

**SA "D. A. Tsenov" Academy of
Economics - Svishtov**

Department of "Finance and Credit"

Daniel Genchev Danchev

**INVESTMENT ACTIVITY OF SMEs IN
BULGARIA – PROBLEMS, FACTORS,
TRENDS**

ABSTRACT

of a dissertation for the award of an educational and scientific degree "doctor" in
a scientific specialty:

05.02.05 "Finance, credit, money circulation and insurance" (finance)

Supervisor:

Assoc. Prof. Dr. Valentin Milinov

Svishtov

2023

The dissertation consists of 194 pages, of which: title page; content – 2 pages; introduction – 4 pages; main text – 140 pages; bibliography – 5 pages (74 sources); appendices – 39 pages. Structurally, the work includes an introduction, an exposition in three chapters and a conclusion. 15 graphs, 12 figures and 12 tables and 44 formulas were created to support the exhibition.

The dissertation work has been discussed and directed for defense in accordance with the Law on the Development of Academic Staff by the Department of Finance and Credit at the Academy of Economics "D. A. Tsenov" at a meeting held on 05/29/2023.

The open session of the scientific jury for the defense of the dissertation work will take place on 01.09.2023. from 11 a.m. in the Meeting Hall "Rectorate" of the "Dimitar A. Tsenov" Academy of Economics - Svishtov.

The defense materials are available to those interested in the "PhD and Academic Development" Department of the Dimitar A. Tsenov Academy of Economics - Svishtov.

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. Relevance of the researched topic

The relevance of the research is connected with an analysis of the new problems and challenges facing small and medium-sized businesses at the beginning of the 21st century and the opportunities to stimulate their investment activity for more sustainable economic growth in the conditions of an impending recession. The author explores additional reserves of European and national government policies aimed at stimulating solutions for the promotion of entrepreneurship and the restructuring of SMEs, which are most affected by changes in the conditions for doing business. These measures include additional tax and financial incentives to create employment and investment activity in the implementation of investment projects for business restructuring towards innovative technologies and the digital economy, with the aim of achieving greater vitality and competitiveness of international markets.

2. Object and subject of the study

The object of the study is the investment activity of small and medium enterprises in Bulgaria. **The subject** of the research is the instruments for promoting internationalization, investment activity, restructuring of the activity and digitization of small and medium-sized enterprises in Bulgaria as a policy to ensure economic growth and financial sustainability.

3. Research thesis, purpose and tasks of the dissertation work

In the dissertation, the author defends the thesis that increasing investment activity and the level of internationalization of small and medium-sized enterprises in Bulgaria requires the identification, development and implementation of accessible national and European policies aimed at dynamizing economic growth through effective financial and tax incentives for small and medium-sized businesses.

The main goal of the dissertation research is to reveal the degree of impact of the investment and international activity of small and medium-sized enterprises on the Bulgarian economy.

In order to achieve the set goal, several tasks are defined in the study:

- Clarification of the place of SMEs in the economy of Bulgaria and Europe;
- Problems and opportunities for supporting the investment activity of SMEs;

- Factors and trends for the development of the investment activity of SMEs in the conditions of the coming economic recession.

4. Research methodology

In the dissertation, the author uses classical research methods such as: the inductive and deductive method, the comparative method, the method of analysis and synthesis, the descriptive method, the method of observation, and other traditional methods. The used graphic and statistical toolkit with attached public data represents a specialized analysis of the researched issues.

The data in the dissertation have been processed and presented in the form of tables, graphs and diagrams using MS Office Excel.

5. Limitations of the study

Topics related to investment return and risk, as well as their peculiarities in conditions of dynamic changes in the market and their impact on the financial condition of SMEs from the point of view of financial, operational, credit management, remain outside the scope of the research. and currency risk when making investment decisions.

6. Approbation of the dissertation work

The dissertation work was discussed at a meeting of the "Finance and Credit" department at the "D. A. Tsenov" - Svishtov. On the topic of the dissertation, two articles and three reports have been published in specialized scientific publications.

II. STRUCTURE AND CONTENT OF THE DISSERTATION

The dissertation was developed in compliance with the requirements of the Regulations for the Implementation of the Law on the Development of the Academic Staff in the Republic of Bulgaria. It consists of an introduction, an exposition in three chapters, a conclusion, a bibliography and appendices. The study was developed in a volume of 194 standard pages, of which 140 pages are the main text and 39 pages are appendices. In the main text of the study, 12 tables, 15 graphs, 12 figures and 44 formulas are presented. At the end of the work, 11 applications are presented. The bibliographic reference contains 74 sources, incl. 19 from the scientific school of the finance department, a total of 27 in Bulgarian, 3.

Specifically, the dissertation is structured as follows:

INTRODUCTION

CHAPTER ONE

CHARACTERISTICS OF SMALL AND MEDIUM-SIZED ENTERPRISES AND THE CHALLENGES TO THE OPERATIONAL FINANCIAL MANAGEMENT IN THE CONDITIONS OF DYNAMIC CHANGES ON THE EUROPEAN MARKET

1. SMEs AND THE ECONOMIC SUSTAINABILITY OF BULGARIA IN THE CONDITIONS OF DYNAMIC MARKET CHANGES

2. ACHIEVING FINANCIAL STABILITY IN SMEs THROUGH THE USE OF EFFECTIVE METHODS FOR EVALUATION AND MODELS FOR THE MANAGEMENT OF MATERIAL STOCKS

3. CHALLENGES IN SME LIQUIDITY MANAGEMENT IN CONDITIONS OF TURBULENCE

CHAPTER TWO

OPPORTUNITIES FOR THE INTERNATIONALIZATION OF SMEs IN BULGARIA

1. EUROPEAN AND NATIONAL POLICIES TO PROMOTE THE INTERNATIONALIZATION PROCESS OF SMEs

2. INCREASING THE INVESTMENT ACTIVITY OF EUROPEAN MARKETS IN INNOVATIVE TECHNOLOGIES

3. OPPORTUNITIES FOR THE RESTRUCTURING OF BULGARIAN SMEs TO THE INTERNATIONAL MARKETS

CHAPTER THREE

TRENDS IN NATIONAL AND EUROPEAN STRATEGIES FOR IMPROVING SME INVESTMENT ACTIVITY IN BULGARIA

1. NATIONAL POLICIES IN SUPPORT FOR THE INTERNATIONALIZATION OF SMALL AND MEDIUM-SIZED BUSINESSES IN BULGARIA

2. PROMOTING INVESTMENT ACTIVITY AT MODERATE INVESTMENT RISK AND HARMONIZING EUROPEAN TAXATION

3. ELECTRONIC GOVERNANCE AND OPPORTUNITIES FOR IMPROVING THE COMPETITIVENESS OF SMEs IN BULGARIA

CONCLUSION

SOURCES USED

III. BRIEF DESCRIPTION OF THE DISSERTATION

INTRODUCTION

In the introduction of the dissertation, the topicality of the topic, the object and the subject of the dissertation work are outlined, the research thesis is formulated and the main goal and tasks are set. Limitations of the study are indicated.

CHAPTER ONE

CHARACTERISTICS OF SMALL AND MEDIUM-SIZED ENTERPRISES AND CHALLENGES TO OPERATIONAL FINANCIAL MANAGEMENT IN THE CONDITIONS OF DYNAMIC CHANGES IN THE EUROPEAN MARKET

The support to Bulgarian business for greater investment activity of entrepreneurs and increasing the share of employed in SMEs during the transition to a market economy encounters various obstacles. The dynamic changes in world markets at the beginning of the 21st century, the consequences of restrictive measures to combat the pandemic and the war in Ukraine disrupted the rhythm of supplies of raw materials and materials, increased inflation and increased the desire of SMEs to be close both to the sources of production resources and to their consumers. This leads them to organize the production process close to the resources and to produce and sell in the international markets, where the financial activity requires specific techniques and models of financial management. These techniques and models should reflect the specifics of the company's international activity and be closely related to the techniques and models used for financial management at the national level. (Pathev, P. International financial management. V. Tarnovo, 2000. p. 5-7)

The success of SMEs in international markets, in conditions of economic turbulence, will depend to a large extent on the way in which the financial management plans, organizes and optimizes every one of the processes of performing their main activity. Before them are shocking changes and challenges of a different nature: business financing, investment activity, effective personnel management, analysis of sales and employment data, supervision of maintenance and repairs, etc. All these activities are directly or indirectly related to the operational financial management in the management of material stocks, credit obligations and liquidity, because every single current decision will affect the financial result of the company in the medium- and long-term perspective. This defines the optimization of every operational decision as an important condition

for strengthening the financial sustainability and competitiveness of SMEs when they enter the international markets, which is a difficult but strategically important decision.

Researching and analyzing the cost structure of SMEs is important in order to accurately assess and reassess inventories. At the beginning of the 21st century, we are witnessing increasingly frequent local and global crises, a pandemic, the war in Ukraine, which lead to dynamic price changes and disrupted supplies on the world markets, where the construction of efficient inventory systems will ensure the optimal production policy for maintaining raw materials and materials in stock so that there is no interruption of the production process and preserving the possibility for SMEs to sell material stocks at a price higher than the total costs, which is a significant source of income. In modern theory, there are two main types of inventory systems: (Milinov, Vasileva, & Pavlov, 2010, p. 17)

- *Fixed order quantity models, known as the Wilson model.*
- *Fixed time period model known as periodic system.*

The asset valuation process is an important element of operational financial management policy. Evaluating and managing inventories requires SME management to have the necessary information. This information should be obtained through accounting in compliance with the principles regulated in the applicable accounting standards related to the valuation of tangible assets.

By stimulating investments in innovative technologies and achieving a higher level of awareness - the effective application of the various inventory management models will be possible more optimally, which will positively affect the final financial indicators of SMEs.

In modern scientific financial literature, "the management of liquid assets at SMEs is defined as the most essential part of operational financial management. This determines the direction of scientific research into the relationship between the state of liquid assets and the financial stability of companies". (Milinov, Vasileva, & Pavlov, 2010, p. 250)

The effective management of the liquid assets of SMEs poses a number of problems and challenges for financial management under the conditions of dynamic changes in the economy. The state of the business climate and economic activity can be judged from the data from the NSI and the Registration Agency for the submitted applications for registration and starting a business and applications for registration of circumstances related to termination and liquidation. Such a dynamic is noticeable in Bulgaria even after 2018, when the number of registered SMEs is constantly decreasing. On the basis of the restrictive

measures introduced to fight against COVID-19 in 2020 - economic activity is falling, with registrations reporting a drop of nearly 18% to 38,548. According to data from the Registration Agency for 2020, 3 626 applications regarding termination and liquidation or almost 20% less than the previous year 2019. (See Chart 1.)



**Data for Q1-Q3 2021*

Source: Registry Agency

Chart 1. Registered traders and submitted applications regarding termination and liquidation (number, 2015-2021)

On the basis of the indices maintained by Eurostat - submitted applications for registration and for bankruptcy, a certain seasonal cyclicality is noticeable in both indices. As a result of the restrictive measures to combat the pandemic in 2020, the index of submitted applications for registration recorded a drop of nearly 38% compared to 2019. In 2021, despite the looming economic recession. The same index returns to 2019 levels - despite registered bankruptcies (+17.5%), in the second quarter of 2021 (See Chart 2).



Source: Eurostat

Chart 2. Indices of registered legal entities and submitted applications regarding termination and liquidation (quarterly data, 2018-2021)

The relative financial stability of surviving SMEs in the 2018-2021 period depends both on the competencies of operational financial management, which is an important part of business management, dealing with the management of material stocks, liquid assets and the financial security of the enterprise - so also from the external factors such as the pandemic and the restrictive measures to fight the virus, the business climate - built by the regulatory framework and the bureaucratic burden and the coming economic recession. An important factor for the survival of SMEs is the accumulated experience and traditions in business over the years.

