Work Package 2

DIFME COUNTRY REPORT - BULGARIA

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SECTION 1: INTRODUCTION

The main aim of this BG country report is to enable the development of training materials and learning outcomes that are tailored to the current needs of micro entrpreneurs in the DIFME partner countries. In order to do so, it shall identify the main digital internationalisation and financial literacy skills that should be addressed in the DIFME training programme and resources, as well as the most appropriate duration, mode/s and method/s of delivery of such a programme.

The report is organized in six sections. It begins with the Introduction section. Section 2 provides a general overview of the state of entrepreneurship and SMEs in Bulgaria. The main courses and resources currently offered by HEIs (Higher Education Institutions) in Bulgaria are identidied in Section 3. The main findings from the online survey and the expert interviews conducted in Bulgaria are presented in Section 4 and Section 5. The final Section 6 provides a synthesis of the above sections and a discussion of the main insights gained, together with concluding reflections on the way forward for the DIFME project. The Declarations of Consent by Expert Interviewees are provided in Annex 1.

SECTION 2: SBA COUNTRY FACT SHEET ANALYSIS

The EU has a well-established body of literature concerning SMEs and their performance. In order to provide an overview of the state of SMEs and entrepreneurship in Bulgaria, this section provides some highlights from the EU's SBA Fact Sheets report. Various aspects of EU SMEs are highlighted, including a synopsis of the size, structure and importance of SMEs to the EU economy, whilst also providing insight into how SMEs have performed in the past and how they are anticipated to perform in the future.

2.1 Country Overview

According to the 2018 SBA Fact Sheet about Bulgaria[1], SMEs are the "backbone of the Bulgarian 'non-financial business economy'", accounting for 65.2% of value added and 75.4% of employment, which is above the EU average of 56.8% and 66.4%, respectively. On average, 4.4 people are employed in Bulgarian SMEs, a slightly higher than in the EU (3.9). During the period 2011-2017, Bulgarian SMEs generated value added growth of 60.5% (Fig.2.1) which was particularly strong in micro companies whose value added rose by 83.9%.

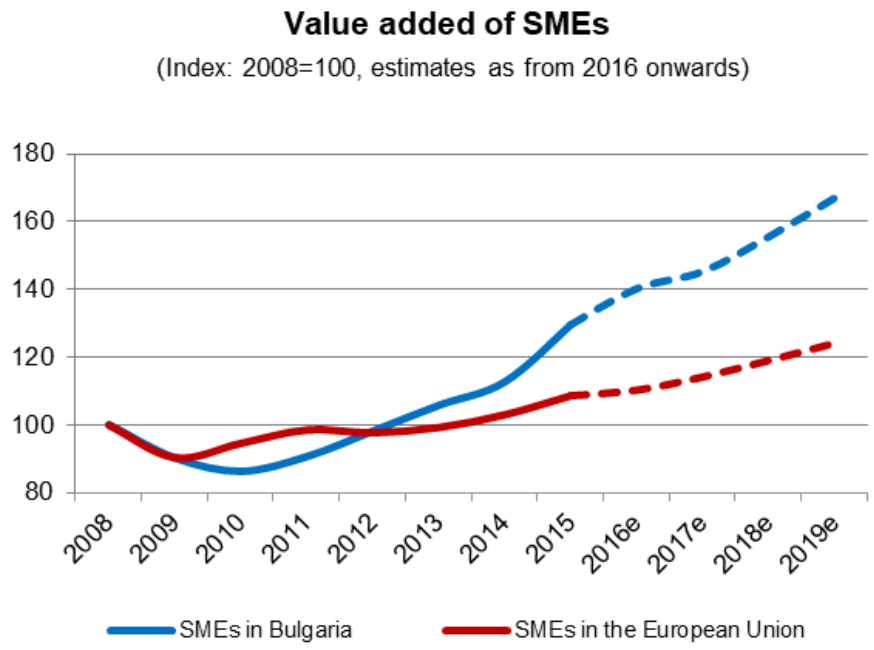

Fig.2.1: Value added of Bulgarian SMEs (Source: EU 2018 SBA Fact Sheet)

[1] EC 2018 SBA Fact Sheet — Bulgaria, available at: https://ec.europa.eu/growth/smes/business-friendly-environment/performance-review_en#annual-report

SME employment also had a moderate overall growth of 4.1% at that period (Fig.2.2), following a prolonged downturn between 2009 and 2013. Information and communication has been the most dynamic sector, responsible for the highest overall SME job creation in 2011-2017.

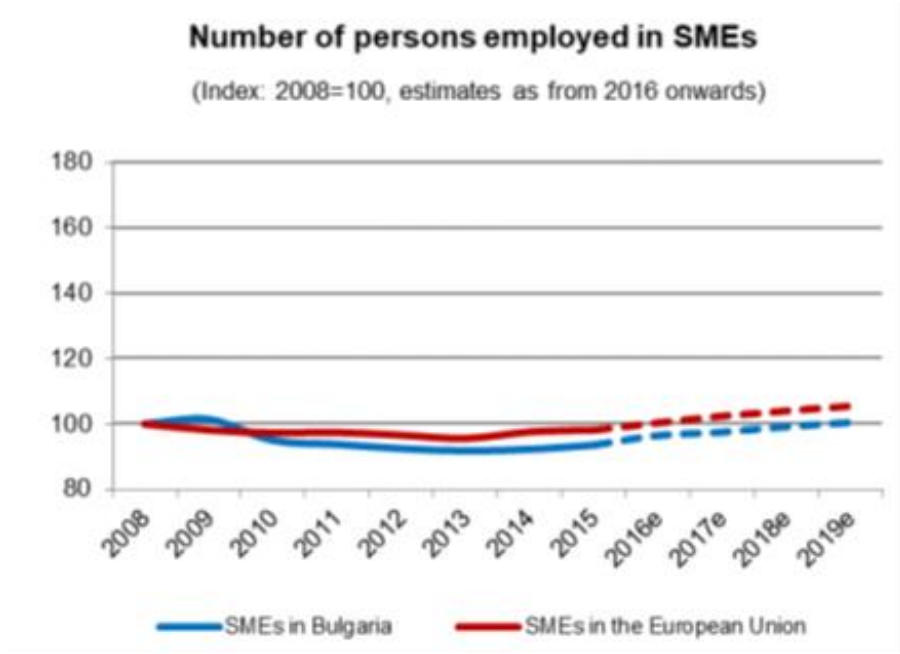

Fig.2.2: Number of persons employed in Bulgarian SMEs (Source: EU 2018 SBA Fact Sheet)

In 2016-2017 SME value added rose by 3.6% and SME employment increased by 1.1%. Expectations for 2017-2019 are for 15.1% increase in SME value added and 3.1% increase in SME employment, accounting for about 46 500 new SME jobs.

According the 2018 SBA Fact Sheet, Bulgaria's highest performance is in the SBA area of 'second chance', where Bulgaria has scored above the EU average. Performance in the areas of state aid & public procurement, access to finance, single market and internationalisation, is in line with the EU average. The weakest performance, below the EU average, is in the SBA areas of entrepreneurship, 'responsive administration', environment and skills & innovation.

Class size	Number of enterprises			Number of persons employed			Value added		
	Bulgaria		*EU-28*	Bulgaria		*EU-28*	Bulgaria		*EU-28*
	Number	Share	*Share*	Number	Share	*Share*	Billion €	Share	*Share*
Micro	309 050	91.5 %	93.1 %	586 140	29.7 %	29.4 %	5.5	21.3 %	20.7 %
Small	23 734	7.0 %	5.8 %	474 078	24.0 %	20.0 %	5.8	22.4 %	17.8 %
Medium-sized	4 316	1.3 %	0.9 %	427 087	21.6 %	17.0 %	5.5	21.5 %	18.3 %
SMEs	**337 100**	**99.8 %**	**99.8 %**	**1 487 305**	**75.4 %**	**66.4 %**	**16.8**	**65.2 %**	**56.8 %**
Large	649	0.2 %	0.2 %	485 486	24.6 %	33.6 %	9.0	34.8 %	43.2 %
Total	**337 749**	**100.0 %**	**100.0 %**	**1 972 791**	**100.0 %**	**100.0 %**	**25.7**	**100.0 %**	**100.0 %**

These are estimates for 2017 produced by DIW Econ, based on 2008-2015 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

Fig.2.3: Bulgarian SMEs Basic Figures (Source: EU 2018 SBA Fact Sheet)

The basic figures about Bulgarian SMEs, presented on Fig.2.3 (EU 2018 SBA Fact Sheet), reveal that 91.5% of the SMEs in Bulgaria are micro enterprises, slightly lower percentage compared to the share of micro enterprises in the EU-28. However, they generate 21.3% of the value added, which is slightly better than that for the EU-28 – 20.7%. The highest percentage of persons are employed in the micro enterprises in Bulgaria – 29.7%, which is almost equal to the percentage of the employed in microenterprises in the EU-28 – 29.4%.

2.2 Skills and Internationalisation

The data about Skills and innovation, presented on Fig.2.4 (EU 2018 SBA Fact Sheet), reveals that the Bulgarian SMEs perform below the EU average. Improvement has been achieved in several indicators during the last few years. The percentage of SMEs selling online has slightly increased from 5.2% in 2016 to 7.1% in 2017 (EU average - 17.15%). The turnover from e-commerce has also improved from 1.7% in 2016 to 3.5% in 2017 (EU average - 10.26%). However, the percentage of SMEs purchasing online in 2017 is still too low – only 5.89% (EU average – 25.86%). The only indicator in which Bulgaria is performing above the EU average (17.17%) is the percentage of people employed that have ICT specialist skills – 18.15% in 2017. The percentage of Bulgarian enterprises that train their employees in 2015 is quite low - 42.2%, and below the EU average of 72.6%. ICT skills training to the employees in 2017 is provided by only 8.21% of the Bulgarian enterprises (EU average – 20.07%).

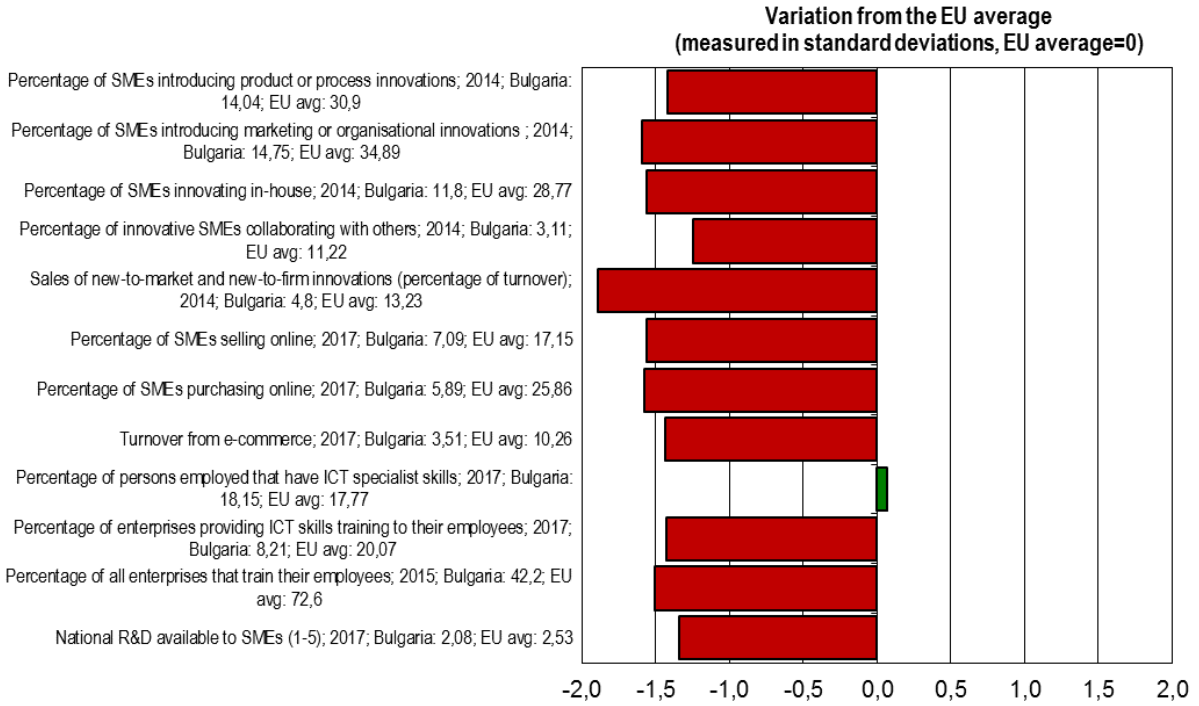

Fig.2.4: Skills and Innovation (Source: EU 2018 SBA Fact Sheet)

The data shown on Fig.2.5, regarding the single market principle, reveals that Bulgaria performs in line with EU average as far as the percentage of public contracts secured abroad by SMEs – 3.2% in 2013 (EU average – 2.6%) and the SMEs with intra-EU exports of goods (% of SMEs in industry) – 16.69% in 2015 (EU average - 16.57%) are concerned. However, the proportion of SMEs that export online intra-EU is low (only increased from 1.2% in 2009 to 3.35% in 2017) and well below the EU average (8.38%). The percentage of SMEs with intra-EU imports of goods (% of SMEs in industry) is also low (19.26%) and below the EU average (25.39%).

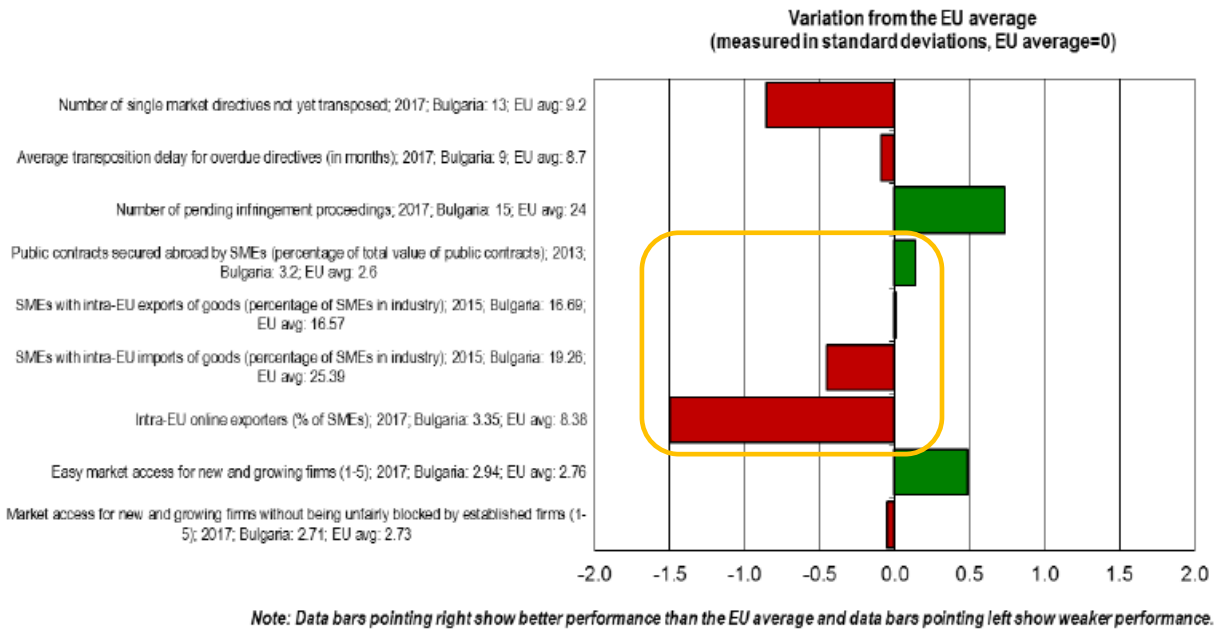

Fig.2.5: Single market (Source: EU 2018 SBA Fact Sheet)

The data on Fig.2.6, referring to internationalisation, shows that Bulgaria is underperforming in terms of percentage of Extra-EU online exporters – 1.83% in 2017 (EU average – 5.04%), percentage of SMEs with Extra-EU exports of goods (% of SMEs in industry) – 7.73% in 2015 (EU average – 9.69%), and percentage of SMEs with extra-EU imports of goods (% of SMEs in industry) – 10.72% in 2015 (EU average 11.29%).

