

Vitosh Research

2009 Highlights

Vitosh Research has extended the Center for the Study of Democracy's work in the area of social and marketing research, which started with the implementation of the first independent pre-election and election surveys in 1990. The Agency is a commercial company owned by the Center for the Study of Democracy and specializing in several notable research areas: marketing surveys, social policy research and social assessment, political and electoral behavior, hidden economy, corruption and victimization surveys, development of information and communication technologies, media audience and program research.

- A large number of social, economic, marketing, and media surveys were conducted in 2009. Using **qualitative and quantitative methods**, about 35,000 structured and semi-structured face-to-face and telephone interviews were conducted, as well as a considerable number of in-depth interviews. The results of these surveys served as the basis for analytical reports.
- The most important **topics** in 2009 were: public opinion and business community attitudes regarding current national and all-European issues, surveys of electoral behavior, the labor market and business opportunities, crime victim surveys, the situation of people with disabilities, the levels of corruption and grey economy under the annual monitoring conducted by the Center for the Study of Democracy.
- Within the **Flash Eurobarometer** Project, Vitosh Research conducted a series of surveys among the general public and the business community. Flash Eurobarometer surveys are commissioned by the European Commission and constitute essential tools in the work of European politicians. More notable projects with other international partners of Vitosh Research included the European Electoral Survey, the Berlin Wall Revisited Project, a survey of corporate crime and corruption in the business sector.
- A number of **marketing surveys** were also conducted in 2009, the large part of which dealt with the consumption of alcoholic beverages and bio products.

I. Social and Economic Surveys

Local business conditions in Bulgaria

The main goal of the research project commissioned by Industry Watch was to assess local business conditions in all 28

districts of the country in terms of company interaction with the local administration: chief obstacles and points of conflict in the provision of administrative services on the local government level, the rate of corruption and the efficiency of anti-corruption measures taken by

the local administration. The survey covered a total of 281 companies with a special focus on the interaction between the local administration and large businesses in the areas of construction, trade and manufacturing.

Survey and forecast of employers' needs regarding workforce education and skills

Vitosha Research conducted a survey of workforce skill requirements of employers. The goal of this survey was to analyze the current labor market situation and to provide a forecast of its future development. It involved 400 face-to-face structured interviews with owners and managers of companies employing 10 or more persons.

Public opinion on the effects of the crisis and its impact on the use of banking services in this country

The main goal of this national representative survey was to collect information on the impact of the economic crisis on household behavior relating to the use of banking services, to examine the level of confidence in the Bulgarian banking sector and to identify opinions about the basic economic policy principles in the current situation. More specifically, the survey aimed to explore how the economic crisis is affecting the size, type, and structure of household assets, as well as the population's employment, income and expenditures. With a view to the country's problems in 1996-97, an attempt was made to provide a forecast regarding the banking sector, the cur-

rency board, and the national economy as a whole.

Study on the application of biophysical methods in medicine, ecology, and agriculture in Bulgaria

In late 2009 Vitosha Research began a survey commissioned by the Applied Research and Communications Fund and the Bulgarian Academy of Sciences. It concerns the application of biophysical methods in Bulgarian science and economy. Using face-to-face structured interviews, the survey aims to cover up to 100 companies and research institutes that employ such methods in their work.

Vrachanski Balkan Nature Park – public-private partnerships in the service of nature and people

The main goal of this research project commissioned by the Vitosha Nature Park Directorate with the State Forest Agency was to identify potential public-private partnerships whose future implementation could help develop the territory of the park, would popularize its natural landmarks and make it an attractive tourist destination. Using qualitative research methods – desktop research and 11 in-depth interviews – information was collected and analyzed about successful PPPs in similar areas and a set of specific partnership projects was proposed between Vrachanski Balkan Nature Park and potential partners from the business and the non-profit sectors.