According to Lee, liquid asset management "includes the administration of liquid assets and liabilities, raising funds to finance the company's operations" (Lee, 2001, pp. 80-82).

Another popular Teigen concept of liquid asset management includes (Teigen, 2001, pp. 23-24):

- the development and implementation of a policy on the management of cash and investments,
- control and monitoring of liquid assets and liabilities.

According to the analysis of this concept, in the management of liquid assets in SMEs, it can be closely related to:

- banks in the management of bank accounts,

- securities brokers in the management of investments,
- organizing an information system for managing liquid assets.

Here it is necessary to recall the definition of the company's liquidity as a financial-accounting and legal term that defines the ability of a given liquid asset to be converted into cash as quickly as possible with a minimum of losses. This determines the immediate relationship between liquidity¹ and asset liquidity².

Asset liquidity management is an important challenge for SME business, which is associated with a process of investing in liquid assets that can be converted into cash in the fastest way to meet their need for likvisibility. This collateral with available funds, in the conditions of economic turbulence, is an important part of risk management for small and medium-sized businesses and can provide financial stability in the increasingly frequent global and local crises

From the research indicated above, we can conclude that for the operational financial management of SMEs, liquidity management will be important for the financial stability of the company. Complex characterization of liquidity in quantitative and qualitative terms is possible by using a system of indicators. Some of them directly characterize the liquidity of the SME and carry information about its content as a financial category, others provide an opportunity to evaluate its determining factors, but only in a system and interrelationship can they fully characterize its significance for the financial situation of the company.

In economic literature, two groups of indicators are most often used to characterize and evaluate liquidity - static and dynamic indicators. Static liquidity indicators assess the state of the company at a certain point in time, i.e. the components that determine it are fixed at a certain date. Dynamic liquidity indicators characterize the state of the company for an extended period of time and take into account the influence of the rhythm of production, realization and debt payments.

The effective management of liquid assets in SMEs provides an opportunity for a more global study of their condition, and the analysis of the ratio between liquid assets and short-term liabilities - to establish the needs of working capital.

Richards and Laughlin developed the theory of the cycle of liquid assets by emphasizing the net time period between the actual payment of the costs of the purchase of materials and the actual receipt of money from the sale of the production. They include in the analysis of the liquidity and reversibility of short-

¹ Liquidity expresses the very ability of SMEs to promptly repay their obligations that arose in the past and to make current payments.

² Liquidity of assets represents their ability to be converted into money to repay liabilities and to make current payments.

term liabilities, which will enable a more accurate determination of the amount and time required to ensure the company's liquidity³.

Another important operational goal facing the financial management of SMEs is related to financing and making optimal credit decisions so that the enterprise always has available capital to meet its current obligations in order to maintain liquidity and to seek the most profitable allocation of capital within the limits of the business in order to optimize: return on investments in assets and net profit. Therefore, the operational financial management of SMEs faces the challenge of optimizing their management decisions in order to achieve the balance between the possibility of greater profits, through the use of debt financing, and the probability, in the conditions of dynamic changes in the market and fluctuating revenues to realize the risk of inability to cover the obligations under this type of financing. Achieving this balance will help to achieve the main company goal - "liquidity"!

In the global economy and the global foreign exchange credit market, every single company and every single credit institution can be the subject of an international credit transaction. According to Prof. Radkov, international credits can be classified according to multiple criteria: "according to the creditor, according to the purpose of commercial credits and financial credits, according to the object of credit, according to the term of the credit transaction and according to the collateral". (Zahariev, A. & Radkov, R., International Finance. 2016, pp. 238-239). This places high requirements, challenges and competences in front of operational financial management in the optimization of short-term lending in the conditions of business internationalization.

In Bulgaria, the main issue of the real easing of the financing conditions for SMEs under various international and national programs and projects is still to be resolved, which will significantly ease and improve the work of the company's management, the quality of the finished product, the competitiveness, the volume of sales and company return on investment in assets. Building an effective government policy for incentives through preferential financing and investments in innovative technologies will increase sales by achieving competitive sales prices and a larger volume of sold goods and services because the cost of financing is an important factor in building an effective price strategy.

^{3 3} See in more detail: Richards, V. D., L. J. Laughlin, A Cash Conversion Cycle Approach to Liquidity Analysis, Financial Management, No. 1, Spring 1980, 32-38.

CHAPTER TWO

OPPORTUNITIES FOR THE INTERNATIONALIZATION OF SMEs IN BULGARIA

The expectations of Bulgaria's membership in the European Union are mainly related to the provision of great advantages for the economy and positive changes in the priorities of state institutions, among which are also the solutions to the problems of small and medium-sized enterprises (SMEs), because they are very rarely do business within the EU and function mainly at the national level, but there are clear trends of readiness for business internationalization as a measure to deal with the crisis more quickly.

According to NSI data for 2019, - SMEs make up a high relative share of 99.7% of the total number of non-financial enterprises that provide high employment and produce 65.3% of the total added value in the economy. (<https://nsi.bg>, n.d.) Also of interest is the dynamics in the distribution of the relative weight of those employed in micro, small and medium enterprises in the various branches of the economy, where the largest employment is in the sector "Commerce; repair of cars and motorcycles" (26.8%), followed by 'Manufacturing industry' (20.5%). "Construction" with 8.4%, "Hotel and restaurant industry" with 6.6%. In the last five years before the pandemic (2015-2019), a significant change was observed in the structure of the employed in the various industries. (<https://nsi.bg>, n.d.).

Dynamic development with active investment activity and financial stability of SMEs are decisive for the stability of the Bulgarian economy. According to NSI reporting data for 2018/19, for the non-financial sector there are: 27.6 thousand small and medium-sized enterprises (with more than 10 employees), micro-enterprises (with up to 10 employees) - 317.8 thousand, and the number of persons employed in SMEs is 1.5 million. (<https://nsi.bg>, n.d.) The total number of personnel in 2019 - 92.9% of all SMEs fall into the category of micro-enterprises (with an average registered number of personnel, more small of 10 people). Small enterprises (employing less than 50 people) represent 6%, and medium enterprises (with an average number of employees less than 250 people) – 1.1%. For comparison, in 2018, in the EU-27, micro enterprises made up 93.2%, small - 5.9%, and medium 0.9% of all SMEs. In terms of the relative share of micro, small and medium-sized enterprises in Bulgaria and the number of employees in 2020, a trend is maintained that is close to the EU-27 average. Micro

enterprises make up 93.2%, small enterprises 5.7%, and medium enterprises 1.1%. (<https://nsi.bg>, n.d.)

The data from the graph shows that after the crisis from 2008/09 to 2019, we have a permanent increase in the number of small and especially micro enterprises, thanks to favorable conditions for starting a business, financial stimulation, increasing investment activity to achieve rapid economic growth and increased employment. For the researched ten-year period before the pandemic, small and medium-sized businesses registered a higher growth in added value than that of large companies by more than 10% per year, therefore it is considered that SMEs are the engine for rapid economic growth after an economic recession .

The rapid recovery of SMEs will largely depend on the timely and fair distribution of aid from the budget and various programs and projects of the European Union. The general principles and criteria for determining the non-grant financial support can be done in assessing the real damage that the pandemic has caused in the business of small and medium-sized enterprises. The application of an evaluation mechanism using different criteria must also take into account the criterion "Existence of a direct link between the COVID-19 pandemic and the decline in the turnover of the candidate enterprise", as well as the traditional-modern methods of evaluating the company's business activity.

In Bulgaria, there are great reserves for improving the effects of the national policy to combat the consequences of the pandemic through the eased access to preferential financing from the Bulgarian Development Bank (BDB), in support of SMEs and economic growth. The organization and activities of the BDB are regulated by a special law (Law on the Bulgarian Development Bank), adopted in 2008. Its main goal and tasks are defined by law "to actively support the business of small and medium-sized enterprises in our country". During the studied period, however, the state used the financial support of the BDB and the European financial aid with highly variable success and it was not distributed optimally to reach all sectors of the economy.

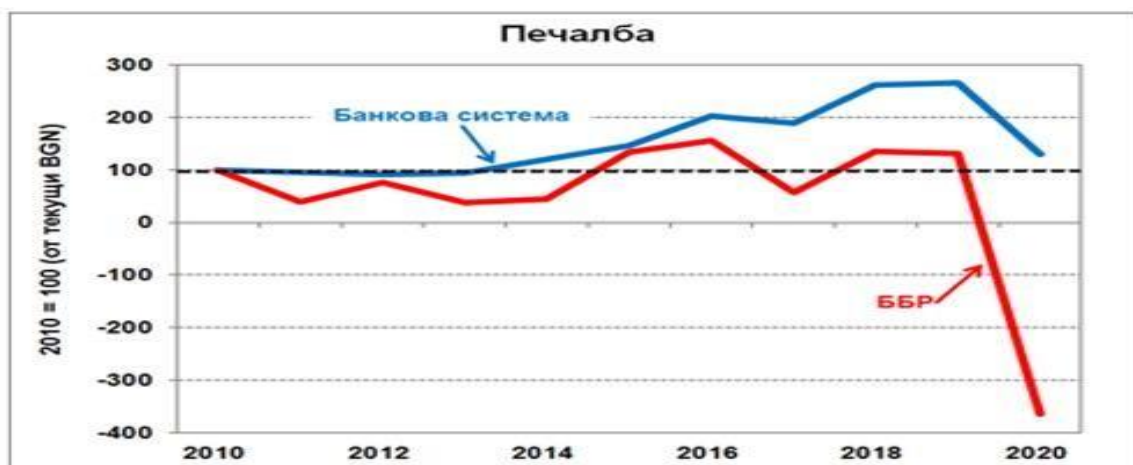
A study of the dynamics of the credit market in the country for the period 2010-2020 shows that, despite the tendency to reduce interest rates on corporate loans, a relatively weak easing of conditions by credit institutions regarding lending to SMEs is reported. It should be noted that in comparison with the changes in the credit market in the Eurozone, where there is an opposite tendency to the Bulgarian credit dynamics of an increase in corporate loans, in our country

the negative trend of greater demand for loans is preserved. from households. The demand for loans from households is significantly ahead of the demand for loans from non-financial enterprises, for which relatively higher interest rates are maintained, especially for corporate loans with a term of up to five years. This relative difference in interest rates and credit dynamics to businesses in the Eurozone and Bulgaria is an additional reason for compensating with affordable financing from the BDB, requiring a change in state policy to create a more favorable business climate and boost the investment activity of SMEs in our country in the conditions of an impending economic recession.

Combining the active financial support of the EU to SMEs in Bulgaria with preferential financing and promotion of investment activity at moderate investment risk through the activity of the BDB, will increase the economic benefits on the way to accelerated economic growth. This is a possible and rapid change, because BBR⁴ is 100% state-owned, it has a legally defined wide range of activities to stimulate the economic and technological potential of SMEs through preferential, accessible medium-term and long-term financing of the activity, and especially in terms of pre-export and export credit.

Very often, serious deviations from the priorities of this national institution such as the financing of businesses, other than the activity of SMEs, are noticed, which is mainly due to direct political influence on the part of the principal - the Ministry of Economy in the appointment of the governing bodies of the BDB. This is the basis of the bank's poor efficiency and fluctuating financial results, although for the period 2010-2020, the BBR's assets grew three times. (See Chart 3)

⁴ In 2015 by a decision of the Council of Ministers, under the "National Program for Energy Efficiency of Multi-Family Residential Buildings", the BBR was assigned financing within the limits of BGN 2 billion. In 2020, the capital of the BBR was increased, with the aim of: creation of guarantee programs to support individuals and legal entities affected by COVID-19, as well as for the purchase by BDB of shares of First Investment Bank", etc.