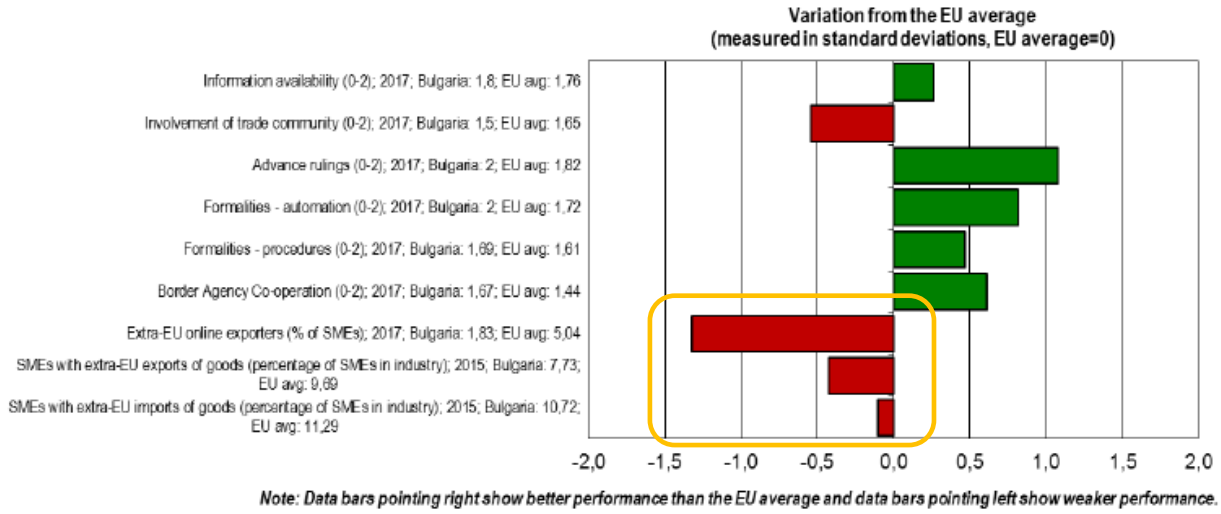

Fig.2.6: Internationalisation (Source: EU 2018 SBA Fact Sheet)

Major policy initiatives to promote internationalisation in Bulgaria include:

- The establishment of the ***Bulgarian SME Promotion Agency*** (BSMEPA);
- The "***New Technologies to Support Internationalisation"*** measure;

- "***Creating conditions for sustainable development and successful integration of Bulgarian enterprises on European and international markets***" which is to be implemented by BSMEPA with a total budget of EUR 5 million;
- An interesting initiative is ***The Council of Women in Business in Bulgaria's Leadership Academy***. The Leadership Academy is an annual highly professional training programme that is organised and funded by companies on the Council of Women in Business in Bulgaria. The Academy pursues one of the Council's objectives — to offer accessible programmes to promote the professional development of women in small and medium-sized businesses and to help them grow into management positions.

2.3 SME Policy Priorities and Entrepreneurship

➢ ***Improvement of the Business Environment for SMEs***

According to the 2018 SBA Fact Sheet, Bulgaria has made policy progress in implementing the recommendations by introducing 19 new policy measures addressing eight out of the 10 policy areas under the Small Business Act. The Bulgarian government was most active in the areas of responsive administration, access to finance and internationalisation. Efforts have also been made with regards to skills & innovation and entrepreneurship.

The score on the complexity of administrative procedures for doing business has slightly improved.

Since 2008, numerous measures have been taken and currently new financial instruments are available for SMEs.

In 2017-2018 four important new measures have been introduced under the skills & innovation principle:

- "Development of a modern industrial property system that supports the activities from the Patent Office" measure
- "Introduction of credits in the vocational education and training system" measure
- "Development of innovative products and production" measure
- National strategy "Digital Transformation of Bulgarian Industry — Industry 4.0"

In addition, support for SMEs' growth through the pilot implementation of voucher schemes by the Executive Agency for the Promotion of SMEs was formally announced.

In 2017-2018 the "Support for Pilot and Demonstration of Resource Efficiency" measure has been adopted, providing support for the implementation of technological and ICT solutions and methods for optimising production processes and for the lowering of the use of raw materials and waste generated.

- ***Policy-related Problems which still Impact SMEs***

The achieved results related to the implementation of policy recommendations in the period 2008-2018 are considered limited.

The proposed measures are addressing mostly administrative burdens affecting SMEs, and many of them are still in the initial stages of implementation. The complexity of administrative procedures for doing business is still high and Bulgaria's score for this indicator is still below the EU average.

Despite of the fact that new financial instruments are available, Bulgarian SMEs still face difficulties in obtaining public guarantees and the country's risk capital remains limited. SMEs are also lagging behind in terms of accessing alternative sources of funding such as crowdfunding and business angels.

Limited policy progress has been achieved in facilitating SME access to public procurement. E-procurement has only been partially introduced and the procurement process is still not sufficiently SME-friendly.

Rural-based SMEs face challenges in using e-services and the e-services provided by local authorities are limited.

- ***Introduction of New Policy Measures in the Entrepreneurship Area***

Two measures have been introduced under the entrepreneurship principle during the last 10 years:

- '***The Development of Social Entrepreneurship***' measure - funded by the Human Resources Development programme 2014-2020 (OP HRD), aimed at facilitating

access to employment, supporting social inclusion of vulnerable groups and creating the right professional integration conditions within the social economy.

- The '***Support for Entrepreneurship***' measure, under the OP HRD, aimed at providing tools, training and services to unemployed individuals to start a self-employed business.

➢ ***Developments that have taken place in Local Scale-Up Activities, Initiatives and Policies***

Scale-ups are now receiving support to access commercial opportunities, and financing through operational programmes, low interest loans and guarantees provided by the National Guarantee Fund. However, despite these initiatives scale-ups still lack a critical mass of effectively interconnected ecosystems.

The Bulgarian SME Promotion Agency has been established, but despite their support, SMEs still face significant obstacles to becoming internationalised — including difficulties in meeting the requirements in foreign markets and in protecting their Intellectual property rights.

➢ ***Areas for Improvement***

Additional policy efforts are considered necessary for improving the skill base of the Bulgarian workforce, for promoting entrepreneurship and developing innovations, for applying environmental policies and continuing the implementation of the single market principles.

Greater efforts are needed to promote SME use of new financial instruments and participation in public procurement procedures.

The use of e-services should be improved, and the number of e-services provided by local authorities should be increased.

SECTION 3 – COURSE ANALYSIS

Bulgaria offers a wide range of courses aimed at assisting individuals further their knowledge in business, management and finance. A summary of course specifications in provided in Table 3.1 below, while a detailed list is available in Appendix 1.

Digital Garazh

Provided by Google and available at the following link:
https://learndigital.withgoogle.com/digitalengarazh

Provides free online courses for acquiring digital skills to enhance carreer or business. The online courses are flexible and personalized, covering three main aspects – Data and technologies, Digital marketing and Career development. The courses are module-based and include video lessons, practical exercises, real life examples, and evaluation tools. The courses are in Bulgarian. Certification is provided.

Organizing seminars and coaching services are also offered.

SoftUni Digital

Available at the following link: https://digital.softuni.bg/trainings/opencourses

Provides online courses for digital skills, modular-based. Some of the basic modules are freely available, others are paid.

They provide a Digital Marketing programme (https://digital.softuni.bg/) which is delivered within a 10-month period. The programme starts with a free module on Marketing Fundamentals and then an entry exam follows. The admitted students continue with the other 8 courses included in the programme. Blended learning is the offered training mode - one-to-one traditional classes are performed twice a week in the evenings and online distance learning is also available.

The courses are in Bulgarian.

Programmes and Courses at the University of National and World Economy (UNWE)

- BSc Programme in Finance
- BSc Programme in Business Informatics and Communications
- MSc Programme in Business Informatics
- MSc Programme in Business Informatics with specialization for Business Analyses
- MSc Programme in Banking and interlational finances
- MSc Programme in International finances and business
- MSc Programme in financial management
- MSc Programme in Digital Marketing
- MSc Programme in Digital Economy
- MSc Programme in Entrepreneurship

Programmes and Courses at the Higher School for Insurance and Finance

Available at: https://vuzf.bg/programs/magistar

Offering master programmes in:

- eCommerce and Logistics and Supply Chain Management eco-system (https://vuzf.bg/programs/magistar/e-targoviya-i-eko-sistema-na-logistichni-i-dostavni-protsesi), including specilaized courses in:
    - Statistics for business and markets
    - Basic business models for online selling of products
    - Channels for selling products and services
    - Compulsary elements for online selling
    - eShop development
    - Communication and aftersale policy
    - Supply Chain Network Design
    - Supplier relationship management
    - Product management from a SCM viewpoint
    - Relationship management with logistic services suppliers

- Business and digital transformation (block chain innovations), including the following specialized courses:
    - Basics of Blockchain technology
    - Blockchain eco-system
    - Blockchain innovations
    - Financial risk management
- Business software and ERP systems
    - ERP systems
    - Business process management
    - Customer relationship management systems
    - Business Intelligence systems
    - Financial modules in ERP systems

SECTION 4: DIFME ONLINE SURVEY RESULTS

4.1 General Demographics and Background of Respondents

A total of 69 responses were received for the online survey in Bulgaria. This section describes the sample in terms of key demographics and background information. The numbers reported relate to the respondents who answered that particular question, who sometimes were less than the full sample. I.e., those who skipped particular questions are not considered in the figures presented. This will be specified by means of notes beneath the Figures illustrating the relevant descriptive statistics.

More than half (*n*=32, 53.3%) of the Bulgarian respondents were female, most of them (*n*=54, 90.0%) falling within the bracket of 18-25 years of age. This was a well educated sample, with nearly one half (*n*=25, 41.7%) being in possession of a Bachelor Degree, 15.0% (n=9) of the respondents were with a Masters degree, and another 13.7% (n=21) holding an undergraduate qualification. Further details are presented on Figures 4.1, 4.2 and 4.3 below.