Strategies for PPP implementation by Vrachanski Balkan Nature Park Directorate:

Policy of small steps and gradual progress. This is generally the model to which the Park management has adhered up to now. It consists of implementing relatively small-scale projects, many of which follow up and build on the results of

earlier ones. Applying for funds under various operative programs and other EU sponsored projects ensures the bulk of the financing. The interaction with other institutions and organizations displays elements of public-private partnership but these are not typical PPPs owing to the relatively large share of invested public funds and the small scale of the generated financial and material resources.

Undertaking a few but large-scale initiatives using the mechanisms of the Law on Public Procurement and the Law on Concessions. This could take place in conjunction with the small steps policy but it should be borne in mind that large-scale projects require more thorough planning and a many preliminary consultations and assessments that would take up time and expert resources. This calls for mobilizing the capacity of the Park management as well as external assistance.

Compared to the small projects, it also involves a higher degree of risk for the public side although it would largely be transferred to the private side of the partnerships. This type of strategy excludes the possibility for preliminary choice of partners since the national legislation stipulates mandatory competitive selection. According to legal experts with whom the Vitosha Research team consulted, a procedure under the Law on Public Procurement must be initiated for any activity that has financial value.

Grouping together organizations with similar goals and areas of activity which are to set up business companies. In order to make use of this possibility it is necessary to more thoroughly investigate the legislation regulating the creation of such companies and to establish exactly how nature parks could participate. According to the information collected so far by the research team, there should not be any formal legal obstacles to nature parks' participation in non-profit organizations and associations and in their turn, the latter can set up and own business companies. Nevertheless, these possibilities should be subject to a more detailed inquiry and consultations with legal experts.

Such companies could engage in a broad range of activities related to the preservation of the environment and promotion of the landmarks and resources of nature parks. On the one hand, there would be dependable guarantees for the quality of their activity and conformity with the acting national and international legislation and on the other hand, they constitute a mechanism capable of generating funds for environmental preservation and for ensuring the sustainability of environmental activities and projects.

II. Corruption, Hidden Economy, and Crime

Monitoring the hidden economy: general population survey

The main objective of the survey was to conduct the regular systematic monitor-

ing of the size and dynamics of the hidden economy in Bulgaria. The project was commissioned by the Center for the Study of Democracy. More detailed information was collected on the following:

- Employment of the population by types of work activity;

- Existence of employment contracts with the employers;
- Proportion of those hired with contracts containing hidden clauses;
- Payment of social security and health insurance contributions;
- The issuing of fiscal receipts upon purchase of durable or non-durable goods;
- The issuing of fiscal receipts for various types of services used.

*Monitoring the hidden economy:
business sector survey*

The business sector survey covered companies from across the country. The main objective was to systematically monitor the size and dynamics of the hidden economy in Bulgaria. More important survey topics included:

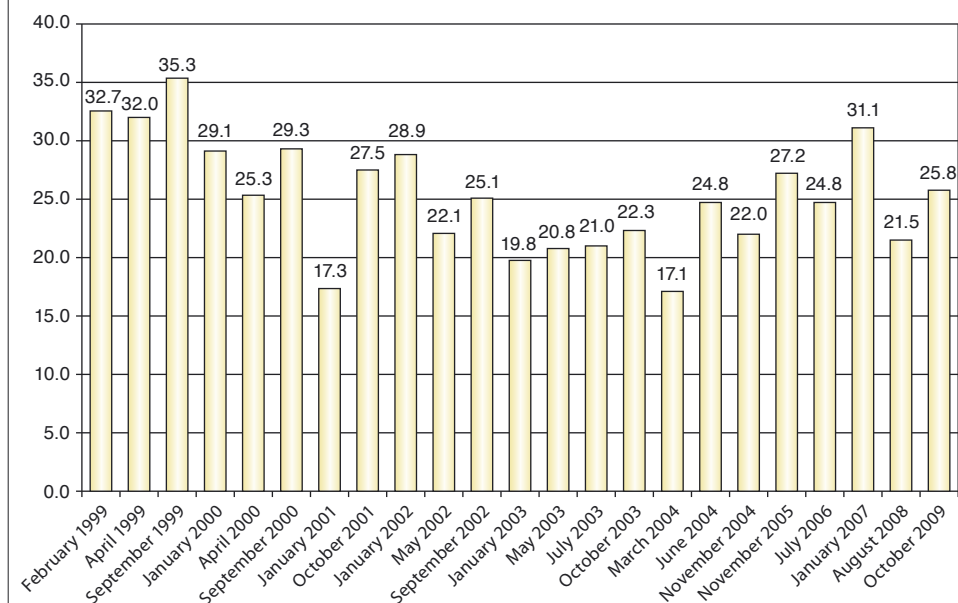
- General evaluation of the business climate, quality of legislation, and