Source: BNB

Graph 3. The dynamics of the BDB's profit compared to the profit of the banking system⁵

The data show that there is a high turnover in the composition of management and bodies, because one of the most important criteria for appointment is their political loyalty, which also negatively affects the effects of the activity, with an inexplicable dynamic of the increase in administrative costs, with the bank's modest financial results. (See Chart 4)

⁵ BBR's profit for the period 2010-2020. is highly volatile, especially in 2020. despite its assets growing almost threefold. The decline in profits is observed both in the BDB and in the banking system as a whole. BBR declared a net loss of BGN 105 million. (recorded entirely as provisions or reversal of provisions) as a consequence of the obligation imposed by the owner to take guarantees to the commercial banks that finance the Bulgarian individuals and companies affected by the COVID-crisis.



Source: BNB

Graph 4. The dynamics of administrative costs

The analysis of data from the reports of the BDB (Bulgarian Development Bank, n.d.) for the studied period before and during the pandemic shows that the realized costs for the staff in 2014 were BGN 8.5 million. , and in 2019 – BGN 16.3 million, which is a double increase for this period, and the average annual increase is 14%. For 2020, in accordance with the national program, the BDB guarantees the granting of loans of up to BGN 1 million to support SMEs, which realized large losses due to the restrictive measures taken related to the pandemic. The bank works with several commercial banks, as partner banks, under reduced conditions and a grace period of up to 3 years. These credit institutions are: Allianz Bank, DSK Bank, Bulgarian-American Credit Bank, Invest-tbank, First Investment Bank, Post Bank, Trade Bank D and UniCredit Bulbank. In November 2020, loans under two guarantee programs in the amount of over BGN 213 million were presented to the BBR for approval by several commercial banks, of which only BGN 120 million were confirmed for guarantee in support of the businesses of 929 companies, mainly from the most affected sectors of the economy (trade, tourism, production, transport, etc.).

The specificity and greater possibilities for supporting SMEs by the BDB is complemented by the fact that the bank is connected to agreements on interstate financial-economic relations and mutual assistance. For the period 2009-2019, a total of 14 specialized state and international development banks granted credit lines to the BDB, with the largest support coming from two banks: the German KfW – Kreditanstalt fur Wiederaufbau and the China Development Bank. In 2017, BBR received BGN 196 million in support from the German bank, and in

2019 the support from the Chinese Development Bank reached BGN 741 million (See Chart 5).



Source: BBR annual reports

Graph 5. The dynamics of funds attracted by the BDB from interstate institutions

Here we can add that by the end of July 2022, according to BNB data, deposits in the banking system (deposits of non-financial enterprises, of households, of the government sector, of credit institutions and of other financial enterprises) reach BGN 124.7 billion leva⁶ and to present our thesis for possible more active preferential financing by the BDB, in cooperation with other credit institutions for SMEs, in support of Alan Greenspan's thesis that the efficient financial system is the one that directs savings to financing of those capital investments that will most efficiently produce the goods and services most valued by consumers. For this reason, the US saves too little - the national savings rate is a paltry 13.7% of GDP, making the US currently the developed country that saves the least, but utilizes the meager savings very efficiently as accumulated fixed capital, generating the highest rate of productivity growth among the G7 countries at the beginning of the 21st century. (Greenspan, A., Age of Turbulence. Sofia, 2008, p. 428-429)

We can draw several conclusions related to the effects of optimizing the investment activity of SMEs through the prism of preferential financing from the BDB:

⁶ www.bnb.bg

- More active political support is needed through the BDB for a change in the business climate, which will stimulate the investment activity of SMEs in the conditions of the coming economic recession, caused by the measures to fight the pandemic and the war in Ukraine.

- The search for the possible optimal balance between the moderate investment risk and the expected profitability in the financial stimulation of the investment activity of the economic agents through the BDB can add new details in the study of their essence in the conditions of dynamic market changes.

- Optimizing the activity of the BBR in the direction of more accessible financing of the export activity of SMEs, which are the backbone of the Bulgarian economy, will significantly support the government's policy towards accelerated economic growth and a faster exit from the crisis.

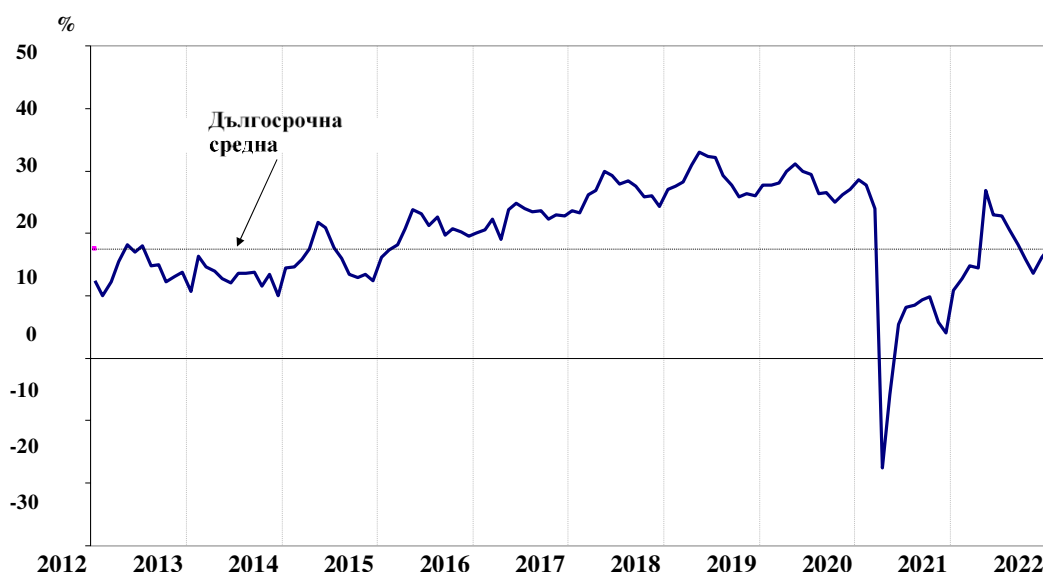
In the conditions of the coming economic recession after the pandemic and the war in Ukraine, BDB and other credit institutions can use more intensively as an important factor under increased criteria for effective financial support for increasing the international investment activity of businesses, established in the various methods for the business evaluation of the assets of SMEs, which lose value in conditions of local and global crises and are particularly important in the analysis of economic profit and the evaluation of the monetary return on the capital invested by the company. (Ganchev et al., Business evaluation, 2018, p. 174)

We can conclude that there are major reservations in the national policy towards Bulgarian SMEs to increase the volume of guarantees for preferential loans, through the credit institutions and especially through the Bulgarian Development Bank (BDB) in the direction of improving the environment for entrepreneurship and the administrative capacity of human resources.

The use of various indicators for business observations has a great potential for tracking and forecasting business cycles and in the system of leading indicators of the OECD they make up about 40%. This percentage is 100% for the European Commission's composite leading indicator, which is a weighted average of five confidence indicators - in industry, construction, retail trade, the service sector and the consumer confidence indicator from the monitoring of the users. These indicators greatly facilitate the study of business trends, the study and forecasting of business cycles.

NSI started publishing from the beginning of the 21st century a general composite indicator of the business climate for Bulgaria, which is a weighted

average of four sectoral indicators - in industry, construction, retail trade and the service sector⁷. (See Chart 6)



Source: NSI

Chart 6. Business climate – general

Digitization and innovative technologies will be crucial for the rapid recovery of SMEs in the conditions of a bad business climate. The European policy to which Bulgaria also joins for the improvement of the business climate and the faster adaptation of business to the process of digitization and implementation of IT personnel, will help to restructure small and medium-sized businesses and achieve faster economic growth for the exit from the crisis.

In support of this European policy, the Bulgarian government took several important steps through the Executive Agency for the Promotion of Small and Medium-sized Enterprises (IANMSP), which presented eleven competition sessions through the National Innovation Fund for free financing of 500 projects with over BGN 95 million in the area of the Fund's four priority axes: information and communication technologies, biotechnology, the creative and entertainment industry and others. The last twelfth session – at the end of 2021. aims to support SMEs in Bulgaria with a budget of over BGN 5 million, and the support is under

⁷ Each of these four industry indicators of the business climate represents a geometric mean (according to the formula of the Ifo-Institute in Germany) of the balance of opinions about the current business situation in enterprises in the next six months.

the scheme "Supporting the research and development activities of enterprises and organizations for scientific research and dissemination of knowledge"⁸.

The Executive Agency for the Promotion of Small and Medium Enterprises and the Bulgarian Academy of Sciences also organized online business events in 2021 - "Science for Business", to present joint projects with SMEs that have been successful on the national and European markets, thanks to the used scientific and applied products and technologies of BAS researchers⁹.

The Council of Ministers takes a decisive step in line with EC policy by adopting a Decree amending Resolution No. 38 of the Council of Ministers of March 29, 2022 to establish an e-Governance Council under the Council of Ministers and to establish a Digital Council decade, with the chairman - the minister of e-government, who carries out the state policy in the field of information society and information technologies in interaction with other bodies of the executive power. The European political program "Digital Decade" is a fundamental European document in the field of digital transformation, outlining the vision, goals, measures and mechanisms for achieving digital sovereignty, respect for basic civil rights and principles of the rule of law, accessibility of services, equality and improving the business climate and quality of life in Europe.

Through a SWOT analysis, one can outline some of the positive and negative effects of the implemented government policy for improving the business climate through the implementation of European and national projects in the SME sector in Bulgaria¹⁰.

⁸ You will find the rules for managing the funds of the National Innovation Fund (PUSNIF), as well as complete information about the documents required for application and the application procedure here: <https://www.sme.government.bg/?p=54753>.

⁹ The main goal of "Science for Business" is the creation of a sustainable institutional environment for cooperation and interaction between Bulgarian science and SMEs by gathering in one place in the virtual space representatives of the institutes, laboratories, the Unified Innovation Center of the BAS and pre-business soldiers.

¹⁰ The analysis uses data from NSI and the Technical Report - part of the project "National strategy for small and medium-sized enterprises for the period 2021-2027 in Bulgaria".

SWOT analysis of the positive and negative sides in the SME sector in Bulgaria for the period 2016-2020.

Strengths	Weaknesses
<ul style="list-style-type: none"> • A very high relative share of SMEs in Bulgaria as a percentage of all enterprises - 99.8%, which provided 75.7% of total employment before the 2020 pandemic and the Ukraine war. 	<ul style="list-style-type: none"> • For the same period, a strong imbalance in the regional distribution of SMEs is observed in Bulgaria, as in Northern Bulgaria their number is much smaller than in Southern Bulgaria, and this tendency in the development of SMEs is deepening .
<ul style="list-style-type: none"> • During the studied period - we have a growth in the added value of micro-enterprises - (110.2%) and an increase in the growth in the added value created by all SMEs, as a relative dal - 65.3% of the total added value in the economy in Bulgaria 	<ul style="list-style-type: none"> • The cooperation of small, medium and especially micro-enterprises with Bulgarian universities, BAS and research units is unsatisfactory.
<ul style="list-style-type: none"> • For the period 2016-2020, an increase in the income from the activity of SMEs was reported, as in 2018. they reach BGN 205.3 billion or 69.7% - a relative share of the total revenues of Bulgarian enterprises. 	<ul style="list-style-type: none"> • Only 4.1% of SMEs during the research period had easy access to financing under European and national programs, which explains the weak interest in them.
<ul style="list-style-type: none"> • The interest of SMEs in the field of clean technologies, which will develop business in the sphere of the circular economy, is increasing. 	<ul style="list-style-type: none"> • SMEs do not have enough support to increase the competences and capacities of management staff in the process of researching European markets to increase export opportunities.
<ul style="list-style-type: none"> • Opportunities for financial support of SMEs from the budget and Bulgarian credit institutions are increasing. 	<ul style="list-style-type: none"> • The government's support to small and medium-sized businesses, through preferential financing from credit institutions and the Bulgarian Development Bank (BDB), does not reach all those affected by the measures introduced to combat the pandemic and the war in Ukraine.