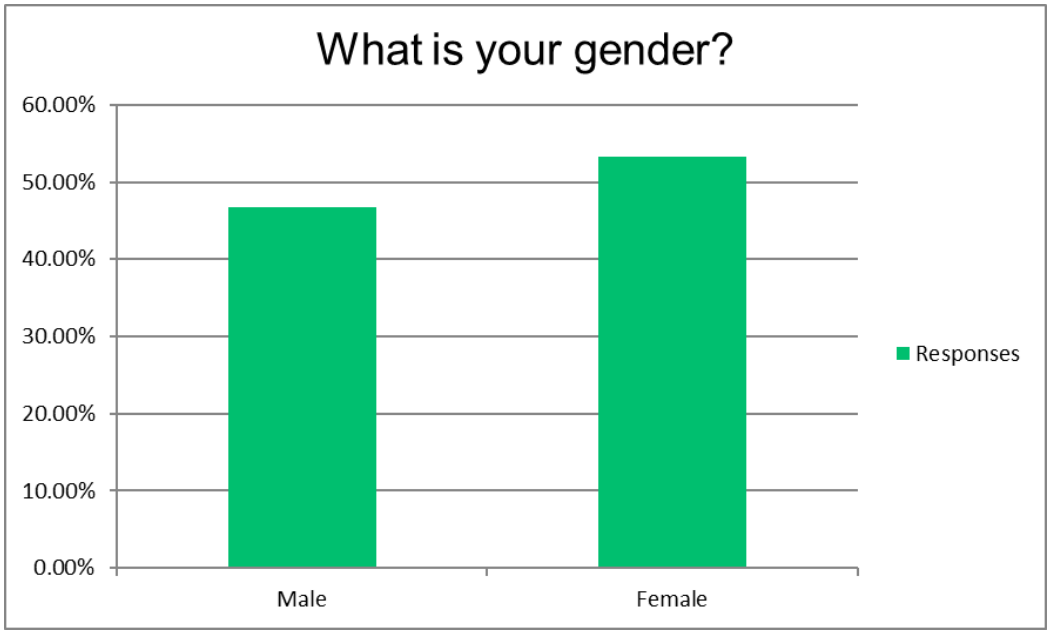

Figure 4.1: Respondents' Gender Distribution *(Note: Answered: 60, Skipped: 9)*

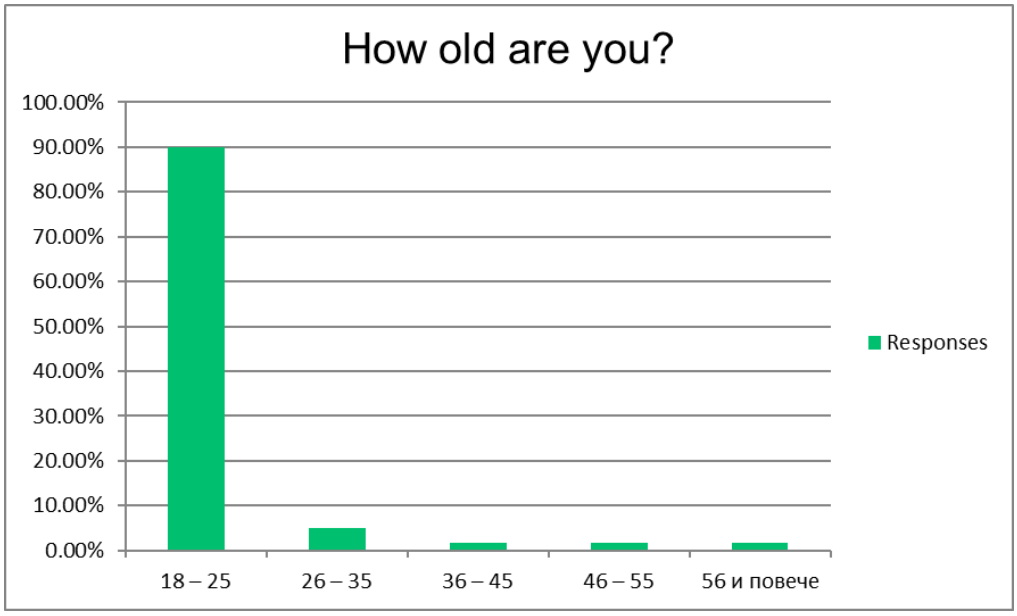

Figure 4.2: Respondents' Age Distribution *(Note: Answered: 60, Skipped: 9)*

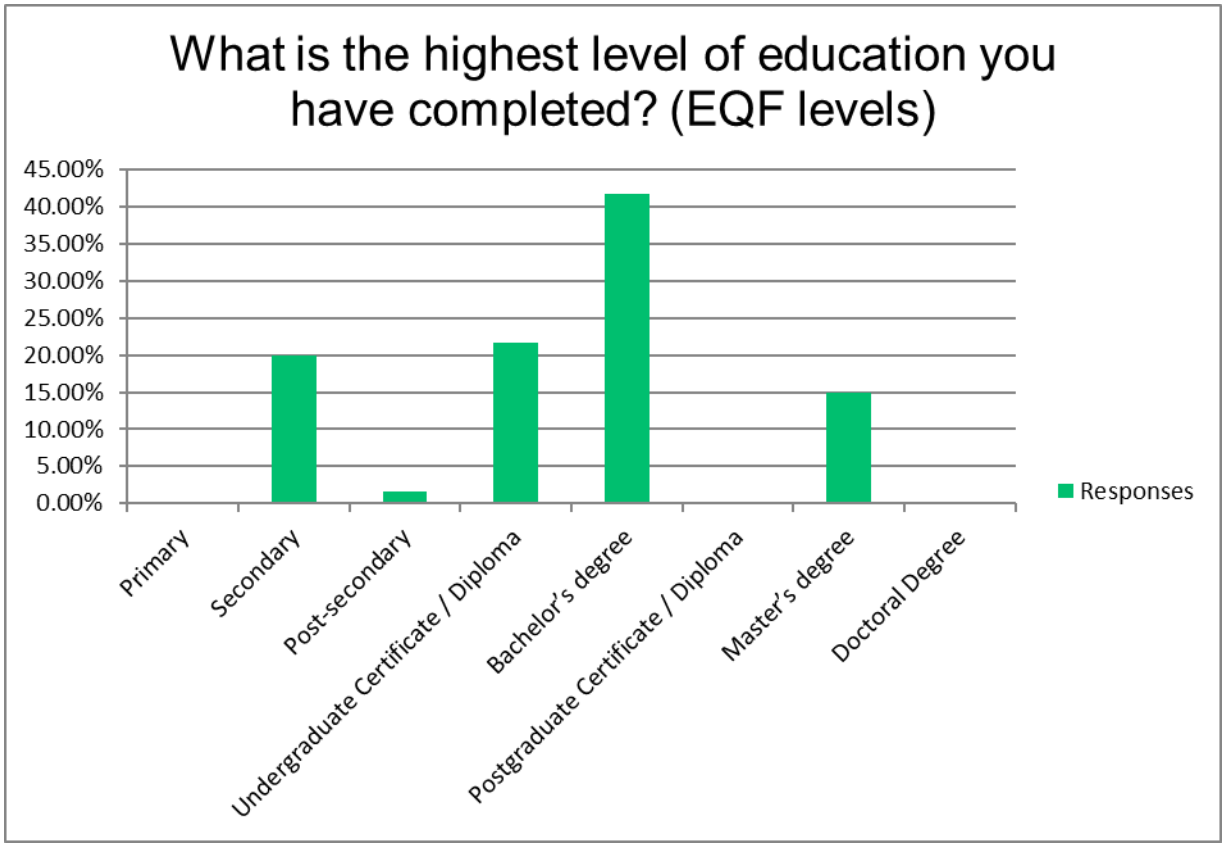

Figure 4.3: Respondents' Level of Education *(Note: Answered: 60, Skipped: 9)*

About 2/3 of the respondents were people who would like to start a business some day (*n*=40, 62.5%), only a few were business owners (n=6, 9.4%) and very few were aspiring

entrepreneurs who were planning to start a business in the next 12 months (*n*=2, 3.1%). Business managers were only 2 (3.1%) in the Bulgarian sample. More than two thirds of the respondents were from micro enterprises (n=28, 46.7%) and small enterprises (n=16, 26.7%), the others (*n*=8+8, 13.3% + 13.3%) were from medium and large enterprises, which indicates a highly relevant sample for this survey. Many respondents still have not decided in which business area they want to operate (*n*=19, 31.1%) or do not specify the selected business area (n=16, 26.2%), a few were from the 'education sector' (n=5, 8.2%) and the 'information and communication' sector (n=4, 6.6%) (see Figures 4.4, 4.5 and 4.6 for further details).

Figure 4.4: Respondents' Business Involvement *(Note: Answered: 64, Skipped: 5)*

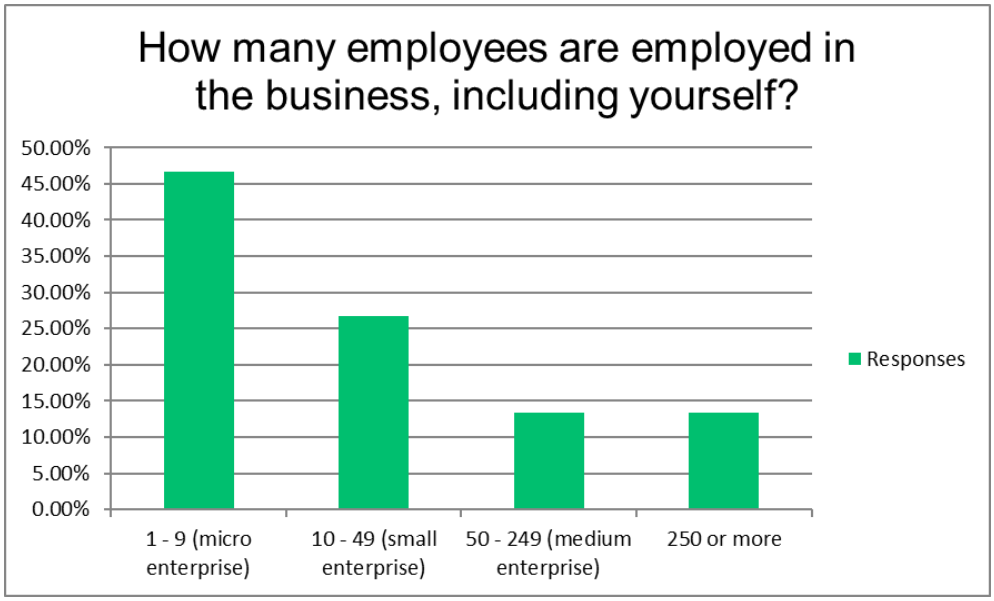

Figure 4.5: Size of Businesses Represented by Respondents *(Note: Answered: 60, Skipped: 9)*

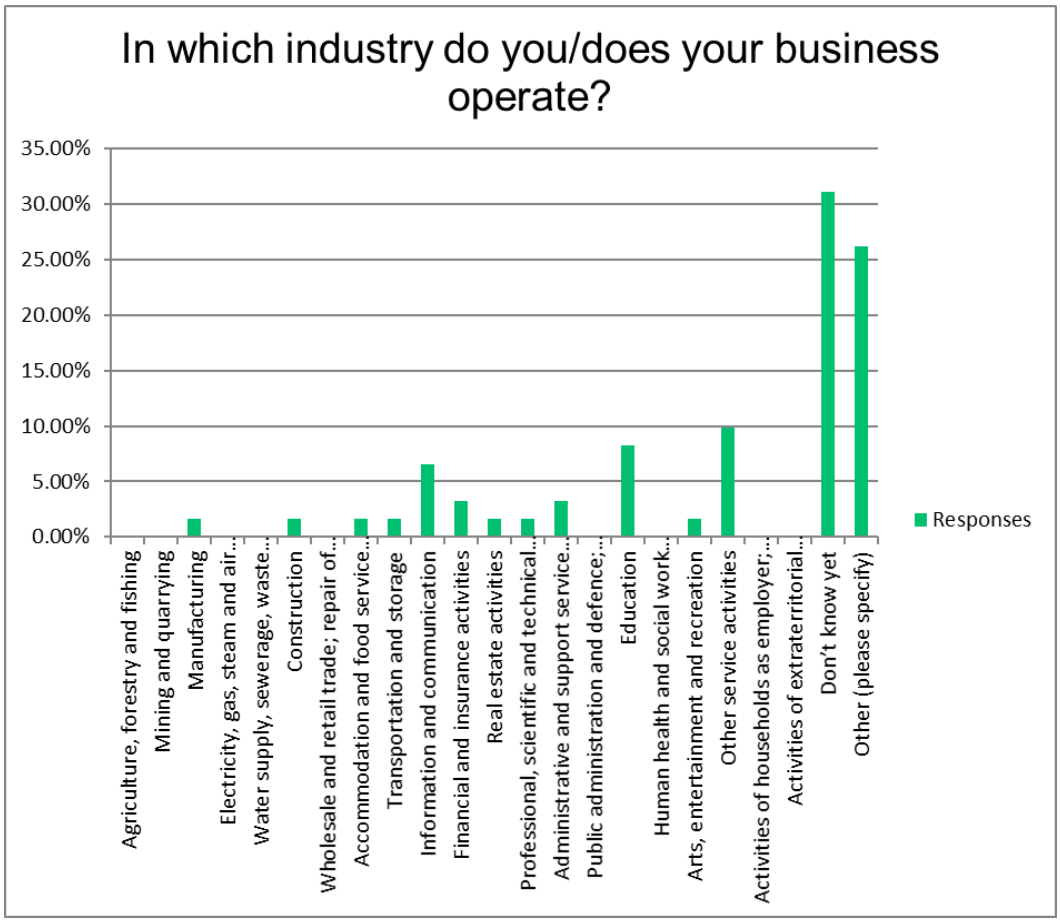

Figure 4.6: Sector of Businesses Represented by Respondents *(Note: Answered: 61, Skipped: 8)*

About 2/3 of the respondents were with a business established during the last 2 years (n=36, 62.1%), for 10.3% (n=6) the business was either 3-5 or 6-10 years old, and only few were with well-established business – 8.62% (n=5) with either 11-15 or more than 15 years old business. Almost half of the sample were with a Sole proprietorship business (n=25, 41.7%), one third – with a Limited Liability Company (n=19, 31.7%). Further details are presented on Figures 4.7 and 4.8 below.

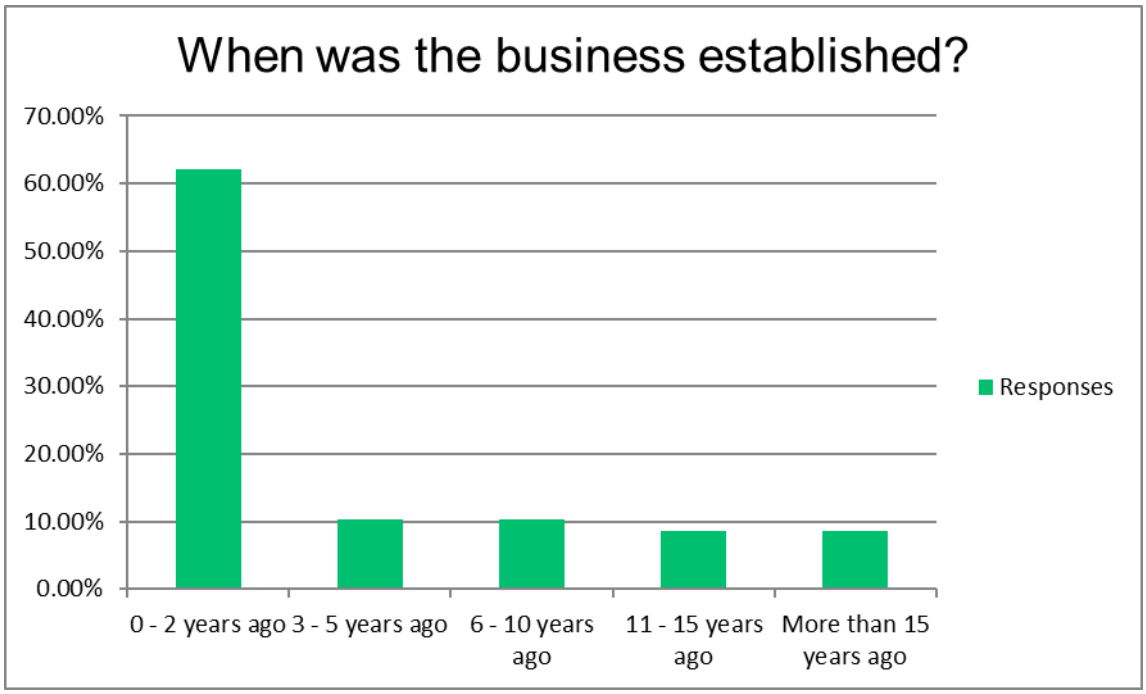

Figure 4.7: Age of Businesses Represented by Respondents *(Note: Answered: 58, Skipped: 11)*

Figure 4.8: Legal Status of Businesses Represented by Respondents *(Note: Answered: 60, Skipped: 9)*

4.2 Financial Literacy

Respondents were asked to rate themselves on their financial literacy on a 5-point Likert scale, ranging from very poor (1) to very good (5). The mean self-rating of respondents who answered this question (56 out of the initial 69 respondents) was of 3.82, which indicates that on average, these respondents are satisfied with their own financial literacy. In fact, the majority of respondents who answered this question rated their financial literacy as good (*n*=26, 46.4%), average (*n*=18, 32.1%) or very good (*n*=11, 19.6%). Only 1 respondent (1.8%) rated it as very poor (see Figure 4.9).

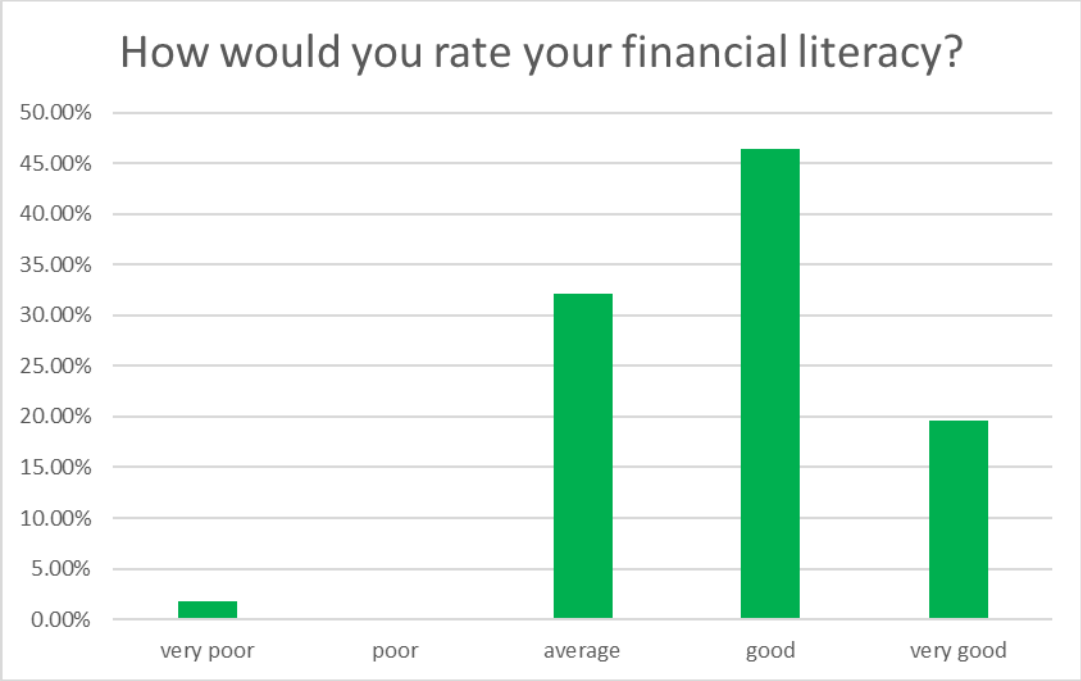

Figure 4.9: Respondents' Financial Literacy Self-Ratings *(Note: Answered: 56, Skipped: 13)*

The respondents were then given a list of financial products and services, and asked to indicate which ones were or had been held by their business, and which they believed might be required for their business in the future. The top three financial products / services that were held by the 56 respondents who answered this question are a Current bank account (n=31, 55.4%), Savings bank account and Insurance with equal scores (n=24, 42.9.6%). The least popular financial products/services are Microfinance loan and Factoring/forfaiting (each with *n*=3, 5.6%), Loan from a non-bank financial institution (e.g. microfinance institutions, credit cooperatives, credit unions, finance companies) and Supplier credits (each with *n*=4, 7.3%). With regards to future requirements, the two financial products that were selected most frequently were Warehouse receipts financing/Repurchase agreements (n=6, 11.1%) and Supplier credits (n=6, 10.9%). Bank loan and Microfinance loan (each with n=5, 9.3%), Currency exchange (spot) and Forward contracting / Futures (each with n=5, 9.1%) were also selected relatively frequently as future requirements (See Figure 4.10).