- administrative requirements in Bulgaria;
- Chief obstacles to business development;
- Proportion of those hired without employment contract in each sector;
- Proportion of those hired with employment contracts containing hidden clauses by sector;
- Non-issuing of fiscal receipts by sector;
- Practices of concealing turnover by sector;
- Practices of concealing profits by sector;
- Illegal import/export by sector;
- Fraudulent VAT claims by sector;
- Evasion of taxes, customs duties and excise fees by sector.

The Corruption Monitoring System

Corruption indexes summarize the most important findings of quantita-

Figure 9. Involvement in corrupt practices in the past year (population, %)



tive surveys regarding the rate of corrupt practices among different groups of the population and their attitudes to various aspects of corrupt behavior. Corruption indexes are grouped into several categories:

- Attitudes towards corruption;
- Corrupt practices;
- Rates of corruption;
- Corruption-related expectations.

Corruption risks and the countering of corruption in the National Revenue Agency (NRA)

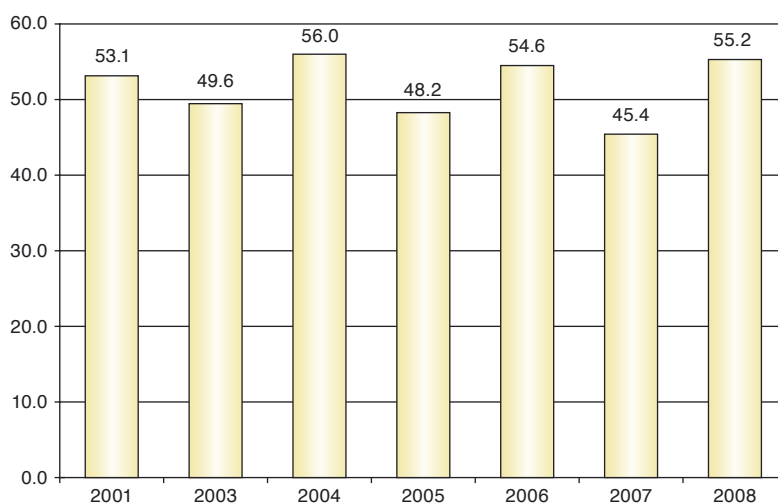
In November 2009, Vitosha Research conducted a survey among the employees with the Regional Offices (RO) of NRA. Information was collected by a poll covering 432 employees from all regional offices, including the Major Tax and Insurance Payers Regional Offices. Unlike most other surveys, which typically cover businesses and households,

i.e. victims of corruption, this one was targeted a particular section of the administration perceived by the public as potential initiator of corrupt practices and examined the effect both of positive incentives in the fight against corruption (e.g. salaries, bonuses, etc) and negative ones (control and sanctions for violations of ethical norms of conduct).

Corporate crime and corruption

This survey was part of the research project Official Corruption and the Corporate Sector: Two European Case-Studies, which examines the situation in Bulgaria and Slovakia. The project is implemented by the Melbourne Research Office of Melbourne University, Australia. It explores the awareness, perceptions and attitudes of businesspersons regarding wrong corporate behavior (the inclination of companies to offer bribes to make sure contracts are awarded to them) and corruption among public officials.