The SWOT analysis carried out shows that there is a good basis for overcoming the sectoral imbalance in the economic development of the regions in our country by using existing reserves for preferential financial support from the budget, credit institutions, the Bulgarian Development Bank (BDB) and the new opportunities for the restructuring of small, medium and micro-enterprises towards the European markets, investments in high-tech productions and intensive use of innovations, by increasing the administrative capacity. (See Figure 2.)¹¹

¹¹ Source: 2019 Bulgaria Small Business Act (SBA) Guide

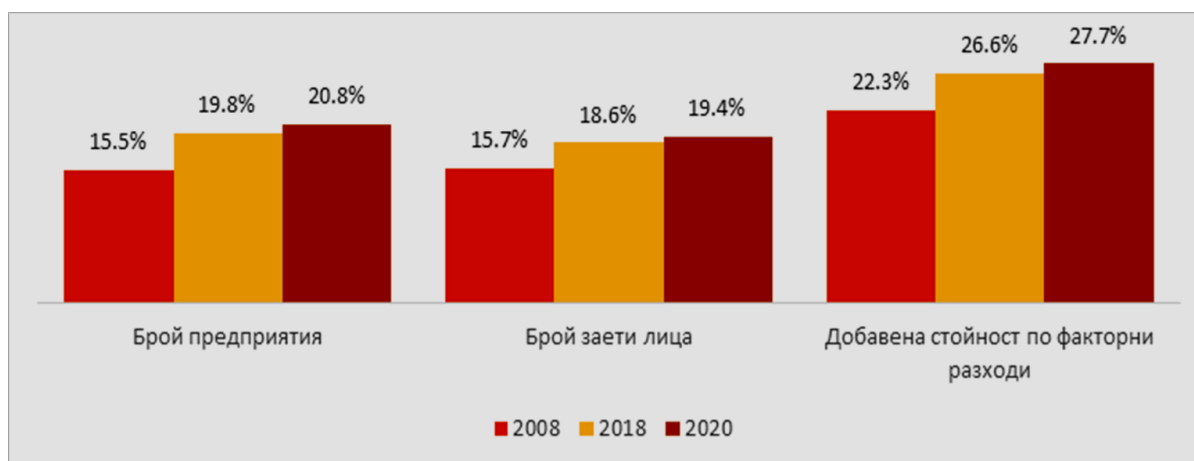


Figure 1. SMEs in the field of high-tech production and services (%)

The support of Bulgarian small, medium and micro businesses, with preferential financing from the budget and through state guarantees to commercial banks in our country for investments in new technologies and productions to enter the European markets, will ensure sustainable economic growth, using the advantages of circular economy and digital transformation, which will improve the competitiveness of our enterprises to the leading European companies.¹²

In 2022, the Executive Agency for the Promotion of SMEs (IANMSP) reports that 516 vouchers were distributed under the pilot for Bulgaria "Voucher scheme for providing services for information and communication technologies (ICT services) to micro, small and medium-sized enterprises (SMEs) " under the procedure - Support for the growth of small and medium-sized enterprises under the Operational Program "Innovations and Competitiveness" 2014-2020. Two types of vouchers were distributed - worth BGN 5,000 for sites and applications, and BGN 20,000 worth - for services such as digital marketing, process optimization, cyber and information security. Of these, 292 are micro enterprises, 147 are small, and 77 are medium-sized". The largest number - 314 units worth BGN 6,412 million (with a total budget of the program - BGN 9,775,672.98) are used by SMEs for logistic, management and production optimization. With 94 vouchers, or BGN 1.908 million, SMEs were supported for the development of digital marketing, with 90 vouchers, corporate websites or applications were built - worth 469 BGN 000. Another 18 vouchers were received from SMEs for the

¹² In its 2021 edition, the Global Innovation Index (Global Innovation Index, World Intellectual Property Organization - WIPO) ranks Bulgaria in 35th place out of 132 countries surveyed, as we are in first place in the world in terms of performance above expectations in relation to our level of economic development. We also have a high rating for the indicator "creative results" (trademarks, brand value, export of creative products, the creation of mobile applications, etc.), as well as for the indicator "results of knowledge and technology" (patents, models, labor productivity growth, new businesses, software costs, intellectual property, etc.)

support of information and cyber protection - worth BGN 372 000. The distribution of this financial support by regions is: in South-West - 234 vouchers, in South Central - 76; in North Central - 73; 67 - in North East, 41 - in North West; and 25 - in South East"¹³

This policy is a new step in the right direction to support the management teams of SMEs to preserve the start-up feeling in terms of innovative technologies, competitiveness and energy efficiency of production to increase the quality of the presented goods and services to consumers.

From the research done on the prospects in the development of SMEs to new European markets with effective support for investments in innovative technologies with increased administrative capacity, we can present several conclusions:

First. Financial support from the government and the European Commission (such as only the accepted European aid under the Recovery and Sustainability Plan, which is planned to be BGN 12.6 billion by 2026), must be optimized and balanced , through objective criteria and methods for evaluating the business, which is more capable of restructuring towards the introduction of innovative technologies, energy and resource efficiency - for better competitiveness and financial sustainability in order to overcome in shorter terms the lag behind European companies.

Second. National strategies for reform in the SME sector, by stimulating investments in innovative technologies and entering international markets, should also include increasing administrative capacity to present goods and services with higher added value and achieve more high economic growth.

Third. Overcoming sectoral and regional differences in the national economy must be carried out in parallel with the development of the circular economy and the orientation of small and medium-sized businesses to environmentally friendly technologies - to improve the ecological infrastructure in the country.

An important part of the measures taken by the government, with the introduction of innovative technologies for small and medium-sized businesses and in response to the growing ingenuity of cyber attacks in Europe - at the end of 2021 through the State Agency "Electronic Government" and the Executive Agency for Promotion of small and medium-sized enterprises, an important study on the topic of "Cybersecurity in the SME sector" is being undertaken to analyze

¹³ The data were presented in the report of the final press conference by the project manager Vasil Peev - General Secretary of the IANMSP

and present what is the exact state and level of cyber protection of the Bulgarian business to deal with the new challenges in protecting secret company and personal databases .

Stimulating the business of SMEs in Bulgaria and Europe over the last ten years began with the creation of favorable conditions for the rapprochement of relations between foreign companies on the European markets, which also includes the increase of financial incentives for exporting capital and finished products to international markets and asserts -permanent expansion of export zones. This European policy was supported by the activities of the Executive Agency for the Promotion of Small and Medium Enterprises¹⁴ (IANMSP) with the implementation of several important projects and programs that aimed to significantly increase their financial reserves and innovation potential¹⁵ -al as the most important project for "Increasing the innovation capacity of small and medium-sized enterprises (SME)" (SME Innovation Capacity Boost - SMEInnoBoost) is carried out together with the transnational program "Balkans - Mediterranean Sea 2014 - 2020" .

Several important European measures for financial stimulation of business have been adopted. They are directed in several directions¹⁶:

- financial support to the affected small and medium-sized enterprises to maintain good liquidity;
- financial measures to control the crisis in the health and social sphere;
- measures to preserve jobs and incomes of workers affected by the crisis and employed in the real sector;
- aid from European funds to fight against Covid-19.

We can conclude that this is the shortest path to success for small and medium-sized businesses in Bulgaria, which at the beginning of the 21st century are still dependent on their domestic markets and need urgent expert and financial support in turbulent conditions to effectively take advantage of the opportunities of the single European market, where EU investment funds, and especially the European Regional Development Fund, will actively support them.

¹⁴ The executive agency for the promotion of small and medium-sized enterprises carries out its activities on the basis of adopted regulations for more effective support of SMEs. See Appendix 6.

¹⁵ See Appendix 4 and 5

¹⁶ The Commission communications of 10 March 2020 entitled "A new industrial strategy for Europe" (COM(2020)0102) and "Strategy for the place of SMEs in a sustainable and digital Europe" (COM(2020)0103) contain proposals to support , the growth and expansion of the activity of SMEs. Parliament responded to the impact of the coronavirus pandemic on industrial supply chains and SMEs by adopting a resolution in April 2020 on coordinated EU action to support economic recovery measures. On 25 November 2020, MEPs adopted a resolution calling on the European Commission to present a revised industrial strategy.

CHAPTER THREE

TRENDS IN NATIONAL AND EUROPEAN STRATEGIES FOR IMPROVING SME INVESTMENT ACTIVITY IN BULGARIA

National and European financial support to stimulate investment activity and the internationalization of SMEs within the European market will help to achieve higher competitiveness, create higher levels of added value and real economic growth of the gross domestic product. in the countries of the European Union (EU) under conditions of increasing economic recession and high inflation. This will prove to be the most effective and balanced approach for a quick exit from the crisis.

The share of employed persons in small and medium-sized businesses already reaches 75.7% thanks to the favorable access to European financing. The crisis changed this trend and placed an urgent need for intervention to improve skills and innovation and encourage entrepreneurship in the conditions of building a highly competitive market environment. (<https://nsi.bg>, n.d.)

The analysis of the development trends of SMEs in Bulgaria and in the EU based on the information sheet on compliance with the provisions related to the Small Business Act in Europe (SBA) by 2019 shows that the sector in our country lags behind in many of the key indicators that examine the environment for business development. The only area where the country's results are above the EU average, is access to finance, which continues to improve even after the pandemic. We have the most urgent need for support and investment in the fields of technology, innovation and the promotion of entrepreneurship¹⁷.

According to the National Entrepreneurship Context Index (NECI), Bulgaria lags significantly in terms of the environment for entrepreneurship and business growth compared to the leading EU member states. (<https://www.gemconsortium.org>, 2020)

The data on SMEs from the NSI for 2018 present their important place in the Bulgarian economy, as in the non-financial sector there are 27.6 thousand small and medium-sized enterprises (with more than 10 employees), and the number of micro-enterprises (with up to 10 employees) is 317.8 thousand. The number of persons employed in SMEs is 1.5 million. For the period before the pandemic, small and medium-sized businesses registered a higher growth in added value than that of large companies - over 10% per year. (<https://nsi.bg>, n.d.)

¹⁷ Based on metrics from the SBA Fact Sheet.

In addition to the possibilities of the Project "National strategy for small and medium-sized enterprises for the period 2021-2027 in Bulgaria", SMEs in our country can also use some of the most established and effective European practices. These were developed in the Netherlands, initiated by the Dutch Trade Board - DTB (public-private advisory board to the government) and implemented by the Agency for International Business and Cooperation, EVD. The website of the project has collected the most useful and up-to-date information about the various products offered by the private financial sector in the EU countries and the financial institutions that present specialized financial products that can be very useful for cross-border financing. (www.internationalaalondernemen.nl/mkb-financiering)

For this purpose, the Bulgarian government, through the Executive Agency for the Promotion of Small and Medium-sized Enterprises (IANMSP), commissioned the Institute for Economic Policy (IIP) to research and analyze in 2021 the state of small and medium-sized businesses and the consequences for the sector from Covid-19¹⁸.