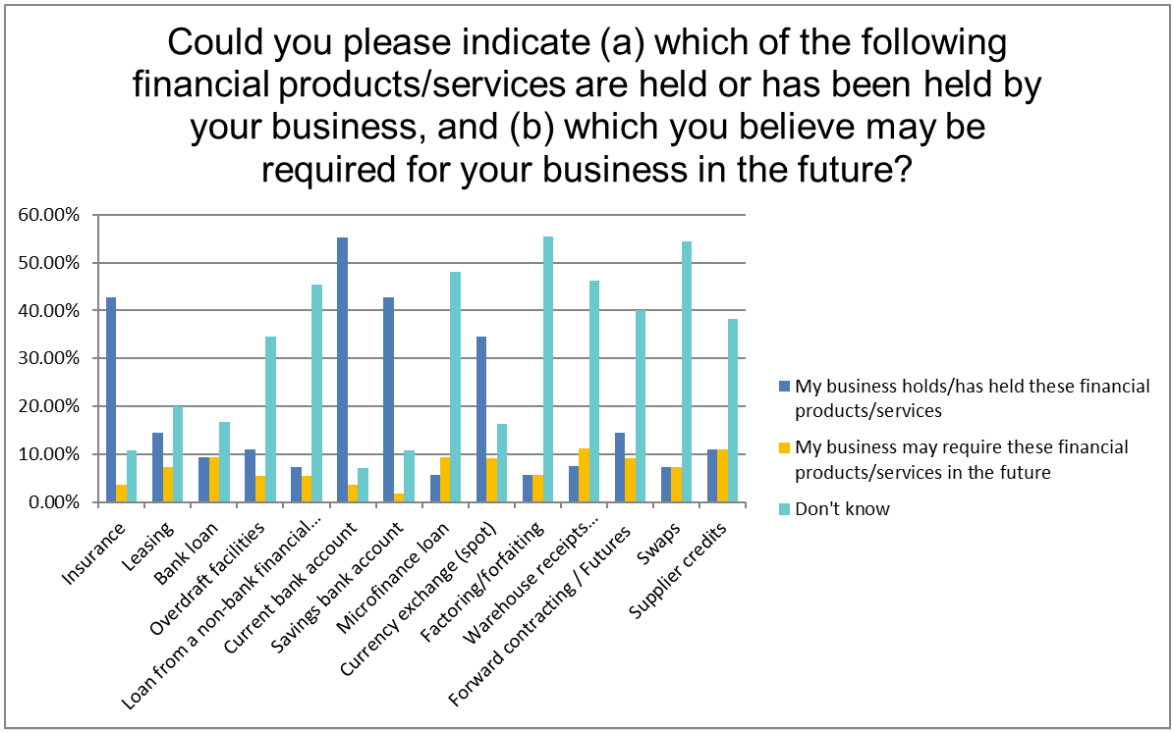

Figure 4.10: Financial products/services held and future requierments *(Note: Answered: 56, Skipped: 13)*

Half of the respondents think that they cannot make decisions about financial products/services independently (n=28, 50.0%), most of the others believe they are able to take such decisions themselves (n=22, 39.3%), only 10.7% (n=6) are not sure. More than half of the respondents do not have a written financial plan for their business (n=31, 55.4%), only 17.9% (n=10) have one. More that 1/3 of the respondents think that an internal accountant will be responsible for the bookkeeping in their business (n=21, 37.5%), 26.8% (n=15) are/will be using an external accountant, only 5 of them (8.9%) will be doing that themselves. More than 2/3 of the respondents personally keep an eye on the job market (n=38, 67.9%), about half of them are also personally interested in the housing market (n=33, 58.9%) and interest rates (n=27, 48.2%). The respondents are less interested in the stock market (n=8, 14.3%) and the government benefits (n=9, 16.1%). Further details are presented on Figures 4.11, 4.12, 4.13 and 4.14 below.

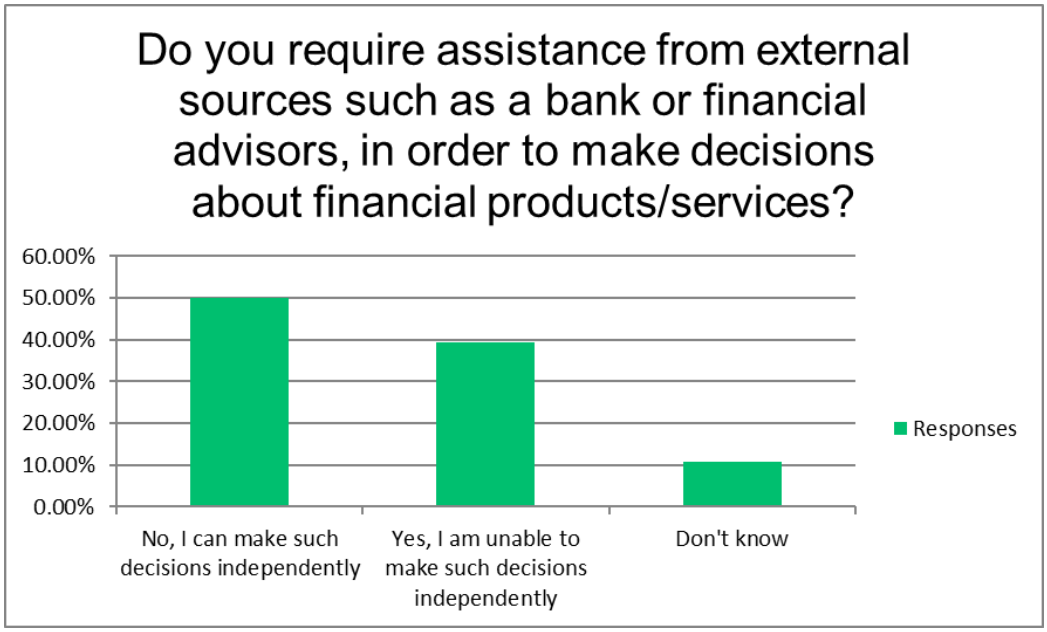

Figure 4.11: Assistance from external sources for decisions about financial products/services *(Note: Answered: 56, Skipped: 13)*

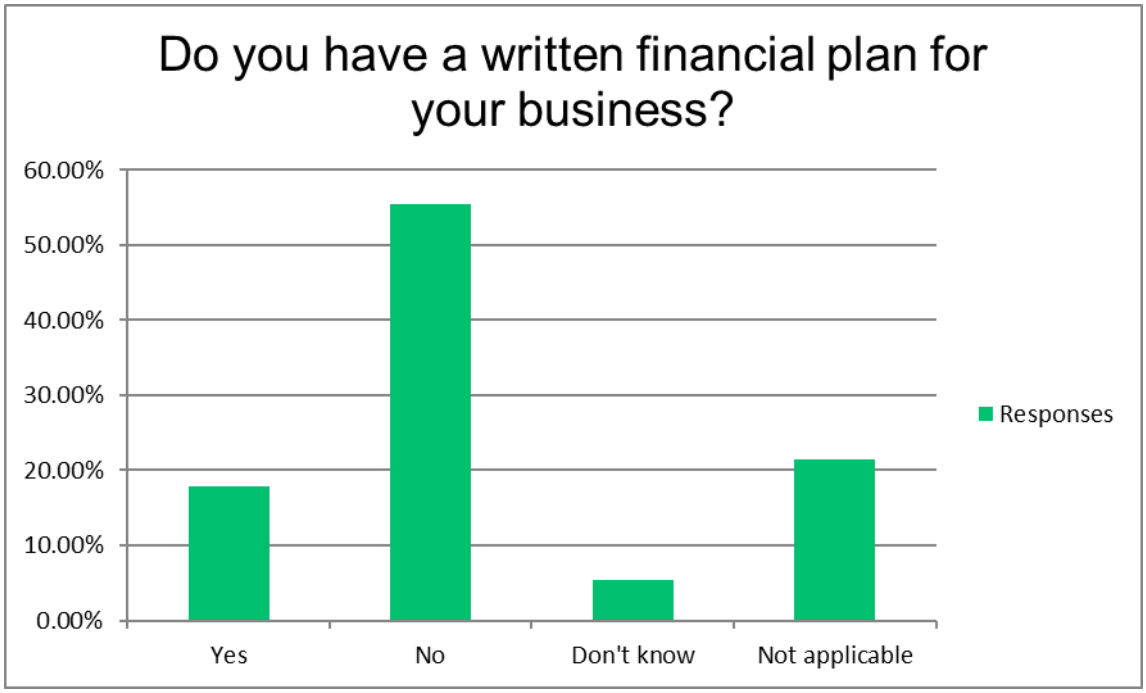

Figure 4.12: Written financial plan for the business *(Note: Answered: 56, Skipped: 13)*

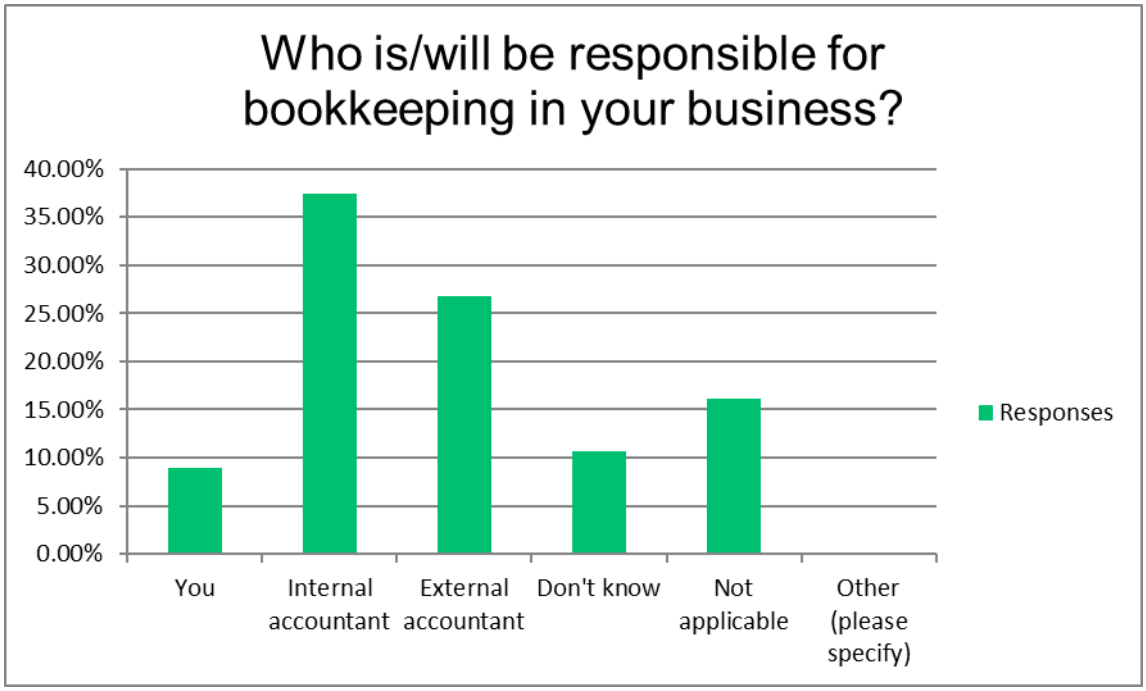

Figure 4.13: Responsible for bookkeeping *(Note: Answered: 56, Skipped: 13)*

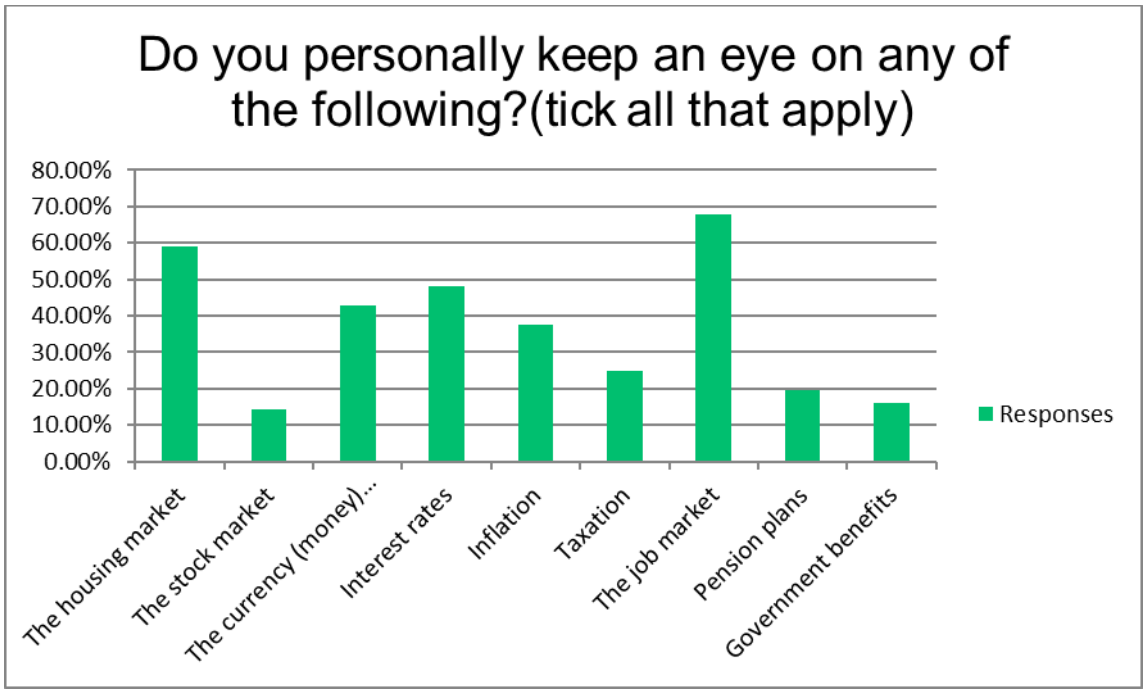

Figure 4.14: Attention to trends *(Note: Answered: 56, Skipped: 13)*

Next, respondents were given three multiple choice questions and asked to select the correct definitions for a balance sheet, a cashflow statement, and a profit and loss statement. The vast majority (76.8%, 73.2% and 69.6%) knew the correct answers to these questions.