Figure 10. Crimes reported to the police (% of victims)



National Crime Survey 2009

In February 2009, Vitosha Research conducted yet another annual national representative survey commissioned by the Ministry of Internal Affairs and aimed at investigating various aspects of crime, crime rates, the seriousness of the crimes committed, police performance evaluation, etc. Two main groups of crimes were covered: **property crimes** (thefts of and from motor vehicles, thefts of bicycles and motorcycles, burglaries and attempted burglaries) and **crimes against the person** (robberies, theft of personal property, sexual crimes and assaults).

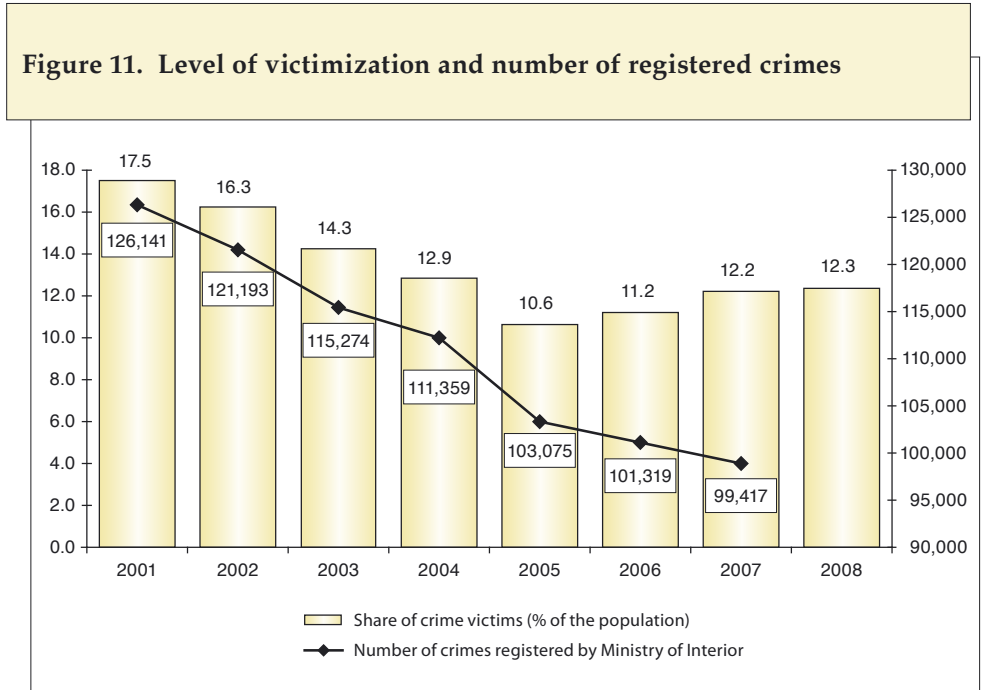
The employed research method was face-to-face structured interviews, and the survey covered 2,500 respondents over fifteen years of age, collecting information about crimes experienced by the respondents in the course of the preceding year (January – December 2008) and in the past five years (2004-2009).

The National Crime Survey (NCS) registered largely the same level of criminal activity in 2008 compared to 2007. In 2008, 12.3% (compared to 12.2% in 2007) of the households fell victim to some of the 10 groups of crimes used to measure the crime rate in this country.

III. Social Surveys

Flash Eurobarometer

In 2009, Vitosha Research continued its involvement in Flash Eurobarometer – the regular surveys conducted among citizens of the European Union and in countries outside the EU on the most topical social, economic, and political problems. The study covers 34 countries and supports EU- level decision-making by providing a quick and accurate snapshot of public attitudes and perceptions regarding current issues.