The research carried out by the IIP complements and builds on our internet survey among representatives of SMEs, institutions to support their activity and consumers of finished products to establish the state, problems and challenges facing their investment activity on the way of their internationalization.

The survey study was conducted with a scientific purpose in the period of April 2023 by sending an invitation to participate to the respondents by e-mail, and when processing the data, we followed the professional standards for ethics and protecting the reputation of the respondents. A survey card¹⁹ was developed with the Google Forms toolkit and is available at: <https://forms.gle/qpvHsWeG4sKCVM9L8>

Owners, managers or employees of SMEs from different regions and branches of Bulgaria are invited to participate in the survey, which gives us the confidence to claim that we have a representative, territorial sample from various sectors of the economy in which the small business participates. and medium business.

In order to supplement the research and establish the problems and challenges facing the investment activity of SMEs in our country, we conducted

¹⁸ The survey was prepared by the Institute for Economic Policy under contract No. 0A-0-49/08.12.2020 with the Executive Agency for the Promotion of Small and Medium Enterprises (IAN-MSP) in its capacity as the contracting authority. The subject of the contract is "Research and analysis on the topic "State of small and medium-sized businesses in Bulgaria and the consequences for the sector of COVID-19". For the needs of the research and analysis, the most up-to-date statistical data from the National Statistical Institute and Eurostat were used.

¹⁹ The questionnaire used is presented in Appendix 1.

an internet survey among owners, managers and employees of companies operating in Bulgaria, including in the questionnaire a wide range of questions aimed primarily at smaller companies, with traditions in the market (69.5% of the interviewed representatives indicated that they have been working for more than 5 years, and 50.4% of them have already been in the market for more than 15 years), in which up to 9 workers and employees (these are 51.9% of those who responded to the survey), who by 2021 already number 383,592 companies out of a total of 412,878 SMEs in our country. (See Figure 2)



Of the 780 invitations sent to owners, managers and employees in SMEs to participate in the survey, 135 responses were received from representatives of various regions and activities in the field of production, services and other activities, which gives us the self-confidence of a good offer- attitude of the survey²⁰. (See Fig.3)

5. В кой сектор от икономиката се развива Вашия бизнес?
131 отговора

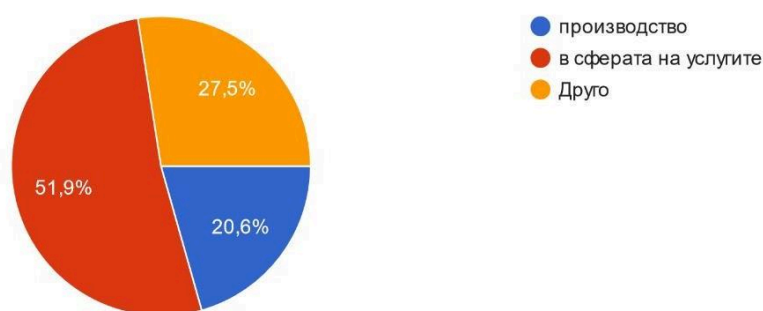


Figure 3. Profile of the surveyed companies' activities

²⁰ The processed survey results are presented in Appendix 2.

The majority of the responding SME representatives are employed in the service sector - 51.9%, in production - 20.6%, and in other areas - 27.5%, and employed workers and employees in them are up to 50 people - 68.7%.

After the processing and analysis of the survey results, we can present several conclusions important for the research:

1. Most of the respondents present the problems and challenges facing the investment activity of SMEs in Bulgaria, that they are related to the dynamic changes in the international markets since the beginning of the 21st century and the limited access to support from the European Commission (EC) and the Bulgarian government through budget financing and preferential support through the BDB. (See Fig. 4)

15. Какви препоръки имате за облекчаване на проблемите, свързани с подпомагането на МСП?

133 отговора

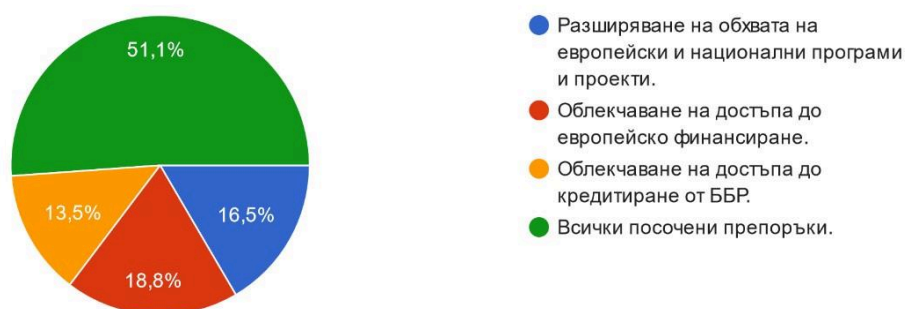


Figure 4. Recommendations for facilitating access to European and national support

2. Another important problem is the obstruction of SMEs' access to public contracts, with the respondents citing the following subjective factors as the main reason: political patronage - 31.6%, corruption - 24.1% and bureaucratic obstacles – 36.8%. (See fig.5)

11. Кой според Вас е най-значимият фактор, възпрепятстващ МСП към достъп до обществени поръчки ?

133 отговора

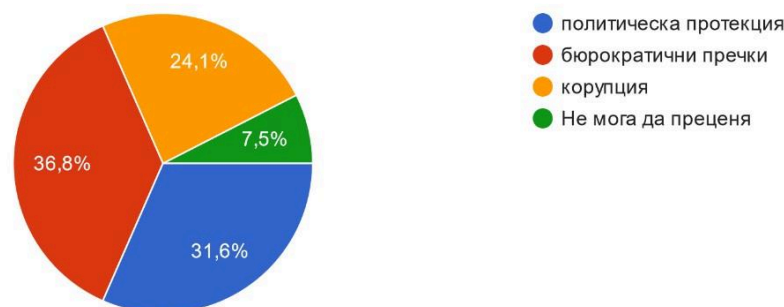
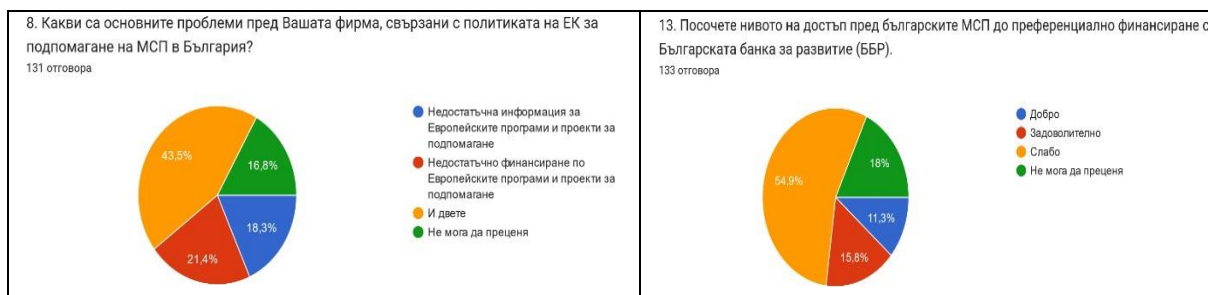


Figure 5. Factors influencing the investment activity of SMEs

3. The opportunities for SMEs to enter foreign markets in the survey are most often defined as: unsatisfactory - the low level of qualification of workers and employees - 24% and difficult access to preferential financing and grant-in-aid - 50.8%.

4. Financing from various Bulgarian credit institutions, including the Bulgarian Development Bank and access to European and national programs and projects, as well as the availability of free financial resources from SMEs are an important factor in increasing their investment activity. Although the majority of SMEs in Bulgaria are defined as financially stable, when answering the question about factors that would increase their financial sustainability and investment activity, they indicate the problem with financing and the need to ease access to preferential financing from: European programs and projects – 39.7%, from BDB -59.4% and other credit institutions – 58.6%, opportunities to increase the qualifications of management teams – 40%, use of tax benefits – 48, 5% and free budget financial assistance – 30%. (See Fig. 6)



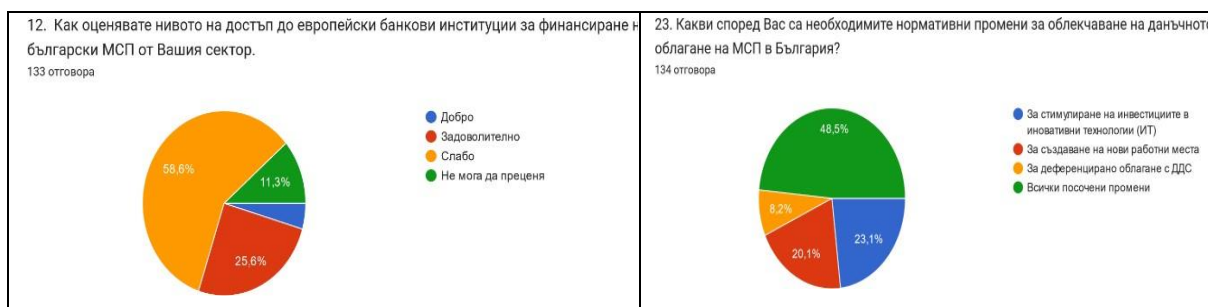


Figure 6. Factors for increasing the financial sustainability and investment activity of SMEs.

5. The survey confirms both the main problems in optimizing the structure of SME financing sources for the implementation of investment projects and internationalization of business - 50.8%, as well as the problems that further prevent the exit to international markets as a dominant according to the respondents, there is also the low level of qualification of workers and employees - 20.5%. (See fig.7)

16. Как оценявате факторите, които влияят на нивото на достъп на Вашата фирма до международните пазари?
132 отговора

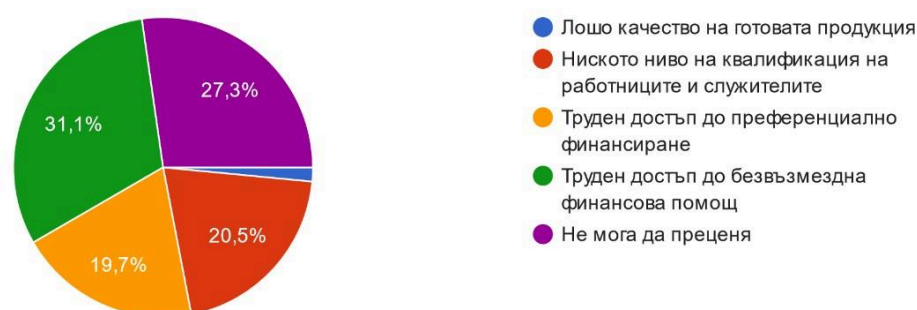


Figure 7. Factors determining the level of access to international markets

As a summary of the results of the survey, we can confirm that in terms of access to preferential financing and grants, a larger part of the surveyed companies indicated that they had difficulty (50.8%) rather than existence of eased access to financial resources to stimulate investment activity. This is due to the limited access to European programs and projects and the financial support of the government through the budget and BDB in our country. The answers to the survey confirm the importance of solving these main problems and challenges facing the investment activity of SMEs, related to easing access to preferential

financing under European programs and projects, activating the activity of the BDB, optimizing the regulatory legislative framework and tax reliefs for investments in innovative technologies. This also includes the policy of the European Commission to expand aid and access of small and medium-sized businesses to free financing and optimization of EU regulatory provisions for credit institutions, the creation of an effective and affordable national system for state guarantees for lending, which to facilitate access to international markets.

The need for the internationalization of SMEs in Bulgaria shows that this is a positive process that leads to a rapid increase in competitiveness at the enterprise level, which is most often expressed in the expectation of better economic results at the national and European level.