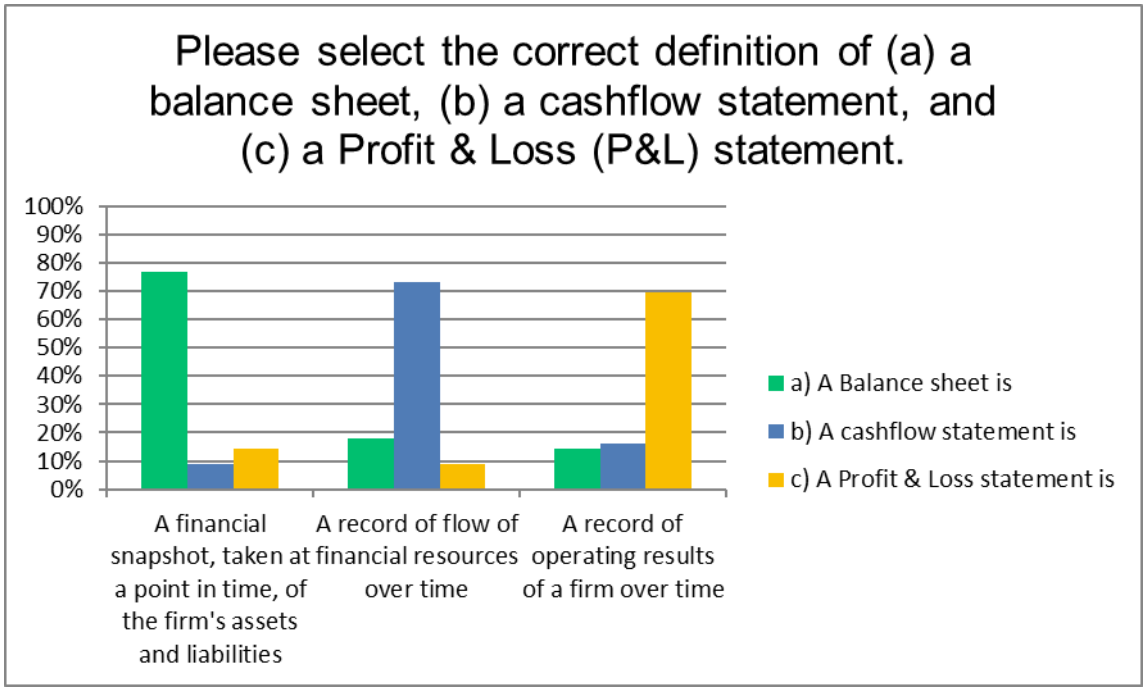

Figure 4.15: Knowledge about basic financial concepts *(Note: Answered: 56, Skipped: 13)*

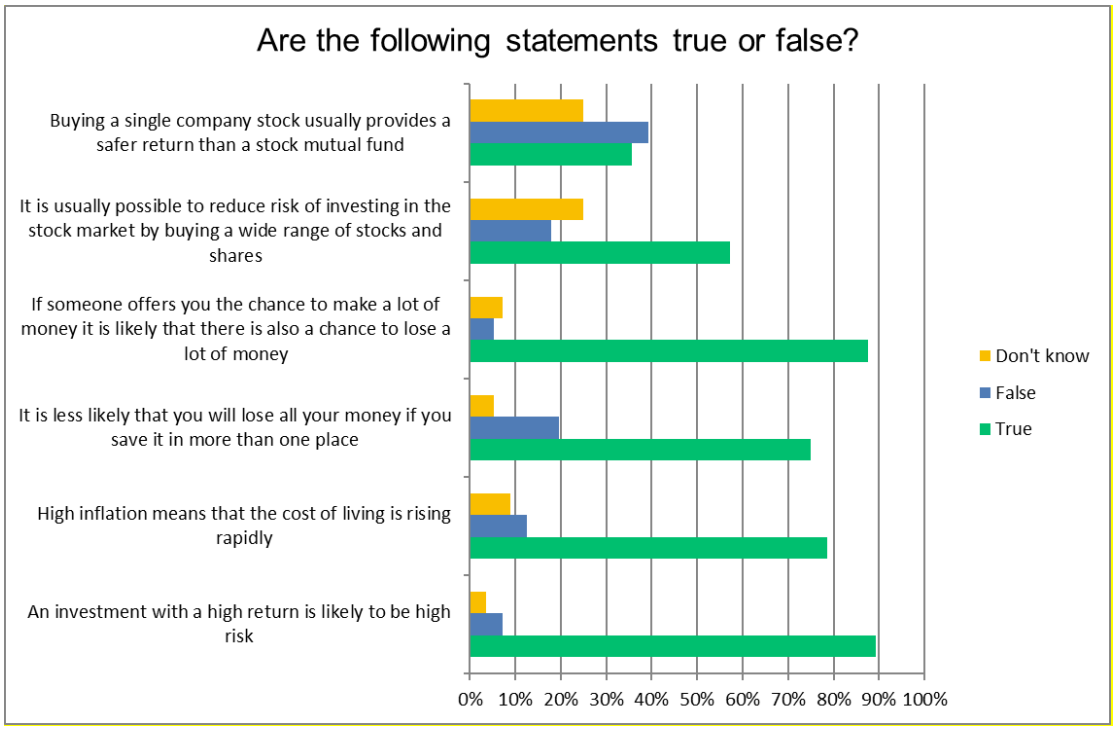

Figure 4.16: Basic financial knowledge *(Note: Answered: 56, Skipped: 13)*

Next, respondents were given a list of financial literacy skills and asked to rate on a 5-point Likerts scale (1 = low, 5 = high) how proficient they felt on each, how important they thought they are for running a business, and whether they would be interested in attending a course or training related to these skills. The average values achieved, shown on Fig.4.17, are between 2.5 and 3 which means that the respondents are quite unconfident about their financial literacy skills. They are most confident about Basic payment and deposit services (average 3.29), Planning beyond the short term (average 2.96) and Personal risk and insurance (average 2.95). The respondents think their weakest skills are Seeking financial protection for their business (average 2.52) and Financing the business (average 2.64).

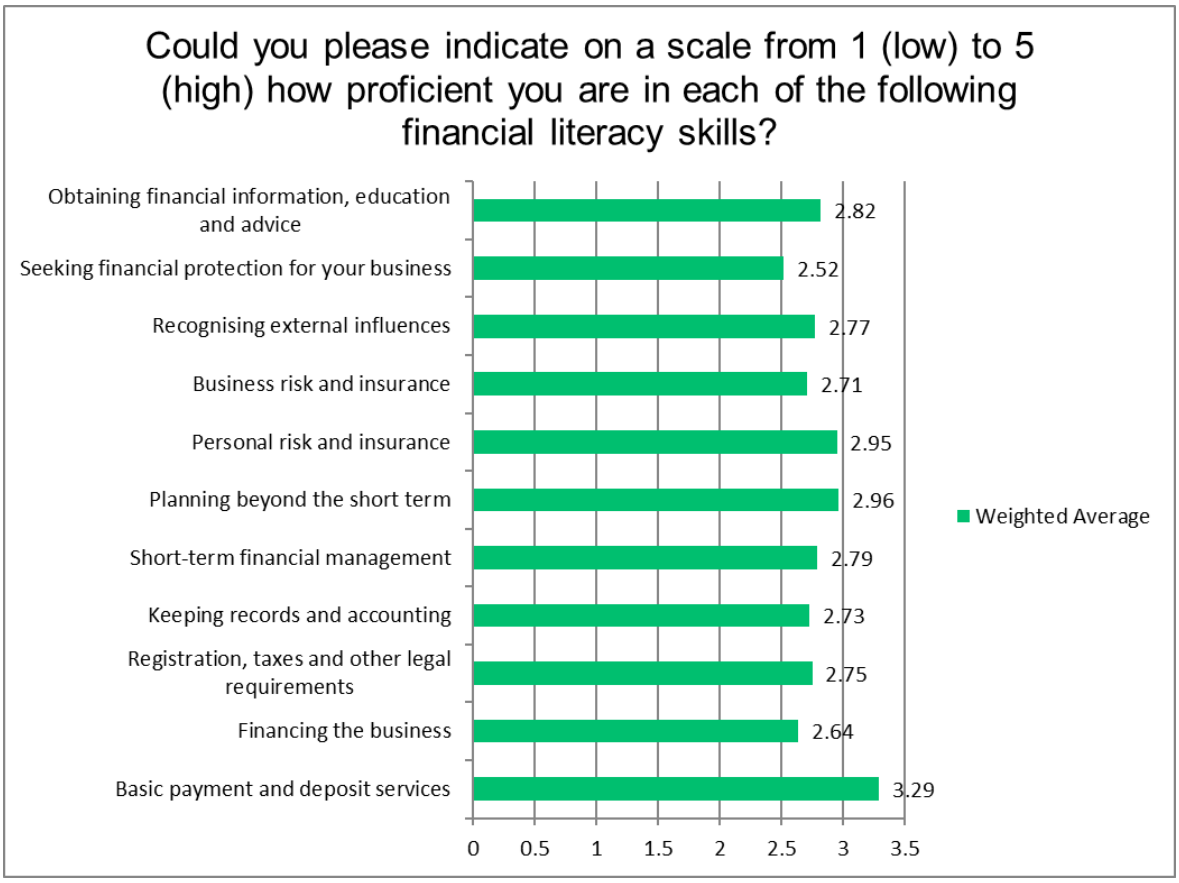

Figure 4.17: Proficiency in financial literacy skills *(Note: Answered: 56, Skipped: 13)*

Most of the respondents agreed that these financial literacy skills are important for running a business which is obvious from the achieved scores on Fig.4.18 – all the average values are above 4. Business risk and insurance is considered most important (average 4.23), followed

by Registration, taxes and other legal requirements (average 4.21), Keeping records and accounting and Financing the business (each with average 4.20).

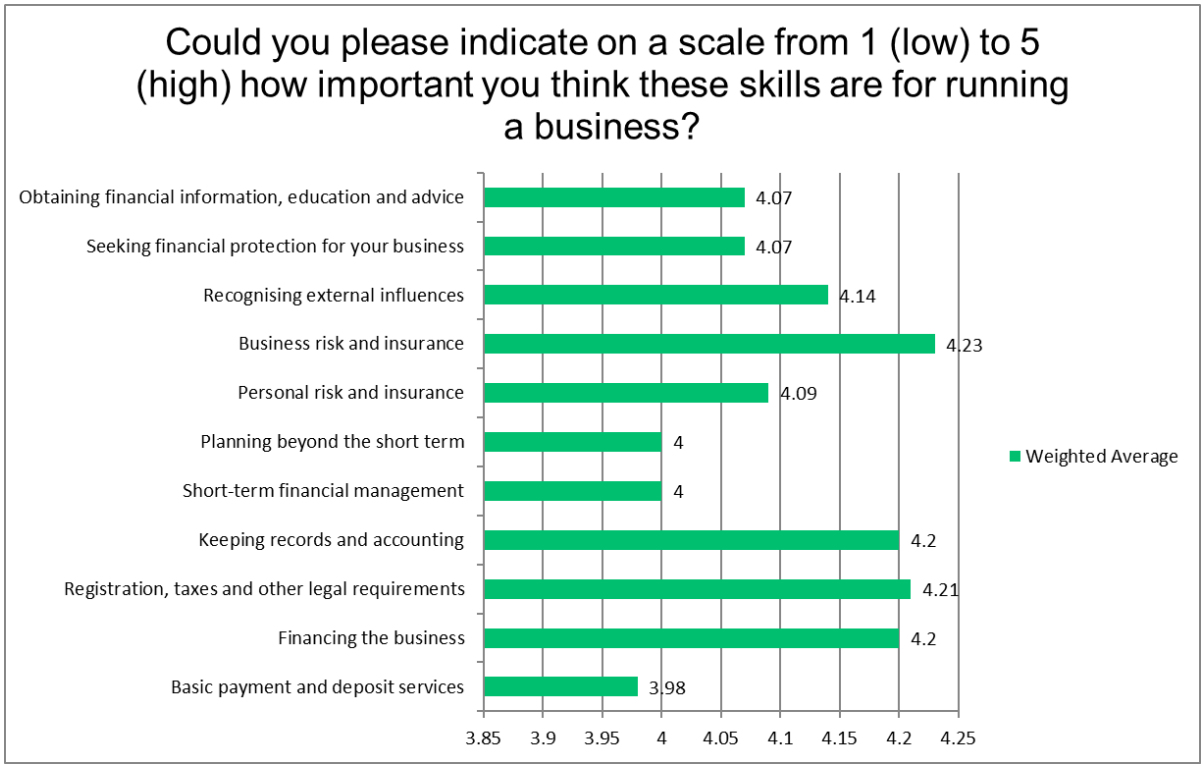

Figure 4.18: Importance of financial literacy skills *(Note: Answered: 56, Skipped: 13)*

The scores shown on Fig.4.19 reveal that the respondents are interested in attending a course or training in the listed financial literacy skills – all average values are between 3.56 and 3.93. The highest interest seems to be in Business risk and insurance (average 3.93), Recognising external influences (average 3.89) and Financing the business (average 3.88). Lower interest is expressed in Obtaining financial information, education and advice (average 3.56), Basic payment and deposit services (average 3.61) and Keeping records and accounting (average 3.66).

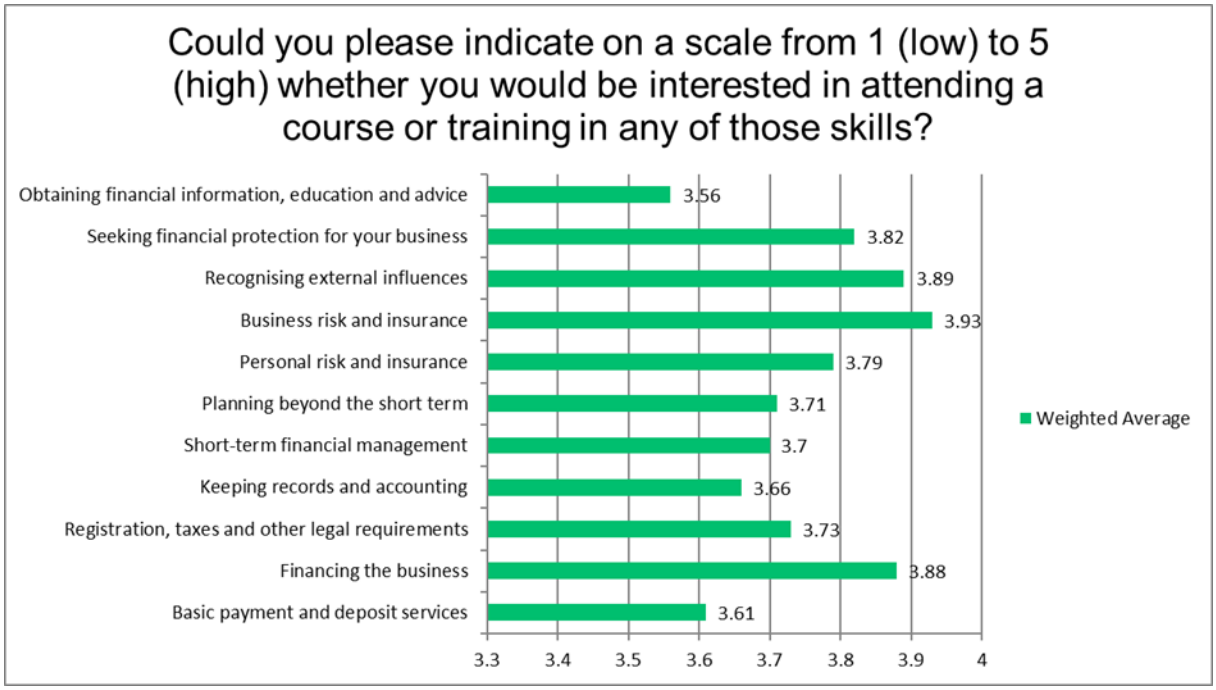

Figure 4.19: Interest in attending a course or training in financial literacy skills *(Note: Answered: 56, Skipped: 13)*

4.3 Digital Internationalisation

About 1/3 of the respondents (n=21, 37.5%) currently conduct business domestically but have growth ambitions to foreign markets (including EU countries), 16.1% (n=9) operate both, on domestic and foreign markets, 12.5% (7) are only on domestic market (Fig.4.20). Almost ¾ of the them (n=41, 73.2%) advertise their products and/or services online (Fig.4.21), and more than 2/3 (n=38, 67.9%) are selling their products and/or services online (Fig.4.22).