Twenty-one surveys were conducted in the past year by structured telephone and face-to-face interviews, for the most part covering the population aged 15 years and over. The issues investigated included the introduction of the Euro in the new EU member states, EU enlargement, consumer protection in the domestic market, relations between generations, young people and their problems, women and the European Parliament, the financial crisis, etc. Three surveys were also conducted among companies in order to explore the economic climate for business development, including available financing opportunities, the companies' innovation strategies, and trade within the European market.

European Electoral Survey – 2009

The European Electoral Survey commissioned by the Institute of Political Science at Leiden University, Netherlands, was conducted among EU citizens immediately after the European Parliament elections in June 2009. Vitosha Research conducted the study among Bulgarian voters. By 700 face-to-face interviews and 300 telephone interviews, the survey explored voters' attitudes towards Bulgarian political parties, left-right subjective identification, satisfaction with one's position in the social hierarchy, the influence of national and European policies on the lives of individual citizens, opinions about EU activities, religious and national self-identification, etc.

The Berlin Wall Revisited – 2009

The project is a comparative study of public attitudes towards key issues of economic, political and social development in the countries of Eastern Europe in the period from 1990 to 2009. It covers questions related to the fundamental principles of the political and economic system in the country, assessment of the performance of institutions, expecta-

tions about the country's development and personal prospects, ethnic and topical geopolitical issues.

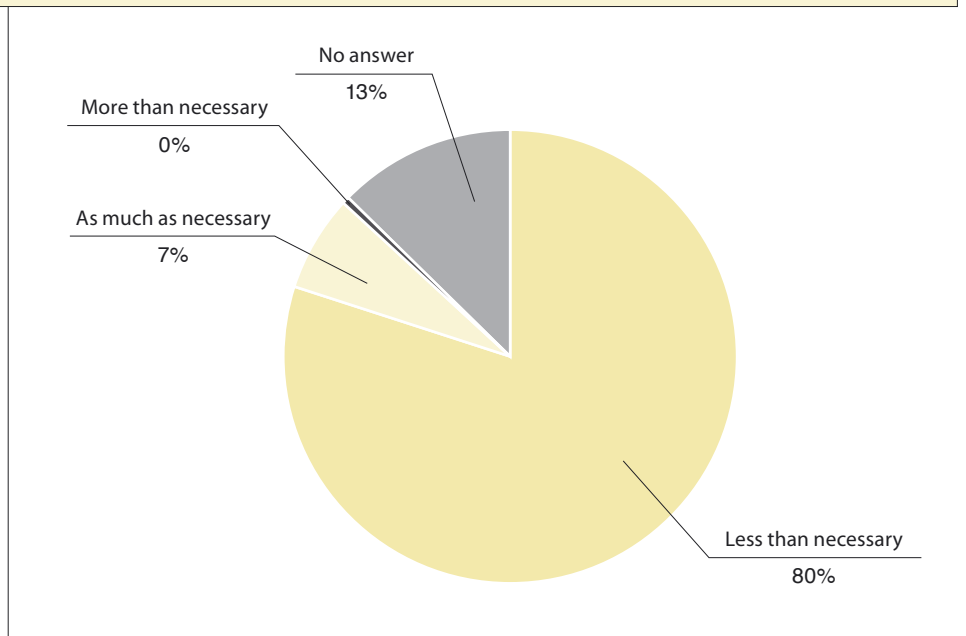
Analysis of the situation of people with disabilities in Bulgaria

In 2009, Vitosha Research conducted a survey Analysis of the Situation of People with Disabilities in Bulgaria with a view to enhancing the capacity of the Agency for People with Disabilities in analyzing, planning, and implementing the government policy for integration of the disabled. The project employed a combination of quantitative and qualitative methods. A national representative survey was conducted among the adult population of the country as well as a national representative survey among people with disabilities. Both target groups were surveyed by face-to-face structured interviews with samples of 1,000 persons. In addition, 40 in-depth interviews were conducted with representatives of institutions on the national and local levels, NGOs, and social institutions, as well as content analysis of the representation of the disabled in the media and the attitude of members of the media towards people with disabilities.