The expected results are:

1. entering international markets to achieve higher turnover growth.
2. with the increase in investment activity in the international markets, SMEs will realize a higher growth in employment.

Available European support in this direction can help to solve the main problems facing SMEs on the way to internationalization. They are clearly related to access to up-to-date information on various dynamic changes in the global European market and possible more active financial support.

The main problem facing the internationalization of business is the lack of transparency and chaos in the information offered to facilitate access to financing through various programs within the European Union, which aim to support SMEs. The activation of cooperation with the private sector, which includes confederations of banks (NVB) and SMEs (MKBNl), can be presented as an important factor for improving efficiency in this direction.

Based on the presented analysis, the following conclusions can be presented:

1. All studies of the data on the effects of actively supporting SMEs at the beginning of the 21st century to enter international markets show that their internationalization will lead to an increase in turnover in the specified target market and an increase in the total turnover of the enterprise that will ensure the preservation and growth of the number of jobs.

2. European and national financial support for the internationalization of SMEs in our country within the framework of the European market will become an important measure to combat the coming economic recession and will help to achieve higher competitiveness, create higher levels of added value and real growth of the national and European economy.

3. The support of the Executive Agency for the Promotion of SMEs to the promotion of the New European Innovation Agenda (New European Innovation Agenda) for investments in science and innovation can unite the efforts of Bulgarian investors, start-up projects and entrepreneurs for the successful internationalization of small small and medium-sized businesses.

It is confirmed that there is a major possibility for preserving the medium-term and long-term financial and economic stability of Bulgaria, which is determined by the preservation of sustainable development of small and medium-sized enterprises (SMEs), which are the "backbone of the Bulgarian economy". In the conditions of economic turbulence and the coming economic recession, more and more problems and challenges are being noticed in front of the state policy for financial stimulation of the business to increase its investment activity with a moderate investment risk.

In today's dynamic changes in the world markets, there are no universal rules for managing investment risk for each specific investment, which can successfully analyze and forecast the spheres of investment, the structure of investments, the valuation of capital assets. This brings together the research of William Sharp, John Lintner and Jan Mossin to create a special Capital Asset Pricing Model, which makes it possible to arrive at a quantitative expression of investment risk and to estimate the expected return on investments . (Sharpe, 1964) (Lintner, 1965), (Mossin, 1966).

The created research model is used by economic agents and is the basis of modern portfolio theory for predicting the relationship to be observed between the investment risk in a given asset and its expected return. At the heart of a capital asset valuation model created by William Sharp, John Lintner and Jan Mosin is the so-called beta (β) coefficient, which expresses the share's dependence on market changes and is calculated according to the them way:

$$(1) \quad \beta_i = \frac{Cov(r_i; r_m)}{\sigma_m^2}, \text{ where:}$$

Cov is the covariance (dependence) between the market portfolio and the considered asset;

r_m is the expected return (yield) of the market portfolio;

r_i - the expected return of the i-th asset;

σ_m^2 - the dispersion (variation) of the market portfolio.

One of the most authoritative sources of information - the Value Line Investment Survey - is used for the specific meanings of the beta coefficient, and in the financial bulletins it is primarily calculated on the basis of the previous 60 months.

The relationship between the expected return of a given security and the coefficient is represented by the equation:

$$(2) \quad E(r) = r_f + \beta [E(r_m) - r_f],$$

where: r_f - is the risk-free yield (return).

The individual components of the presented equality express:

$[E(r_m) - r_f]$ - the amount of the market risk premium;

$\beta [E(r_m) - r_f]$ - the expected risk premium for each particular asset.

We can formulate the market price of risk as follows:

$$(3) \quad \frac{E(r_m) - r_f}{\sigma_m^2}.$$

and the trade-off between the increase in risk premium and the increase in risk with equality:

$$(4) \quad \frac{\Delta E(r)}{\Delta \sigma^2} = \frac{E(r_m) - r_f}{2\sigma_m^2}.$$

The difference (+/-) between the actual and the expected rate of return of a given type of stock is called alpha (α).

In order to present the presented algorithm in greater completeness and accessibility, we will consider the following methodological case study: When investing a certain financial resource from the management of an investment fund, a market return of 10% is expected at a risk-free rate of return of 4%. The beta coefficient derived from the Value Line Investment Survey newsletter is equal to 1.3%. Using the possible toolkit of the presented model for the assessment of capital assets, we will calculate what the possible return is through the formula:

$$E(r) = r_f + \beta[E(r_m) - r_f] = 4 + 1.3(10 - 4) = 13.8\%.$$

If the expectations of the management team for this investment are: to bring him an income of 14.5%, then the implied $\alpha = 0.7\%$.

As we have already indicated, there is no universal model for the assessment of capital assets, and the presented model is no exception, although it is actively used by financial analysts. It has its drawbacks and "hypothetical concepts" such as the market portfolio and risk-free assets, which, after the global financial crisis of 2008-2009, proved not to exist. In addition, the presented model ties the "rate of return on assets" to only one factor - the "market risk premium", and this greatly limits the financial analysis, because the rate of return is influenced by other factors. (Kanaryan & Patev, 2008, pp. 255-320)

The possibilities for quick success of a policy to increase the investment activity of SMEs, in the conditions of moderate investment risk and in the event of an economic recession, is explained by the provision of wider access to the existing European programs and projects to support and increase financial sustainability, as well as to financial support of the state through the budget, BDB and other projects for preferential financing of the internationalization process.

Preferential financing, tax incentives and reliefs are an important condition for the development of small and medium-sized businesses in the conditions of an impending economic recession.

The author shares the thesis that the upcoming harmonization of the taxation of SMEs should be carried out within the EU and at the national level - *in sync with the adopted international decisions on global changes in corporate income taxation*²¹, which would give them the opportunity to expand the investment their activity in the European market, which would include a reduction in corporate tax rates in the European Union, where the general level of taxation

²¹ Global corporate tax changes kick off on 8 October 2021, when 140 countries from the OECD/G20 Inclusive Framework to Combat Base Erosion and Profit Shifting (BEPS) reach historic agreement on reform of international taxation, as well as regarding the adoption of a detailed implementation plan. The global changes to the rules on international corporate taxation consist of two pillars:

Pillar 1 - covers the new system of granting taxing rights to the largest multinational enterprises in jurisdictions in which profits are made. The main element of this pillar will be a multilateral convention.

Pillar 2 - contains rules aimed at reducing opportunities for base erosion and profit shifting to ensure that large multinational business groups pay a minimum rate of corporate tax.

is high and a large part of foreign investors react to this by redirecting their transactions and, accordingly, transferring their profits to countries with lower tax rates or offshore areas. Such a European tax policy will create a more favorable business environment for SMEs, which are the "main engine and backbone" of the European economy.

Together with the elimination of the possibility of avoiding corporate taxation on the income realized by large companies on the territory of the European Union, the survey confirms the need to introduce tax reliefs for SMEs, as 43.2% point to an important incentive for investments in innovative technologies and the creation of new jobs, and 56.7% declare themselves in favor of the introduction and use of all possible tax preferences for small and medium-sized businesses, which also includes differentiated VAT taxation to stimulate financial sustainability in support of the economy.

With the implementation of European tax optimization, which will stimulate the rapid recovery and restructuring of SMEs in the conditions of more frequent local and global crises, while minimizing the possibilities of "avoidance of corporate taxation" in the EU, with the adoption of "tax on exit" on the territory of the EU, the existing possibility for some companies to "withdraw their profits on exit" from the EU without being taxed, will be removed, which will support the European economy²².

The digital economy and "digitization" as a dynamic process is changing the state of the European market, as digital enterprises very rarely pay taxes in some European countries, despite their aggressive digital presence and realized revenues in their market. In the conditions of turbulence at the beginning of the 21st century and prevailing high tax rates of corporate taxation in the EU, which are applied to the decreasing incomes due to frequent economic and political crises, do not stimulate entrepreneurship and the creation of new SMEs.

The tax reform in Europe, after the pandemic and the war in Ukraine, related to the fairer distribution of the tax burden and the optimization of corporate tax rates in the direction of reduction can not only stimulate business, but also preserve, even bring -increases fiscal revenues by expanding tax bases. The

²² With the implementation of the proposed changes and the adopted Council Directive amending EU Directive 2016/1164 with regard to mismatches in hybrid entities and instruments involving third countries, it will enable EU Member States to: "tax the economic value of capital income generated on their territory even when this profit has not yet been realized at the time of exit, considering that the principle of taxation of profits realized in Member States before they leave the EU should be strengthened, for example through a coordinated withholding tax on interest and royalties to close existing loopholes and avoid profits leaving the EU untaxed'.

introduction of appropriate tax preferences to stimulate SME investments in innovative technologies for greater competitiveness and faster economic growth can be compared in terms of effectiveness with the promotion of investments in alternative, green energy sources. The optimization of corporate taxation for SMEs that have business in the single European market should provide them with a balanced growth in production in all sectors of the economy.

European corporate taxation at the beginning of the 21st century should include optimal tax preferences for small and medium-sized businesses, in support of the circular economy and a balanced introduction of innovative digital technologies and modern models for improving the digital skills of company management, that work in the European Digital Single Market. For SMEs in Bulgaria and Europe, this is an important step in the right direction for a faster exit from the looming economic recession and the achievement of such important growth for the European economy, which can be achieved with the adoption of an improved, effective model of taxation of digitalized economy and digital services.

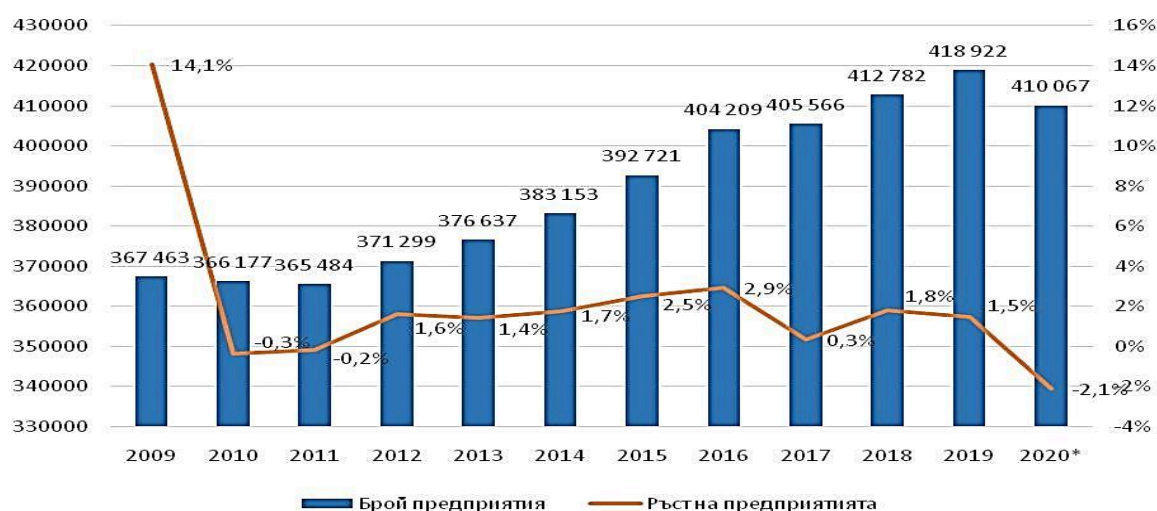
E-governance can only be effective if there is a stable regulatory framework and a well-functioning judicial system. This will ensure a successful modernization of the business, for the faster introduction of innovative technologies in the development of the international activity of SMEs. Such a policy will ensure the optimization of management processes, reducing the burden of licensing regimes, reducing the composition of the public administration and significantly easing the business conditions for SMEs. The introduction of electronic management must be combined with the creation of an opportunity for retraining and integration of quality administrative personnel to small and medium-sized businesses. It will provide a number of effects for the national economy, the most important of which are: more efficient and transparent work of the public administration to the ministries, which will limit corruption, saving financial resources and time, greater awareness of business and more - easy access to financing, through government programs and projects, greater competitiveness of SMEs and a better business environment for investments²³.