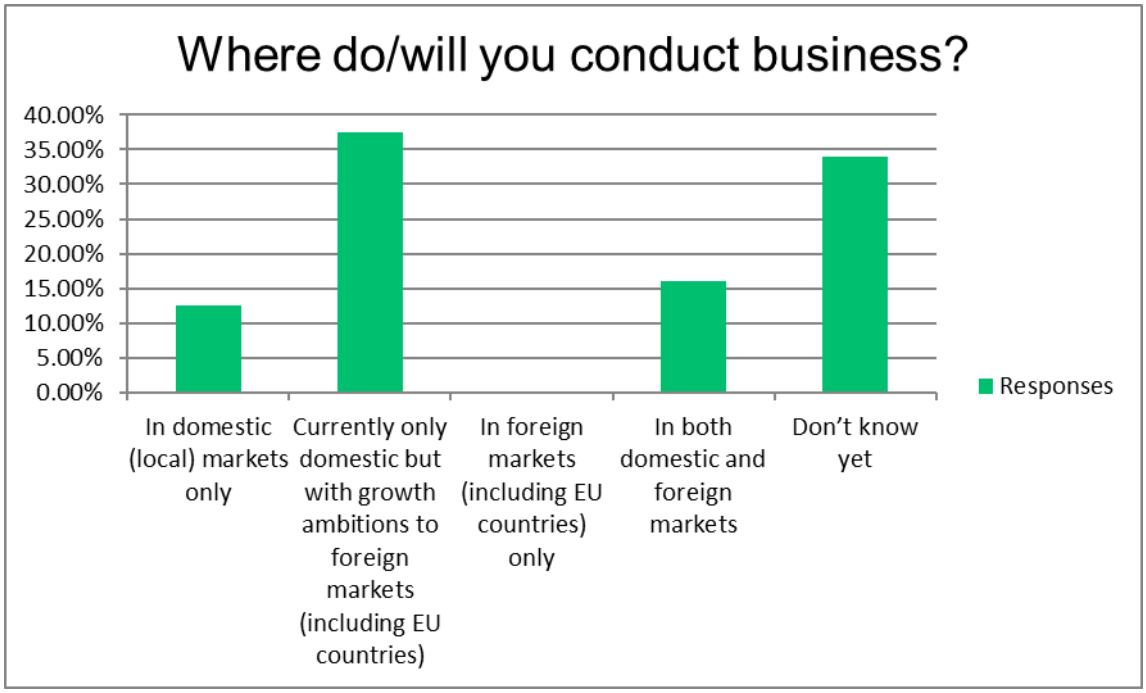

Figure 4.20: Place of conducting business *(Note: Answered: 56, Skipped: 13)*

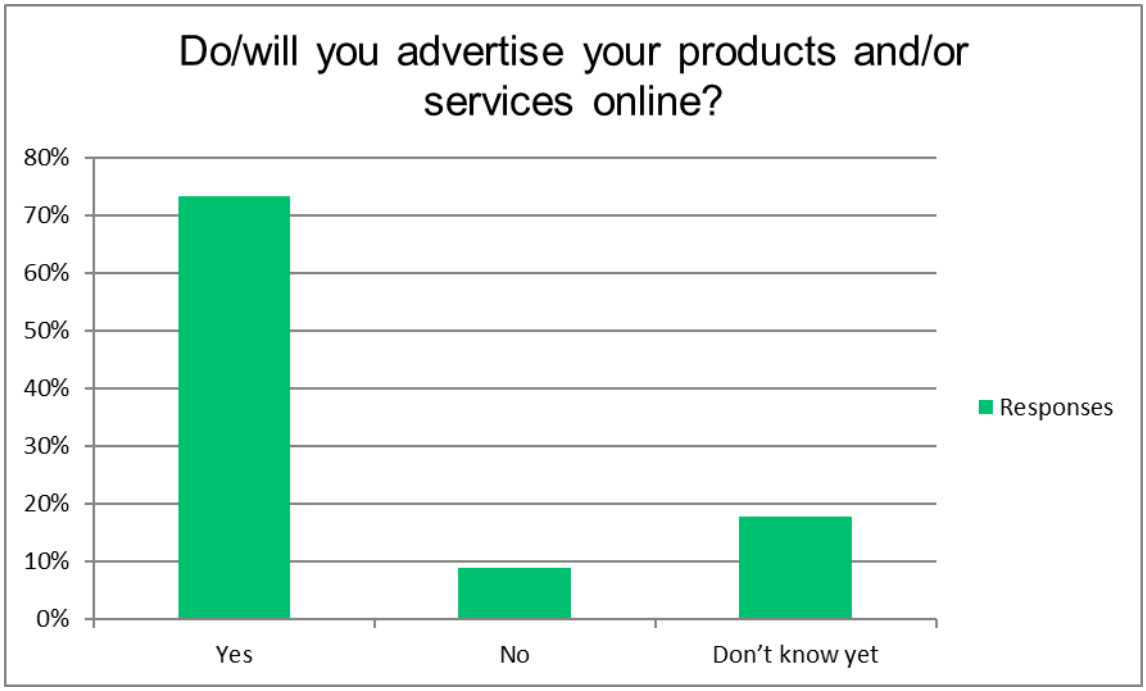

Figure 4.21: Advertising online *(Note: Answered: 56, Skipped: 13)*

Figure 4.22: Selling online *(Note: Answered: 56, Skipped: 13)*

Most of the respondents (n=48, 85.7%) are interested in internationalising their business (expanding it into foreign markets using digital tools and channels) (Fig.4.23). Most of them use every day Social media platforms like Facebook, Instagram, Twitter etc. (n=44, 78.6%), Website (n=43, 76.8%), Email (n=42, 77.8%) and Online communication services such as

Skype, messenger etc. (n=40, 71.4%) (Fig.4.24). Cloud storage (n=34, 60.1%) and Business online platforms such as LinkedIn, Xing, etc. (n=25, 44.6%) are also popular among business users (Fig.4.24). Digital Newsletter (n=8, 14.81%) and Online selling platforms, like Ebay, Amazon etc. (n=12, 21.4%) are very rarely used (Fig.4.24).

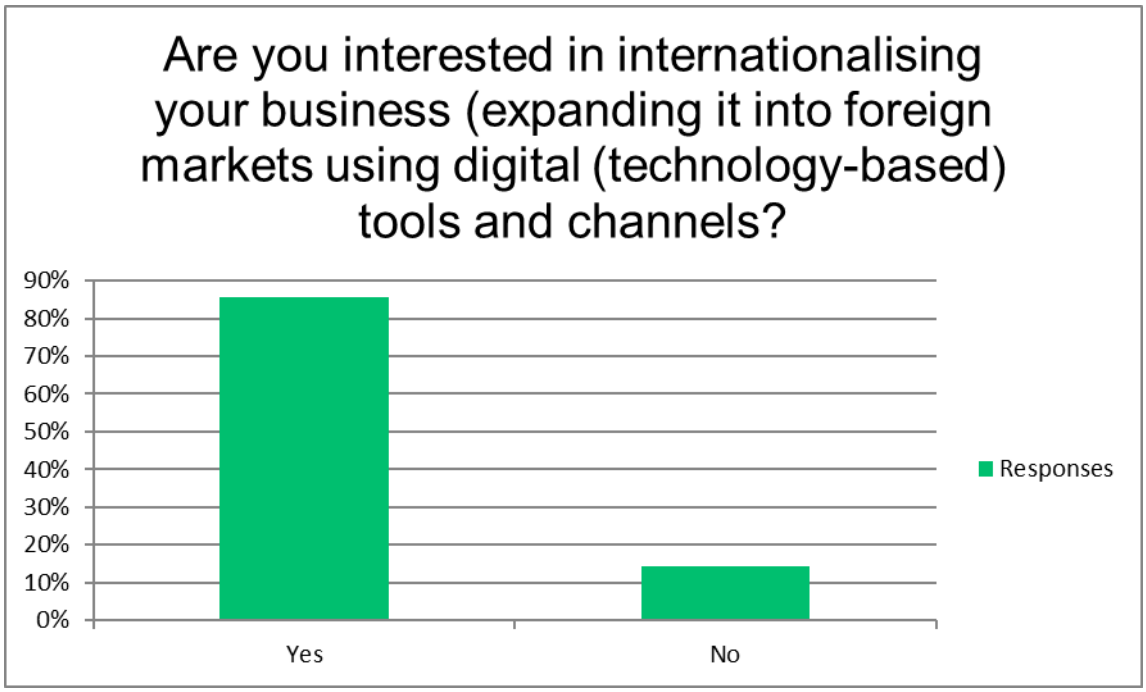

Figure 4.23: Interest in internationalising the business *(Note: Answered: 56, Skipped: 13)*

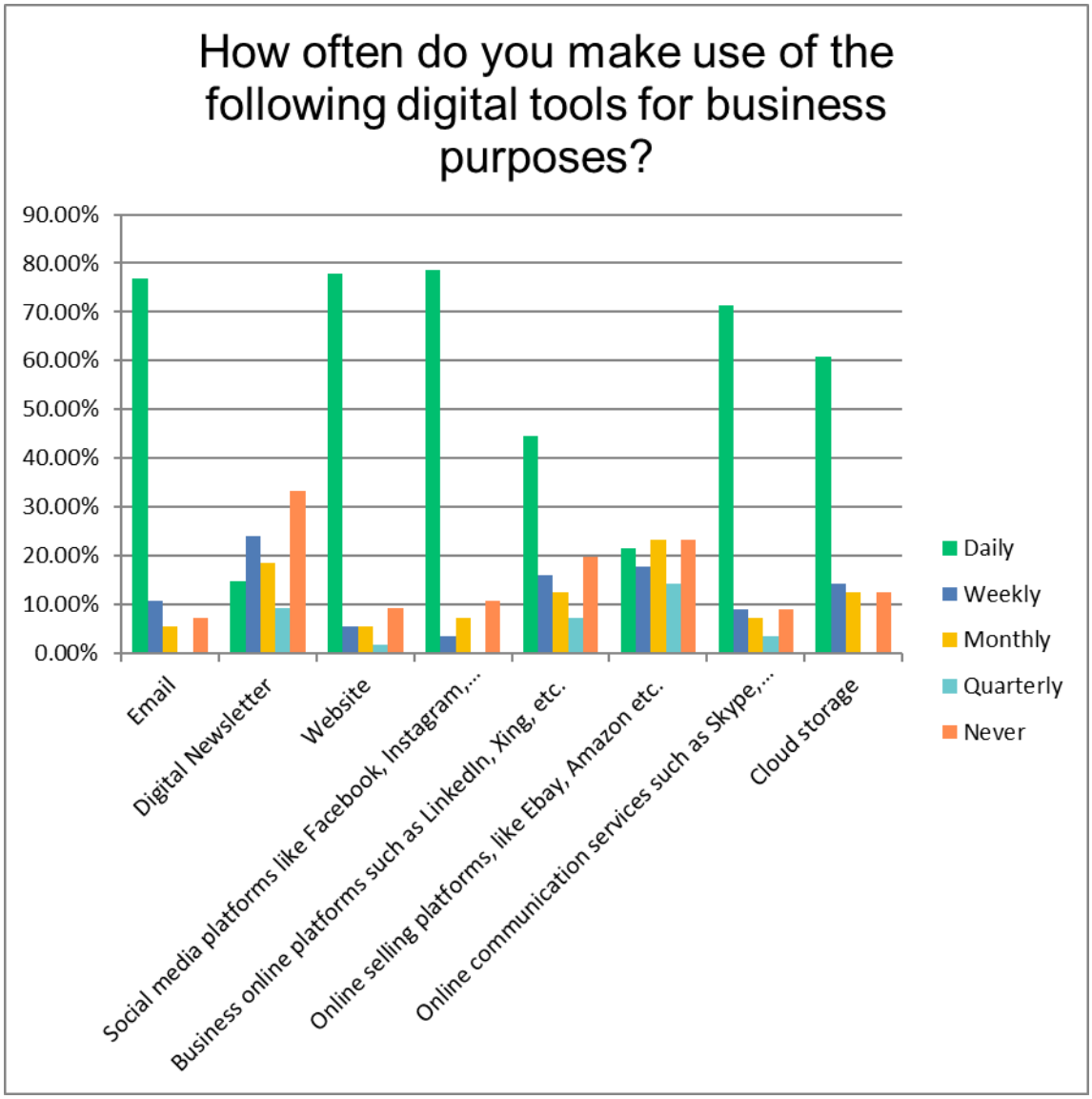

Figure 4.24: Use of digital tools for business purposes *(Note: Answered: 56, Skipped: 13)*

Next, respondents were given a list of digital skills and asked to rate on a 5-point Likerts scale (1 = low, 5 = high) how proficient they felt on each, how important they thought they are for running a business, and whether they would be interested in attending a course or training related to these skills. The average values achieved, shown on Fig.4.25, are between 3.05 and 4.33, which means that many of the respondents think that they are rather proficient in most of the listed digital skills. The highest average values are achieved for Email (4.33), Advanced spreadsheets (like Excel/Google sheets etc.) (4.13) and Social media for business purposes (3.91). The lowest average values are achieved for SEO (Search Engine Optimisation) (3.05), Industry 4.0 (3.09), Digital strategy and Cybersecurity (each 3.25).

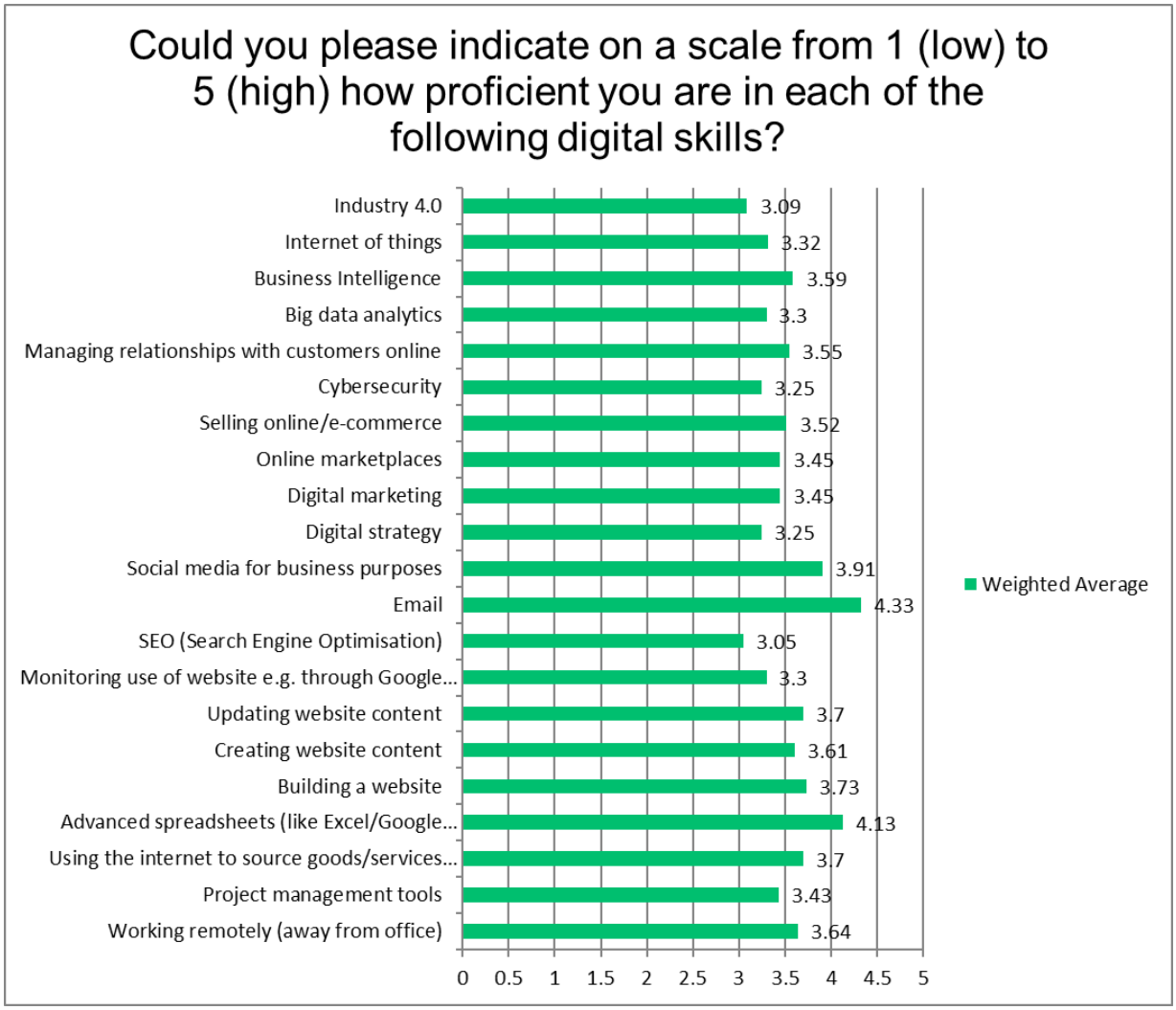

Figure 4.25: Proficiency in digital skills *(Note: Answered: 56, Skipped: 13)*

Most of the respondents agreed that those digital skills are important for running a business which is obvious from the achieved scores on Fig.4.26 – all the average values are above 4. Cybersecurity is considered most important (average 4.38), followed by Managing relationships with customers online and Business intelligence (each with average 4.36). The lowest average scores are achieved for Industry 4.0 (average 4.02), SEO (Search Engine Optimisation) (average 4.04), and Building a website (average 4.07).

