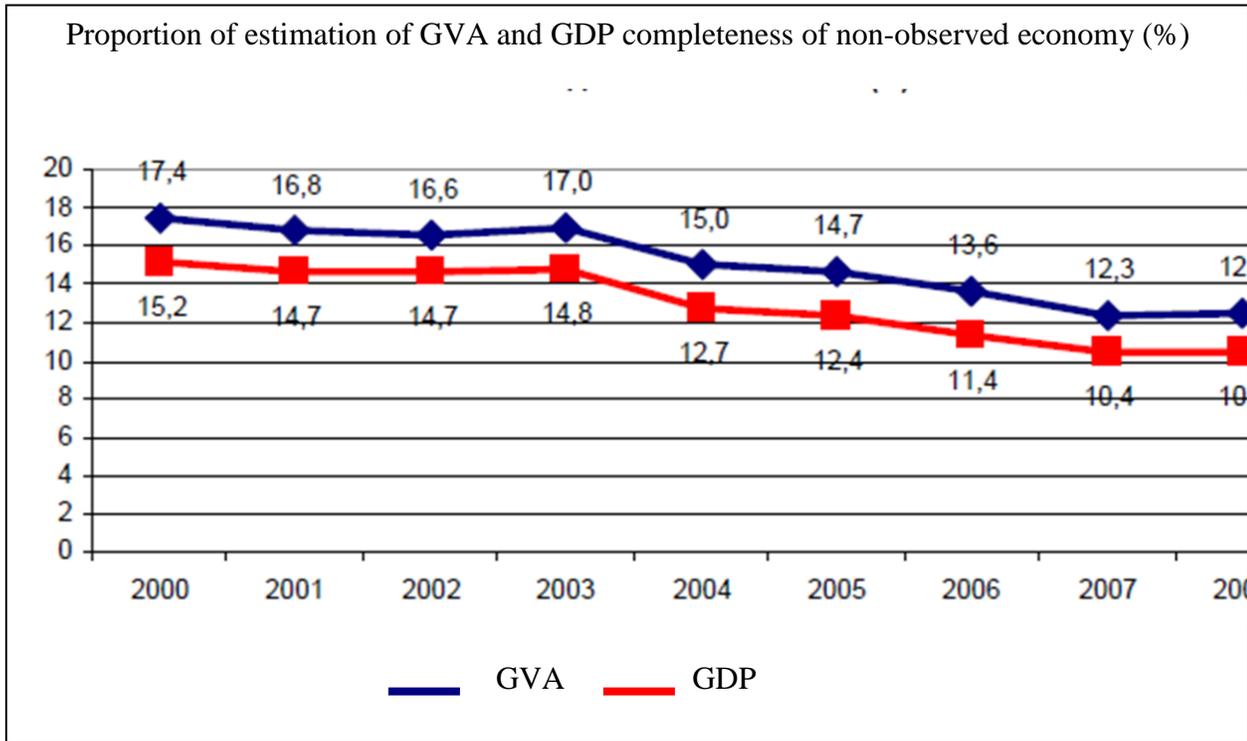
✓ Facilitating information access regulations of the state and municipalities relating to business development and promoting public discussion of new legal solutions.

Implementation of advisory services and training in entrepreneurship, lifelong learning;

✓ Provide financial support to adapt to the demands of today: competitiveness, sustainability, diversification;

✓ Legislative initiatives related to the support of private farms in direct marketing of produce to consumers alleviate financial assistance mechanisms at European and national programs.

Table 3. Proportion of estimation of GVA and GDP completeness of non-observed economy (%)



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