The consequences for the European economies of the measures imposed to fight the pandemic and of the disrupted supply of raw materials and materials as a result of the war in Ukraine are very severe. This necessitates large, additional

²³ Shortening procedures and reducing bureaucracy has been set as a top priority for the European Commission after 2008 - the adoption of an EU strategy for SMEs, developed in the Small Business Act - SBA.

budget expenditures and restructuring of the budgets in the EU member states to deal with the coming economic recession and the financial provision of measures to support SMEs in overcoming the shock and for faster adaptation to the new recessions. -alities, with an unclear time horizon. For this purpose, the most effective improvement of liquidity for SMEs affected by the crisis can be achieved by strengthening the policy for state guarantees on preferential loans through the Bulgarian Development Bank (BDB).

According to data from the NSI for 2019 - the number of SMEs in our country is 418,922, and there is an annual growth of 1.5%, which is close to the average annual growth in the number of SMEs for the period 2011-2019 - 1.7%. The restrictive measures to combat the pandemic in 2020. changed this trend as the number of active SMEs decreased by 2.1% to 410,067. (<https://nsi.bg>, n.d.) (See graph 9)



Source: NSI

Chart 9. Number and percentage growth of SMEs (2009-2020)

The dynamic development of SMEs in Bulgaria during the period 2009-2019 was disrupted by the onset of the pandemic and the restrictive measures to combat it, and the war in Ukraine strengthened this trend in the coming economic recession. Small and medium-sized businesses in our country showed relative stability and good financial sustainability thanks to the successful presentation and implementation of several basic programs before the crisis, which significantly increased their innovation potential.

In conclusion, we can conclude that the introduction of e-government in Bulgaria by public authorities and the judiciary and the effective absorption of European financial incentives will become an important factor for the implementation of responsible national policies that will make the business environment for SMEs more favorable. and competitive. This will significantly improve the efficiency of administration processes and facilitate interaction with business.

The improvement of electronic services and the provision of up-to-date information for SMEs will increase their competitiveness and activate the investment process on the path of internationalization, providing the opportunity for better economic results at the national and European level.

The general observations and identified shortcomings of the implemented government policy to support SMEs in Bulgaria show significant problems in the process of internationalization and access to financing for small and micro-enterprises, which rely mostly on domestic markets and need consultants and expert assistance for providing up-to-date information on the state of international markets.

Family businesses in Bulgaria are mainly in the category of small and medium enterprises. I am involved in the management of two such companies: EUROSTILL OOD (founded on August 26, 2010 as EVLOS-TILL TRADE OOD) and EUROSTILL LTD (founded in February 2014), where in the conditions of dynamically developing markets we persistently followed the policy of increasing investment activity and competitiveness, to create a final product at the world level, and despite the difficult period for business in Bulgaria (after the crisis of 2008-2009) and all the upheavals that SMEs went through until 2016, we continued to follow the policy of increasing the export of finished products and establishing the Bulgarian market as the main manufacturer and supplier of interior and entrance doors, metal and armored doors, PVC and aluminum windows - in order to become the most dynamically developing company in South-West Bulgaria . The frequent local and global crises in the domestic and European markets since the beginning of the 21st century did not prevent us from increasing investments in innovative technologies that made us more competitive for entering international markets. We already offer production in 18 countries, which proves the quality of Bulgarian production. Every year in the years under review, we invested in innovation and competitiveness in order to create a final

product at the European and global level and to achieve a big jump in sales by entering international markets. (See Table 1)

Table 1

Financial indicators of the company EUROSTILL OOD

Year	Turnover (lv.)	Growth (%)
2013	2 275 000	94.61%
2014	4 004 000	76%
2015	5 304 000	32.47%
2016	8 108 000	52.87%
2017	11 221 000	38.39%

During the period studied by us, the activity of this company can be presented as a variant of a successful model for the management of SMEs in our country in the direction of the decision made for active investments in innovative products and entering international markets already in the period 2014-2017, when a significant increase in sales was achieved, accompanied by an increase in production and the number of personnel employed in the company. (See Table 2)

Table 2

Growth of employees in the company EUROSTILL OOD for the period 2014-2017

Year	Employees (no.)	Growth (%)
2014	5	20 %
2015	6	16.67%
2016	7	42.86%
2017	38	442.86%

The data show that the measured risk in the activation of the investment policy and the aggressive entry into the international markets was justified as for 2017 the turnover of the company is already in the amount of BGN 11,221,000, which is 38% more than the previous year 2016 (8 BGN 108,000) with an average annual growth of about 40%. We also observe an increase in the number of people employed in production, as the total number of employees increases from 5 to 38 employed in the company.

Similar is the management policy towards increasing investments in innovative technologies and internationalization of business, as well as the results achieved for the company EVROSTILL EOOD, with headquarters in the city of Kyustendil and an initial capital contribution of BGN 51,000. For 2019, the company's turnover has already reached BGN 586,000, which is 946% more than the previous year 2018 (BGN 56,000), with an average annual growth of 598%. (See Table 3)

Table 3

Financial indicators of the company EUROSTILL EOOD for the period 2016-2019.

Year	Turnover (lv.)	Growth (%)
2016	0	-
2017	16000	-
2018	56000	250 %
2019	586000	946.43%

We also observe a growth in the company's staff for the research period 2017-2019. before the onset of the pandemic. (See Table 4.)

Table 4

Growth of employees in the company EUROSTILL EOOD for the period 2017-2019.

Year	Employees (no.)	Growth (%)
2017	1	-
2019	7	600%

In order to be a leader in the door business, in the conditions of an impending economic recession, the prices of raw materials must be as low as possible, and for this purpose, the necessary optimal quantities are requested - year after year. In order to have a stable base for permanent development, it is necessary to make serious efforts to retain customers on the Bulgarian and especially on the foreign market. This strategy also proved successful for a new door production, which is again located in Kyustendil. The production hall is located on 20 decares, and the entire area of the enterprise is 100 decares with a

perspective for future development, despite the difficult time for business - the crisis, which had covered almost all sectors, and we worked then entirely on the Bulgarian market. Many of our clients were facing major challenges or facing bankruptcy. We made the right decision with the investment by focusing entirely on exports and participating for the first time in an international exhibition in Milan. This guaranteed new contacts and partners with whom we still work today. We started with sales in Italy, Romania and North Macedonia and Iraq.

For success in international markets, we have prepared a wide range of quality interior doors for domestic, commercial and industrial needs at competitive prices and high quality. Eurostill Ltd. has established itself as a leading manufacturer of entrance and interior doors that have modern design, durability, individuality and functionality. The small Eurostyle became a symbol of European quality. This determined the expansion of the business in the last 10 years, which was not a risky investment, as we focused our efforts on the internationalization of production.

The presented data for the companies I managed during the research period before the 2020-2021 pandemic. show that we have optimized the investment risk to the maximum when investing in innovative technologies and active actions to enter international markets, as one of the latest attractive projects is a new armored door, which is offered for the first time in Bulgaria. The door lock is electronic and different access modes can be set by unlocking with a phone, with Bluetooth or via the Internet as we have implemented a German ERP system for control and management. Such innovative products are sold in Israel, Italy and Bulgaria, as we have certified 30- and 60-minute fire-resistant doors, we also certify a noise-insulating door.

The approach of internationalization of the door business will increase the volume of production and the number of people employed in it as in 2022. we already have about 130 people working for us. Despite the frequent local and global crises in the world markets since the beginning of the 21st century and related problems in financing projects, purchasing high-tech equipment, designing and supplying raw materials - we have become the largest employer in the region, which does not makes a compromise with working conditions while keeping wages attractive for workers. In the company, we also use the services of German consultants, which guarantees a higher and competitive quality of the manufactured products. The analysis of the data on the dynamic development of the two companies I manage over the last ten years shows that in the conditions

of local and global crises, the most important is the support of the state to local investors, because they want the area in which they are located to develop. Then investment potential will increase many times and there will be entrepreneurs who will have the courage to take risks. In the conditions of lasting negative effects of the pandemic, the war in Ukraine and the coming economic recession, European and national programs and projects for financial support to SMEs are very necessary to maintain their financial sustainability and economic growth.

From the presented results for the SMEs managed by me, in the conditions of dynamic changes in the international markets since the beginning of the 21st century, we can present a series of factors with a positive and negative impact on the financial condition of the company, because a change in one effective quantity is often a consequence from the action of multiple factors that jointly, but to varying degrees, affect financial sustainability. This requires financial management to use the most appropriate method of factor financial analysis, with the help of which the influence of individual factors can be precisely determined. (Zahariev A., Ganchev, Angelov, & Kostov, 2022, p. 39)

Although the company Eurostill Ltd. produces a wide range of doors with different purposes, depending on the material used and technical characteristics, we can study and analyze the management results achieved and the factors that have the strongest impact through financial indicators of the best-selling models for 2019 and 2021 year.

For this purpose, we can use additive or multiplicative index-factor analysis, which gives us the opportunity, with the help of indices, to study the dynamics in the resulting quantity and, depending on the set goal, to analyze the influence of each factor or the joint influence on the result. (Zahariev A., Ganchev, Angelov, & Kostov, 2022, p. 48)

If we compare and analyze sample financial data for sales of the most widely sold interior doors - the "Classic" and "Comfort" models of the company EUROSTILL OOD²⁴, respectively for the years - 2019, in which we have sales revenue (S) 1,000 000 BGN, with a quantity of realized production (X) – 2000 units, and the price per unit of production (Y) is 500 BGN and for 2021, when the proceeds from sales are already: (S) 1,680,000 BGN, with a quantity realized production (X) – 2800 units, and the price per unit of production (Y) is BGN 600.

²⁴ Due to the fact that the dissertation study used confidential and non-public information about the production of various models of the main production of the company EUROSTILL OOD, this analysis was made using data characterizing its activity, which were transformed with a translator coefficient.

we can study the change in the revenue from sales of interior doors under the influence of the various factors - volume of realized production and the factor - price as we can also trace the joint influence of the two factors, and summing up the results of the separate influence of the factors and their joint influence, we will get what is the size of the aggregate action. (See Table 5)

Table 5. Sample financial data for the company EUROSTILL OOD

Indicators	2019 y.	2021 y.
1. Sales revenue (in thousands)	1000	1960
a) Quantity of production (no.)	2000	2800
b) Price per unit of production	500	600

Using the formulas for the influence of individual factors (x - volume of realized production and y - price per unit of production) on the result:

$$\Delta_s^{(x)} = y_0 (x_1 - x_0)$$

we find first - the change in sales revenue under the influence of the volume of realized production factor, which amounts to BGN 400 thousand:

$$\Delta_s^{(x)} = 500(2800 - 2000) = 400\,000$$

and according to the formula:

$$\Delta_s^{(y)} = x_0 (y_1 - y_0)$$

we find the change in sales revenue under the influence of the unit price factor, which amounts to BGN 200 thousand:

$$\Delta_s^{(y)} = 2000(600 - 500) = 200\,000$$

The establishment of the joint influence of the two factors can be found using the formula:

$$\Delta_s^{(xy)} = (x_1 - x_0)(y_1 - y_0)$$

$$\Delta_s^{(xy)} = (2800 - 2000)(600 - 500) = \mathbf{80\,000 \text{ лв.}}$$

From the total sum of the sum of the influence of the individual factors and the resulting sum of their joint influence, we will get the sum of their combined impact, which amounts to BGN 680,000.

$$400\ 000 + 200\ 000 + 80\ 000 = 680\ 000$$

The use of multiplicative index-factor analysis makes it possible to present the general result index as a product of several factor sub-indices, and through the division and analysis of the sub-indices - to establish the influence of each individual factor.