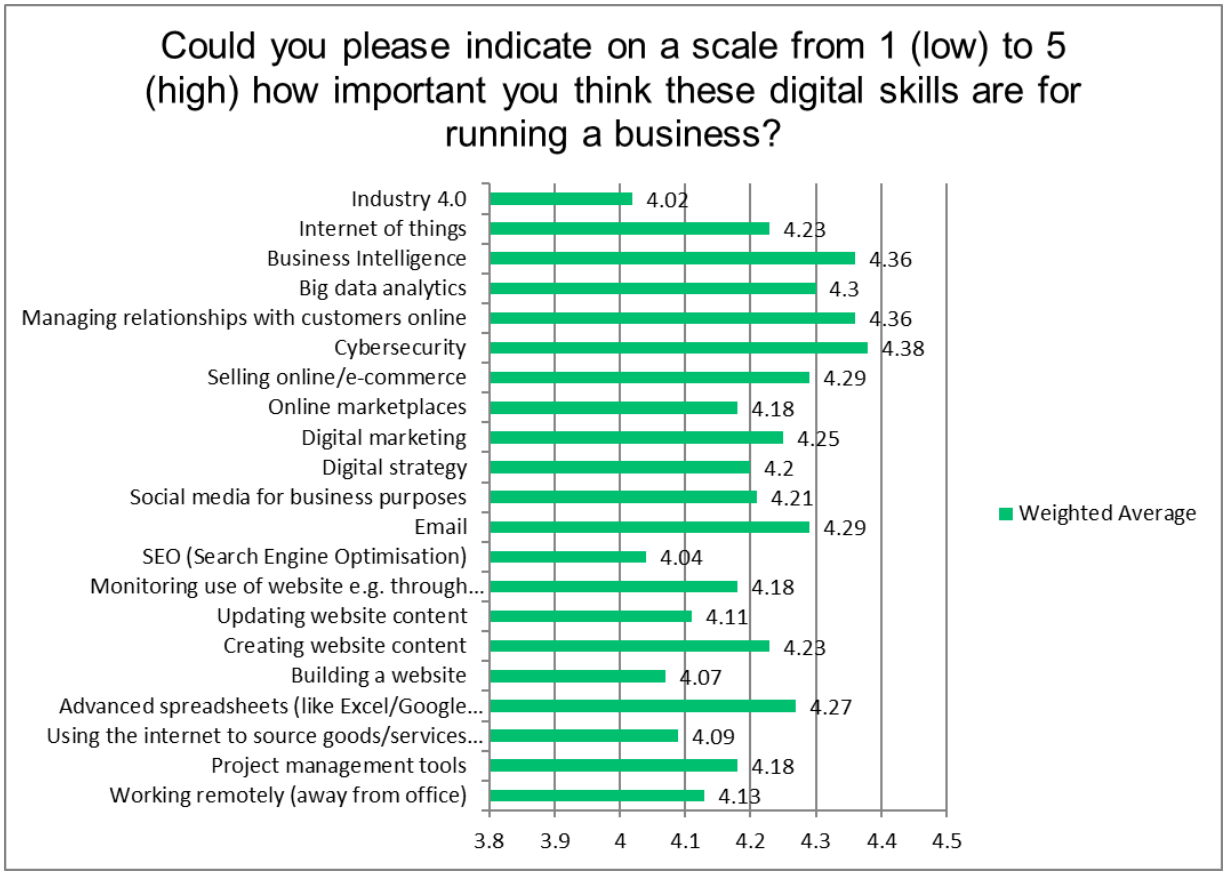

Figure 4.26: Importance of digital skills *(Note: Answered: 56, Skipped: 13)*

The scores shown on Fig.4.27 reveal that the respondents are interested in attending a course or training in the listed digital skills – all average values are between 3.54 and 4.14. The highest interest seems to be in Business Intelligence (average 4.14), Internet of things (average 4.13) and Big data analytics (average 4.09). Lower interest is expressed for Email (average 3.54), Advanced spreadsheets (like Excel/Google sheets etc.) (average 3.68) and Using the internet to source goods/services from suppliers (average 3.7).

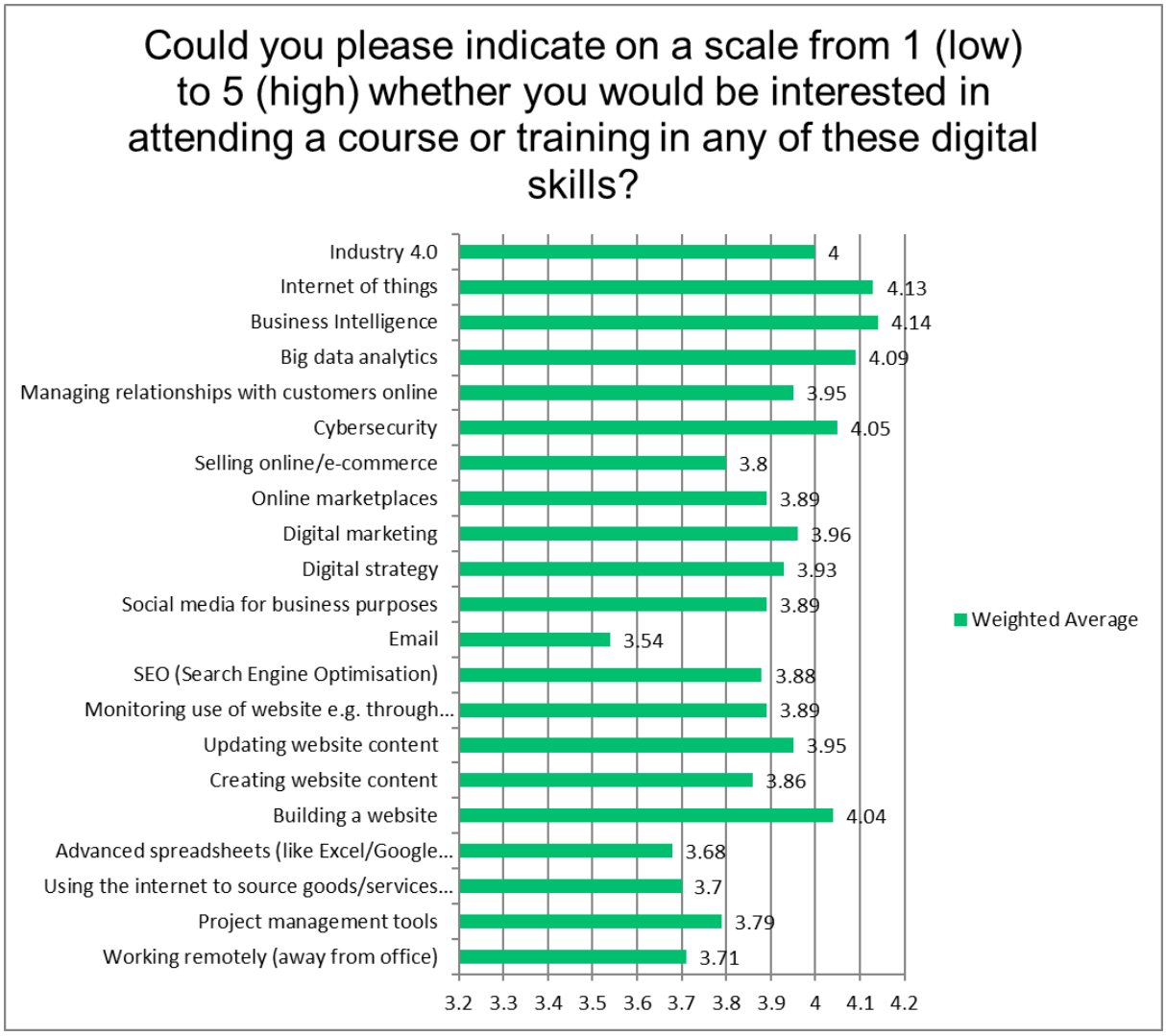

Figure 4.27: Interest in attending a course or trainig for digital skills *(Note: Answered: 56, Skipped: 13)*

4.4 Taining Preferences

The survey results reveal that most of the respondents prefer one-to-one training (n=34, 60.7%). Classroom or instructor-led training (n=23, 41.7%) and Online or e-learning (n=21, 37.5%) are preferred by more than 1/3 of the respondents. Blended learning is considered by 28.6% (n=16) (see Fig.4.28). About 2/3 of the survey participants admit that they are willing to invest in training on financial literacy and digital internationalisation (including online and independent learning) between 0-25 hours (n=21, 37.5%) or between 26-50 hours (n=16, 28.6%), 14.3% (n=8) are ready to invest more than 100 hours, 10.7 (n=6) are ready to spend between 51-75 hours, and 8.9% (n=5) will use between 76-100 hours (Fig.4.29). Half of the

respondents prefer Flexi-time course (n=28, 50%), 41.1% (n=23) prefer Full-time course, and only 8.9% (n=5) will go for a Part-time course (Fig.4.30).

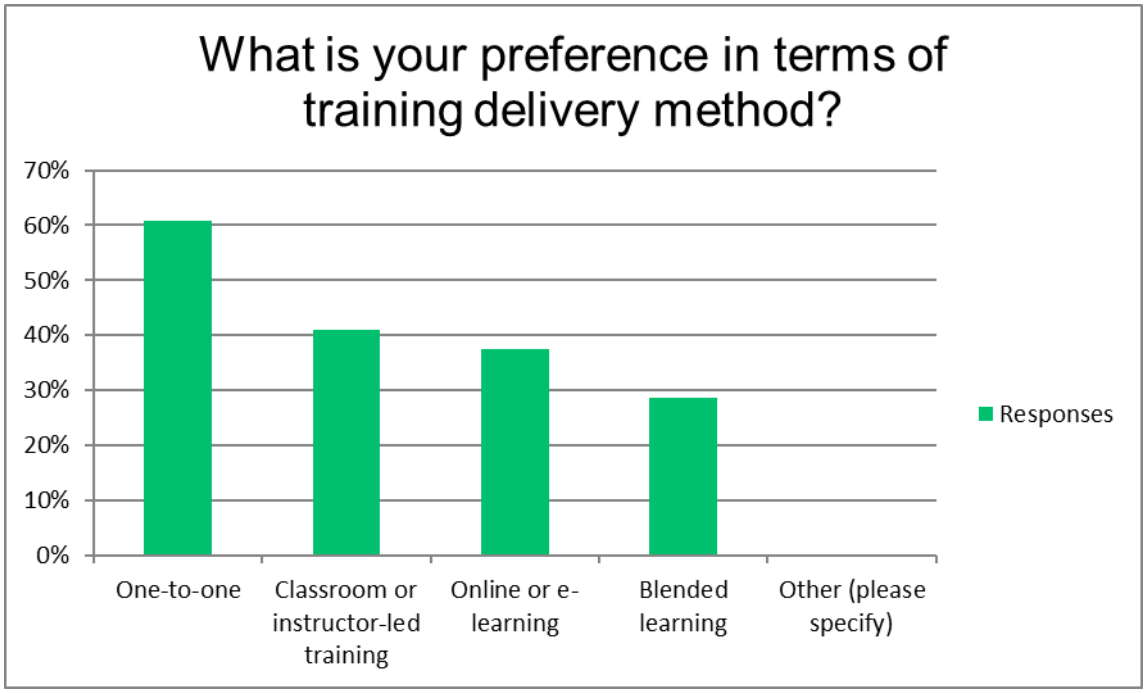

Figure 4.28: Preferences for trainig delivery method *(Note: Answered: 56, Skipped: 13)*

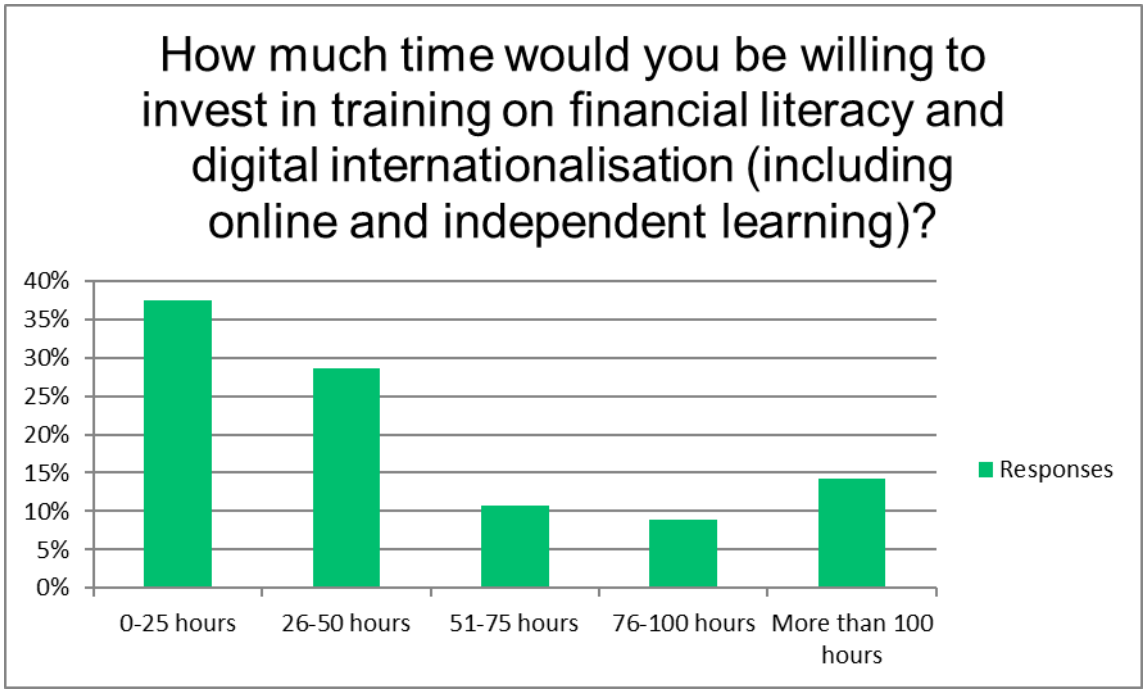

Figure 4.29: Preferences for time investment in trainig *(Note: Answered: 56, Skipped: 13)*

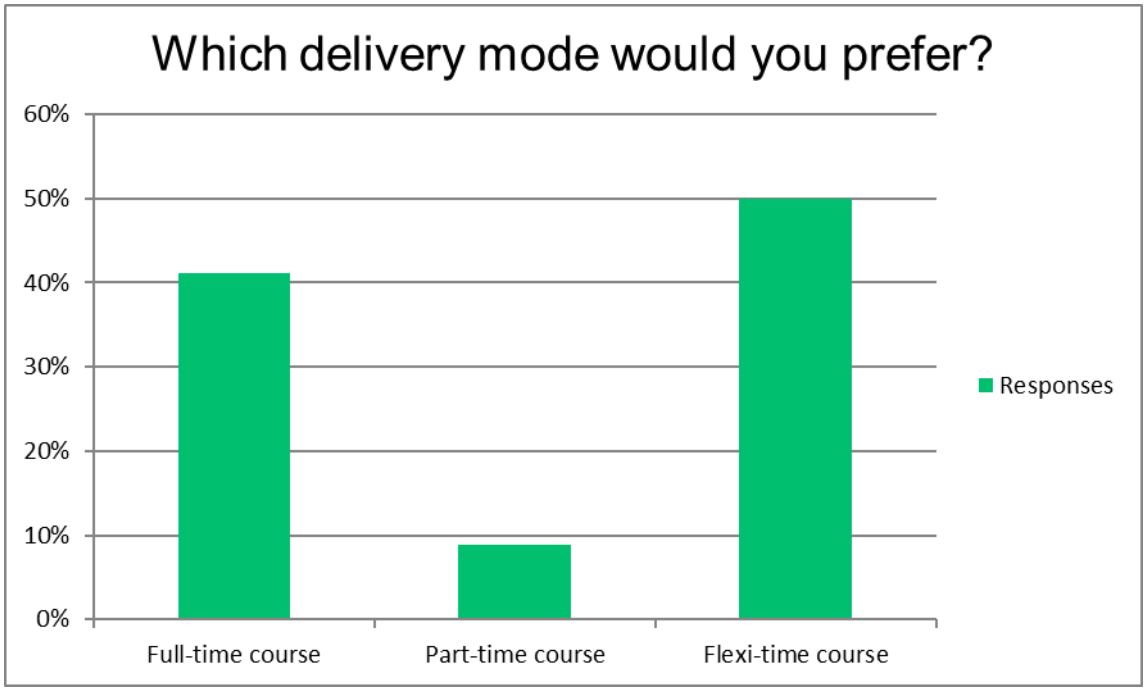

Figure 4.30: Training delivery mode preferences *(Note: Answered: 56, Skipped: 13)*

Most of the respondents (n=52, 92.9%) are interested in obtaining a certification after completing such a training course (Fig.4.31). The most preferred assessment tool for certification is Multiple-choice test (n=37, 66.1%), followed by Completing assignments (n=28, 50%) and Discussion (n=26, 46.4%). Interview (n=16, 28.6%) is the least preferred assessment instrument (Fig.4.32).