The survey comprised two main components. The first one concerned the government policy towards people with disabilities and analyzed official national, international, and European documents regulating and shaping government policy, as well as statistical data illustrating the results of this policy in the various areas concerned. The second part consisted in a study of the socio-economic profile of people with disabilities and how they are perceived and treated by society.

The share of persons with permanent disabilities in this country was estimated at approximately 9% of the population,

Figure 12. Public attention to the problems of the disabled – according to the general population (in %)



or 715,000 people. The bulk of the disabled population are excluded from the labor market – barely 11% are employed and nearly half of those have found their jobs on their own. The average gross monthly income per household member among the disabled is by 31% lower than among the rest of the population. The people with disabilities and their families typically finance the necessary medications, medical supplies and rehabilitation themselves – in three-fourths of the cases these were paid in part or fully by the disabled themselves, and in 29%, by family members.

Biggest Cities Review

Vitoshka Research and Industry Watch continued their joint research project *Biggest Cities Review*, which was started in 2006. It involves the preparation of regular reports including quarterly reviews

on selected topics. The main purpose of these analyses is to provide viable and up-to-date information that can serve as the basis for making investment decisions. The key topics covered by the regular reports are:

- Differences in the cost of labor by city;
- Average working salary and labor supply;
- Differences in the cost of living by city.

The analysis is based on data from omnibus surveys representative of the population aged 15 years and older.

Corporal punishment of children as a parenting tool in Bulgaria

The survey was conducted in May 2009 and its main goal was to examine how

Bulgarians feel about the use of corporal punishment in the raising of children, as well as to estimate the proportion of Bulgarian children subject to corporal punishment by their parents. The results were compared to the data from an similar study conducted in 2005. Interviews were conducted with 1,000 people aged 15 years or older. Respondents' opinions regarding corporal punishment of children have not changed significantly in the past 4 years. Now, as well as in 2005, four out of five thought a certain number of children were subject to such treatment. Most respondents assumed the share of children subject to corporal punishment did not exceed 20% and typically estimated their proportion at 10%. Nevertheless, one in two Bulgarians was of the opinion that corporal punishment should never be used in the raising of children. Slightly more than one-third of the respondents

said it might be justified in certain situations. The smallest group (11%) remained those who thought corporal punishment could be used at parents' discretion.

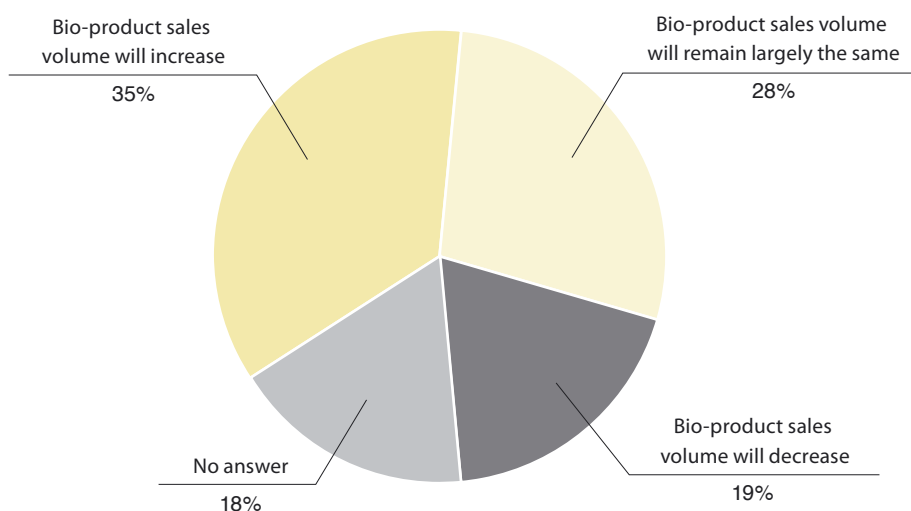
IV. Media and marketing research

Production, distribution and consumption of bio products in Bulgaria

The main goal of this research project commissioned by the Ministry of Agriculture and Foods (MAF) was to outline the general situation in the market for bio products in Bulgaria by surveying the principal stakeholders in this market – consumers, producers, and retailers.