In the study for the period 2019 and 2021, we can calculate the index of the total change as a ratio between the total indicator for the reporting period and the base period, for the year 2021 and 2019, respectively:

$$I_s = \frac{S_1}{S_0} = \frac{1960}{1000} = 1,96$$

Finding the factor sub-indices (for the reporting year 2021 and base period – 2019) will enable us to establish the influence of one factor (amount of production – x) by eliminating the other (price of a unit of production – y) and vice versa, respectively, with the following formulas :

$$I_x = \frac{x_1 y_0}{x_0 y_0} = \frac{x_1}{x_0} = \frac{2800}{2000} = 1,40$$

$$I_y = \frac{x_0 y_1}{x_0 y_0} = \frac{y_1}{y_0} = \frac{600}{500} = 1,20$$

From the presented financial data for the company EUROSTILL OOD and EUROSTILL EOOD in the researched period before the pandemic and the war in Ukraine, it can be seen that there is an increase in the amount of sales revenue, which is mainly due to the implementation of more effective measures to deal with the coming economic recession . This gives us the opportunity to present two important conclusions that will benefit SMEs in Bulgaria, which will be useful for more successfully dealing with the upcoming challenges:

- The first conclusion is related to the introduction of the most modern technologies and the most effective achievements in the industry, which made it

possible to successfully internationalize the business and significantly increase production, since with smaller amounts of investment in smaller enterprises, this would not be possible profitable for production and for export to Europe and countries close to Bulgaria.

- The second important conclusion, which became necessary in the process of work over the years, is that in order to achieve competitive prices of finished products and growth in production in the conditions of a disrupted rhythm of supplies on a global scale, you must achieve low prices of raw materials and optimization in management of material stocks.

The successful development of the companies I manage and the good location of the production - located near three borders is an important prerequisite for many profitable offers to buy the business, the latest offer is from a Swiss investment fund that owns several German enterprises with door production. We intend to remain permanently in this business, because the internationalization of small and medium-sized businesses opens up great prospects for the development of SMEs as we continue to plan the expansion of the business to new European markets. When starting the new projects, we will strive for each of them to be independent - both operationally and financially.

The analysis of the main economic indicators for Bulgaria in 2021 and 2022 show great similarity, despite the impact of the pandemic and the war in Ukraine. Business expectations are for an end to hostilities and stabilization of global financial markets so that we can talk about precise forecasting of economic activity and more effective short- and medium-term planning for SMEs.

Based on the author's research presented in the dissertation, related to the main problems, factors and challenges facing the investment activity of SMEs and the analysis of public data from NSI and IANMSP, several important conclusions can be summarized:

1. The expansion of financial support of European and national programs and the use of tax reliefs for SMEs will confirm their leading role for economic sustainability in the conditions of the coming economic recession.

2. A balance must be achieved in the regional development and business distribution of SMEs in Bulgaria, since the largest number of them are concentrated in the South-West region (39.5% of all SMEs), and in the North-West and North-Central regions the relative their share is 7.0% and 8.8%.

3. Stimulation of attitudes towards entrepreneurship, which is over 62.6% for the creation of new start-ups with investments in innovative technologies and areas of the circular economy.

4. In order to impose a fairer harmonization of taxation within the EU, in order to more effectively stimulate the investment policy of SMEs and eliminate the possibility of "profits leaving the EU without being taxed", a fruitful cooperation, exchange of knowledge and successful practices in several directions: introduction of tax reliefs and the optimization of corporate tax rates in the EU, in the direction of reducing the tax burden for SMEs, cooperation in the field of international tax law, administrative exchange of experience and scientific cooperation in tax law enforcement, which will stimulate investment activity.

5. Imposing trends towards introducing accessible national and European programs for financial stimulation of the investment activity of a larger part of SMEs to international markets, since only 25% of those operating in Europe were exporting to European markets before the pandemic, and only 13% of exports were directed to non-EU markets.

6. Effective government support will improve the liquidity of SMEs, in the conditions of the coming economic recession, by combining with a real increase in state guarantees on preferential loans, through commercial banks and the Bulgarian Development Bank (BDB) in the conditions of clear trends to increase interest rates from the ECB and BNB.

IV. DIRECTIONS FOR FUTURE RESEARCH ON THE SUBJECT OF THE DISSERTATION PAPER

The obtained important results and scientific-applied contributions from the conducted dissertation research give the author a basis for conducting additional studies related to the introduction of electronic management in Bulgaria by public authorities and the possibilities for improving the processes in the administration and easing the interaction with business as well , for the more effective absorption of European financial incentives, which will become an important factor in the implementation of new national policies to create a more favorable and competitive business environment for SMEs.

V. REFERENCE ON THE MAIN CONTRIBUTING POINTS IN THE DISSERTATION

Based on the performed analyzes and assessments, we can summarize several more important results and scientific-applied contributions that are reached in the dissertation research:

1. Achieving competitive prices for finished products for SMEs and growth in production, in the conditions of a disrupted supply rhythm and an impending economic recession, can be achieved with maximally low prices of raw materials and optimization in inventory management.

2. Maximum available national and European financial support in favor of SMEs for investments in the most modern technologies and the most effective achievements in the industry, will enable successful internationalization of business and increase the profitability of production, because with less investment activity for small enterprises, this would not be profitable for production and for export to Europe and countries close to Bulgaria.

3. The trends towards increasing investment activity among SMEs should also be aimed at achieving a balance in the regional development and distribution of business in Bulgaria, since according to public data, the largest number of them are concentrated in the South-Western region (39.5 % of all SMEs), and in the North-West and North-Central regions their relative share is 7.0% and 8.8%.

4. In order to impose a fairer harmonization of taxation within the EU, with the aim of more effectively stimulating the investment policy of SMEs and eliminating the possibility of "profits leaving the EU without being taxed", fruitful cooperation is needed, exchange of knowledge and successful practices in several directions: introduction of tax reliefs and the optimization of corporate tax rates

in the EU, in the direction of reducing the tax burden for SMEs, cooperation in the field of international tax law, administrative exchange of experience and scientific cooperation in law enforcement of tax legislation that will stimulate investment activity.

5. Imposing tendencies towards approving and introducing affordable national and European programs for financial stimulation of the investment activity of a larger part of SMEs to international markets, since only 25% of those operating in Europe were exporting to European markets before the pandemic , and only 13% of exports are directed to markets outside the EU.

VI. LIST OF PUBLICATIONS ON THE THEME OF THE DISSERTATION

I. Articles:

Article; Danchev, D., "NEW POLICIES AND PERSPECTIVES FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN BULGARIA", Annual Almanac "Scientific Research of Doctoral Students" - Volume XIV, 2021, Book 17, AI Tsenov, ISSN: 1313-6542

Article; Danchev, D., V. Milinov "OPPORTUNITIES FOR FINANCIAL STIMULATION THROUGH THE BULGARIAN BANK FOR THE DEVELOPMENT OF INVESTMENT ACTIVITY WITH MODERATE INVESTMENT RISK" DIALOG magazine, vol. 4, Svishtov, AI Tsenov, 23.12. 2022, ISSN: 1311-9206

II. Scientific reports:

Report; Danchev, D. "OPPORTUNITY FOR SUSTAINABLE DEVELOPMENT OF SMEs IN THE CONDITIONS OF THE PANDEMIC", International scientific and practical conference dedicated to the 85th anniversary of S.A. "D. A. Tsenov" - Svi-stov. 8-9.11.2021, pp. 413-420, ISBN 978-954-23-2067-8 (print)

Report; Danchev, D. "INTERNATIONALIZATION OF SMALL AND MEDIUM-SIZED ENTERPRISES IN EUROPE TO INCREASE COMPETITIVENESS AND ACHIEVE BALANCED REGIONAL GROWTH

OF THE EUROPEAN ECONOMY", International scientific and practical - Circular economy in the context of the relationship industry 4.0 - society 5.0, 21-22 October-July 2022, Svishtov, AI Tsenov, pp. 599-608, ISBN (print) 978-954-23-2249-8 and ISBN (online) 978-954-23-2250-4

Report; Prof. Milinov, V., Ph.D. Danchev, D. "EUROPEAN TAX POLICY TO STIMULATE INVESTMENTS IN INNOVATIVE TECHNOLOGIES IN SMALL AND MEDIUM-SIZED ENTERPRISES", International scientific and practical - Circular economy in the context of the relationship industry 4.0 - society 5.0, October 21-22, 2022, Svishtov, AI Tsenov, pp. 463-470, ISBN (print) 978-954-23-2249-8 and ISBN (online) 978-954-23-2250-4

VI. PARTICIPATION OF THE DOCTORAL STUDENT IN SCIENTIFIC FORUMS

- 1) Participation in the "Methodology of Scientific Research" seminar held on October 9-11, 2020.
- 2) International scientific and practical conference dedicated to the 85th anniversary of S.A. "D. A. Tsenov" - Svishtov. 8-9.11.2021
- 3) International scientific and practical conference dedicated to the Circular Economy in the context of the relationship industry 4.0 - society 5.0 - October 21-22, 2022. Business Academy "D. A. Tsenov".

Collection of reports.

4) XIII Doctoral Scientific Session, 20.11.2020, SA "D. A. Tse-nov"

VII. COMPLIANCE WITH THE REQUIREMENTS OF THE RULES FOR IMPLEMENTATION OF THE LAW ON THE DEVELOPMENT OF THE SCIENTIFIC INSTRUMENT IN THE REPUBLIC OF BULGARIA

Articles: 1 pc. independent and 1 pc. co-authored

Scientific reports: 2 nos. independent and 1 pc. co-authored

Minimum number of points: 30

Number of points achieved under Indicator 7 (Articles and reports published in non-refereed peer-reviewed journals or published in edited collective volumes), acc. Appendix to Art. 1a, para. 1 of the Regulations for the Implementation of the Law on the Development of the Scientific Staff in the Republic of Bulgaria with Minimum National Requirements for the Scientific, Teaching and/or Artistic or Sports Activities of Candidates for the Acquisition of a Scientific Degree and for the Occupation of the Academic Position "Chief Assistant" , "Associate Professor" and "Professor" in scientific fields and/or professional fields in Region 3. Social, economic and legal sciences, Professional field 3.1. Sociology, anthropology and cultural sciences, 3.2. Psychology, 3.3. Political sciences, 3.4. Social activities, 3.5. Public communications and information sciences, 3.6. Right, 3.7. Administration and management, 3.8. Economy, 3.9. Tourism

4 pcs. articles and scientific reports x 10 items = 40 items > 30 items

VII. DECLARATION OF ORIGINALITY AND AUTHENTICITY OF THE DISSERTATION

FROM
DANIEL DANCHEV

In connection with the procedure for obtaining an educational and scientific degree "doctor" in the scientific specialty 05.02.05 Finance, money circulation, credit and insurance (finance), I declare:

a. The results and contributions in the dissertation on the topic: ***"INVESTMENT ACTIVITY OF SMEs IN BULGARIA - PROBLEMS, FACTORS, TRENDS"*** are original and are not borrowed from research and publications in which the author has no participation.

b. The information presented by the author in the form of copies of documents, publications and references corresponds to the objective truth.

c. Results obtained, described and/or published by other authors are duly and extensively cited in the bibliography.

Svishtov
20.05.2023

DECLARATOR: /S/
/Daniel Genchev Danchev/