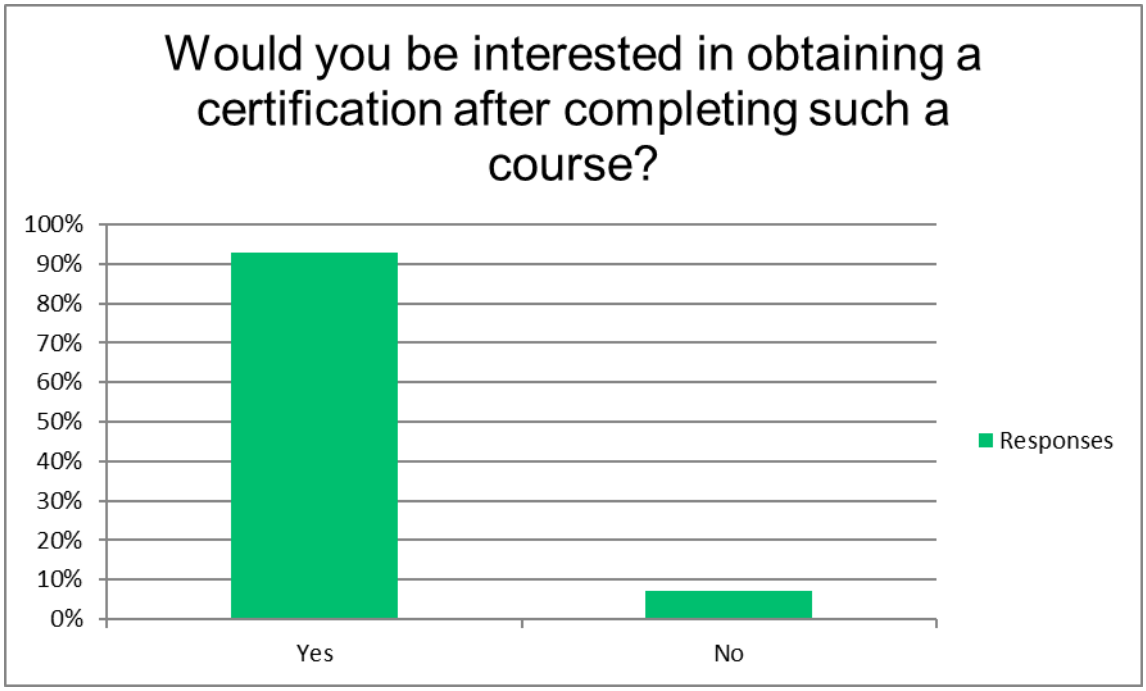

Figure 4.31: Interest in certification *(Note: Answered: 56, Skipped: 13)*

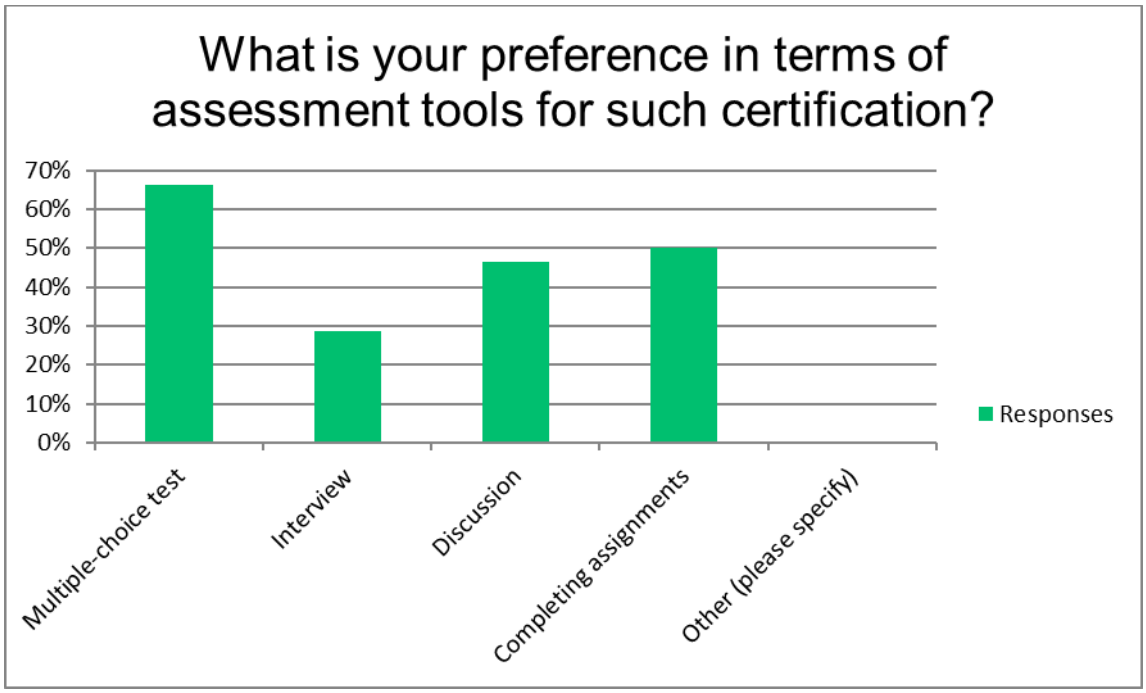

Figure 4.32: Preferences in terms of assessment tools for certification *(Note: Answered: 56, Skipped: 13)*

SECTION 5: DIFME EXPERT SURVEY RESULTS

Three experts are identified and interviewed based on a particularly designed questionnaire consisting of 30 questions. Two of them are experts in ICT and one is a financial expert (the Declarations of Consent by Expert Interviewees are provided in Annex 1).

The typical clients of the interviewed experts are bachelor and master students, 20-25 years old, some of them having their own business.

The teaching/training/mentoring methods that they use include traditional instructor-led classroom, online or e-learning, and blended Learning (combining on-line and classroom). Sometimes one-to-one training is also applied.

The experts were then asked to rate on a scale from 1 to 5 (1 is least recommended and 5 most recommended) the teaching/training/mentoring methods, considering the effectiveness of the methods in view of learning outcomes, feasibility of the methods, etc. To their opinion, the most recommended methods for the training programme on financial literacy and digital internationalisation that is being developed by the DIFME consortium for micro entrepreneurs are blended learning and online or e-learning (each with average=3.5), one-to-one training (average=3) and instructor-led classroom training (average=2).

Two of the experts think that 26-50 hours are appropriate for the DIFME training programme, while the third one has preferences for the 76-100 hours duration. The flexi-time course is the most recommended delivery mode for the DIFME training programme, followed by part-time course and full-time course.

Certification is considered important although it is not always provided. The assessment methods used include multiple-choice test, discussion, and assignments. When asked to rate on a scale from 1 to 5 (1 is least recommended and 5 most recommended) the extent to which they recommend each of the assessment methods for the DIFME training programme, the experts expressed the highest preferences for assignments (average=4.33) and discussion (average=3.67), followed by multiple-choice test and interview (each with average=2). One of the IT experts also pointed out that the practical skills are most important and that deep understanding of all the aspects of the subject area also matters a lot.

The financial literacy of the students is differently rated by the three experts. The financial expert considers it at average level, while the IT experts give two extreme answers – “very poor” and “good”. Their assumptions about the main financial literacy skills that are important for running a business but are generally lacking among the students include financial planning, budgeting, marketing, risk and return. The financial expert thinks that the students are not able to define or prepare a balance sheet, a cash flow statement, and a P&L statement, while the IT experts have no idea about that. The interviewees are not aware if the trainees require assistance from external sources, such as bank or financial advisors, in order to make decisions about financial products/services, or if they have a written financial plan for their business, or who is responsible for the bookkeeping.

The experts were then asked to evaluate to what extent the financial literacy skills, that could be included in the DIFME training programme, are already addressed in the available teaching/training/mentoring programmes. Here again there is a difference between the feeling of the financial expert and the IT experts. The financial expert considers that most of the financial literacy skills are mentioned briefly or rarely explained but not applied. The IT experts think that most of the financial literacy skills are well taught, preferably evaluating them as explained and applied briefly or extensively.

According to the financial expert, Financing, Operational cash management and Banking are the financial literacy skills that should be included in the DIFME training programme and explained and applied extensively. The IT experts think that the emphasis should be on the skills needed for a start-up - Obtaining financial information, education and advice, Financing the business, Registration, taxes and other legal requirements and Seeking financial protection for the business.

According to the interviewed experts, the majority of students conduct their business in domestic (local) markets only, or in both, domestic and foreign markets. They believe that the products and/or services are advertised and sold online, and that there is an interest in internationalising their business (expanding it into foreign markets using digital (technology-based) tools and channels).

The experts were also given a list of digital tools that could be taught in the DIFME training programme and asked to evaluate to what extent they are already addressed in existing

teaching / training / mentoring programmes. The results reveal that most of them believe that Website, Social media platforms like Facebook, Instagram, Twitter etc., Online selling platforms, like EBay, Amazon etc., Business online platforms such as LinkedIn, Xing, etc., and Cloud storage, are more often explained but not Applied, while Email, Digital Newsletter, and Online communication services such as Skype, messenger etc., are not addressed or mentioned briefly. According to one of the IT experts, the general concepts and basic usage skills of e-mail, websites and social media are already a part of both, school and university educational programmes, and also that a large amount of free online resources are available, and student are advised to use them. They advised when deciding which digital tools should be included in the DIFME training programme to put the emphasis on online /cloud business platforms and their secure usage both, in daily routine and business.

The experts were also given a list of digital internationalisation skills that could be included in the DIFME training programme and asked to evaluate to what extent they are already addressed in existing teaching / training / mentoring programmes. The achieved results show that the IT experts are more confident that most of those skills are well taught, while the financial expert is more uncertain about that. All of them believe that Working remotely (away from office), Using the internet to source goods/services from suppliers, Internet of Things, Business Intelligence, Advanced spreadsheets (like Excel/Google sheets etc.), Monitoring use of website e.g. through Google analytics, Digital marketing, Online marketplaces, Selling online/e-commerce, Managing relationships with customers online, and Cybersecurity are rather Explained but not Applied or Explained and Applied Briefly. The financial expert believes that Building a website, Creating and Updating website content are Explained and Applied Briefly, while the IT experts think that these topics are just Mentioned Briefly. However, the IT experts are sure that Business Intelligence, Internet of things, Industry 4.0, Digital strategy, Big data analytics, Project management tools, SEO (Search Engine Optimisation), and Data protection, are very important and should be enhanced in the future.

As already mentioned above, the experts think that most of these topics, e.g. Advanced spreadsheets (like Excel/Google sheets etc.), Building a website, Creating and Updating website content, are a part of both, university and high school syllabus, and also that there are a lot of online freely accessible resources.

When asked which of the digital internationalisation skills should be included in the DIFME training programme, they advised to focus on the digital skills that are most important for a start-up and a small business, e.g. Using the internet to source goods/services from suppliers, Advanced spreadsheets (like Excel/Google sheets etc.), Social media for business purposes, Digital strategy, Digital marketing, Online marketplaces, Selling online/e-commerce, Managing relationships with customers online. They also believe that Cybersecurity and Data protection on a basic level are also important, while Big data analytics, Business Intelligence, Internet of things, Industry 4.0 are more suitable for clients who want to expand their established business.

SECTION 6: DISCUSSION

The data from the 2018 SBA Fact Sheet reveals that Bulgaria has made policy progress in implementing the recommendations by introducing 19 new policy measures addressing eight out of the 10 policy areas under the Small Business Act. The Bulgarian government was most active in the areas of responsive administration, access to finance and internationalisation. Efforts have also been made with regards to skills & innovation and entrepreneurship.

However, the achieved results are considered limited and the most important areas for improvement include:

- Improving the skill base of the Bulgarian workforce
- Promoting entrepreneurship and developing innovations
- Applying environmental policies
- Continuing the implementation of the single market principles
- Promoting SME use of new financial instruments and participation in public procurement procedures
- Improving e-services

The results from the conducted online survey reveal that the respondents will be most interested in attending a course or training in the following topics related to financial literacy skills:

- Business risk and insurance
- Recognising external influences
- Financing the business
- Seeking financial protection for the business
- Personal risk and insurance

The results from the conducted interviews show that, as far as financial literacy is concerned, there is a different perception of the financial and IT experts. According to the interviewed financial expert, the emphasis should be on:

- Financing the business
- Operational cash management

- Banking

The IT experts think that the emphasis should rather be on the skills needed for a start-up, including:

- Obtaining financial information, education and advice
- Financing the business
- Registration, taxes and other legal requirements
- Seeking financial protection for the business

From the survey results it becomes clear that the respondents are interested in all topics related to digital skills and internationalisation, but those that are of greatest interest include:

- Business Intelligence
- Internet of things
- Big data analytics
- Cybersecurity
- Building a website

The opinion of the interviewed experts is very similar to the survey results, as far as digital skills and internationalisation are concerned. According to them, the focus should be on the following topics:

- Business Intelligence
- Advanced Analytics
- Information Security
- Internet of Things
- Industry 4.0

ANNEX 1: Declarations of Consent by Expert Interviewees

DIFME Project – Declaration of Consent by Expert Interviewees

I have read and understood the information provided above about the DIFME project and expert interviews.

I hereby confirm that I am participating in this audio recorded interview voluntarily and with full informed consent, on the conditions listed above and marked below.

- ☑ I consent to being identified as a respondent and for attributable quotations to be used in the research outputs
- ☐ I DO NOT consent to being identified as a respondent and for attributable quotations to be used in the research outputs.

Name of Respondent: Luben Boyanov

Signature of Respondent: .....

Date: 18. June 2019

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☑ I consent to being identified as a respondent and for attributable quotations to be used in the research outputs

☐ I DO NOT consent to being identified as a respondent and for attributable quotations to be used in the research outputs.

Name of Respondent: Monika Tsanova

Signature of Respondent: .....

Date: 18 June 2019

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- [x] I consent to being identified as a respondent and for attributable quotations to be used in the research outputs

- [ ] I DO NOT consent to being identified as a respondent and for attributable quotations to be used in the research outputs.

Name of Respondent: Positsa Toncheva

Signature of Respondent:

Date: 06/17/2019

DIFME Researchers' Contact Details:

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