The group of the consumers was covered by a national representative sur-

Figure 13. Expectations of producers/importers/exporters about bio-product sales volume in the next 2 years



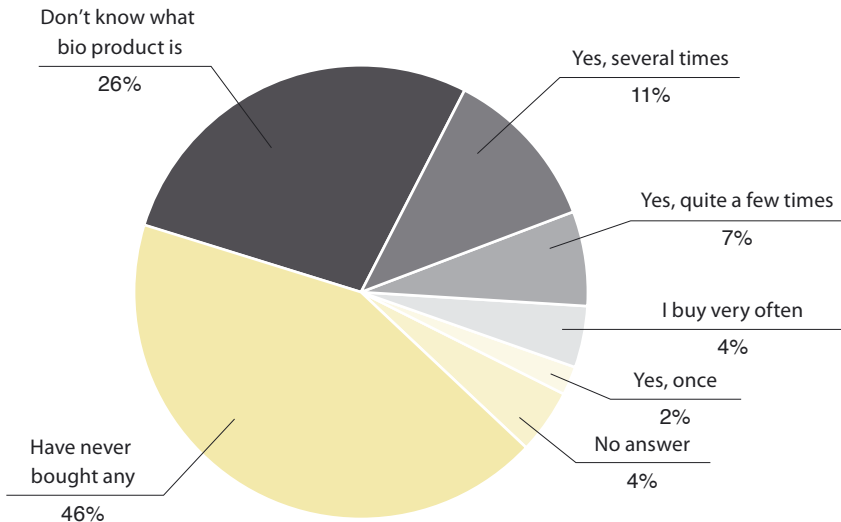
vey of 1,000 people by the method of the face-to-face structured interview held in respondent's home. Information was collected about consumer attitudes and perceptions of bio products, their level of awareness, ability to differentiate between certified bio products and possible imitations. The market share was also established of these products compared to their conventional equivalents.

Furthermore, 125 producers, processors, importers, and exporters of bio products were surveyed. Information was collected about the production of bio products in this country, prospects for expansion, as well as the competitiveness of Bulgarian-made products versus imported ones. The survey further covered 205 points of sale (stores, restaurants, hotels) in order to gather informa-

tion about the range of products on offer, the correlation between Bulgarian-made and imported bio products, and a comparative price analysis was made of bio and conventional products in the retail network. A representative survey was also conducted covering 84 high-class hotels and restaurants.

Desk research was conducted to outline the legal-and-regulatory framework of biological production in Bulgaria. The main finding was that even though excellent conditions for biological production are in place in Bulgaria it is as yet at an early stage of development and in need of financial support from the state. Bio products in the Bulgarian market hold a small market share compared to conventional ones. Bulgarian consumers are not sufficiently aware of the existence of bio products – slightly

Figure 14. Have you ever purchased bio products?



more than one-fifth of the interviewed consumers were aware of their existence and those who did know were not familiar enough with their characteristics to easily identify fake and imitation products that all too often appear in the market. Poor awareness is one of the major reasons for the limited consumption. At the same time, the survey found that the current consumers of bio products appreciated the quality of the Bulgarian-made products and noted as an advantage their competitive prices compared to imported ones.

Other marketing surveys conducted by Vitosha Research in 2009 covered the following more notable areas:

- Alcoholic beverage brand studies;
- Pediatricians' attitudes toward vaccinations not included in the mandatory vaccination schedule;
- Testing the advertising message of a medical product;
- Survey of the market for fixed line telephone services;
- Survey of brand awareness and consumption of specific brands of hygiene and cosmetic products.

