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ARTICLES

THE EVOLUTION OF LEGAL KNOWLEDGE AT THE UNIVERSITY OF ECONOMICS – VARNA

Prof. Dr Ec. Sc. Petar Markov Tsankov
Assoc. Prof. Dr Margarita Stefanova Bachvarova

Introduction

Law and legal science are phenomena which follow the public development and are a complex mechanism for influencing and regulating the entire system of relations. As a rule law does not determine, rather it follows the dynamics of contemporary economics. In its role of superstructural category, it is objectified through theoretical constructs, based on generalizations and experience gained in the process of public development. The contemporary concept of legal knowledge in economics is closely bound to the main function of law as a normative regulator of public processes. Law is not just a reflection of changes in society, but in fact, it can speed them up or slow them down. In that sense, the legal knowledge and skills for applying legal standards play a significant role for the development of the economy.

The connection between law and economics exists also in the Universities, being centres of scientific knowledge. One consequence of their objective interaction is the traditional presence of legal knowledge at Varna Economic University. In higher education, knowledge is not reduced to a mechanical aggregate of perceptions”, rather it is a special process, aimed at the acquisition of professional competence and its successful realization.

The importance of legal knowledge in the training of future economists is connected with: a) acquisition of theoretical knowledge of fundamental legal categories and formation of a special type of legal consciousness; b) good legal culture, which will facilitate proper application of legal acts in practice; c) understanding the effects of law as a normative regulator; d) familiarization with the structure of the civil service; e) gaining competitive advantage as a result of a comprehensive legal and economic evaluation of social processes.

In this line of thought, the above-mentioned conclusion regarding the currency of legal knowledge in economics predetermines the purpose, the object and the subject of the present article.

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The purpose of the present article is to make a division into periods and analysis of the development of legal knowledge at Varna University of Economics. The object of study is legal knowledge in economics, and the subject of study is legal knowledge at the University of Economics - Varna. The purpose is achieved through the following specific tasks:

- Historical review and division into periods of legal knowledge at UE Varna;
- Indication of the principal lecture courses for certain historical periods;
- Indication of lecturers, who present legal knowledge at Varna University of Economics;

Continuity involves preservation of historical memory and paying due credit to the founder teachers, who laid the beginnings of the introduction of legal knowledge at the Higher School of Commerce in Varna, which later became the University of Economics. In the history of EU development, four major periods can be outlined.

1. Legal knowledge at the Higher School of Commerce (HSC) – Varna during the period 1920 - 1945;

The Higher School Of Commerce - Varna was established in 1920 as the first school of commerce in the country, owing much of its creation to the contribution of the citizens of Varna. We are about to celebrate the 100th anniversary of the educational institution which demonstrates its consistency and continuity in the training of specialists with higher economic education. Running parallel with this auspicious occasion is also the completion of 25 years of independent existence of the Department of Legal Sciences as part of the University structure.

Along with the establishment of the Higher School of Commerce (HSC) the relevance of legal knowledge and its importance to future university graduates is being rationalized. Every year, even to this day, economic students along with other specialized subjects, study various legal disciplines, preparing themselves for the most effective management of public processes.

The period with which we associate the emergence of legal knowledge in the Higher School of Commerce dates back to the 1920s. In the first syllabus of instruction developed by its founder Prof. Tsani Kalyandzhiev and approved by the government minister Rayko Daskalov, substantial space was allotted to legal disciplines such as general theory of law, civil law, commercial law, maritime law, international law, competition law.²

The syllabus is the principal methodological document, which reflects the structure of scientific cognition. Further, we have also examined the legal disciplines incorporated in the syllabus and their close connection with economic issues. The main emphases are placed on the basic concepts of the General Theory of Law with respect to legal norms, subjects, legal relation and description of juridical facts. There follows specialization of legal knowledge in private law relations connected with the civic, commercial and maritime law.

² Kovachev, Z., op. cit., p. 13.
The principal law institutes offer courses on subjects such as property and various kinds of servitude, basic contracts - sale, rent, exchange, insurance, annuity, convention, and types of obligation and methods of their redemption. A considerable number of classes is allocated to commercial law, which provides knowledge, connected with subjects in the form of companies, different types of associations and their management, the specific responsibilities of merchants, the main commercial contracts (those of current account, commission, transport, issuance, insurance policy, etc.), as well as the commercial securities (promissory note and bill of exchange).

We should also draw attention to a very specific feature, connected with the differentiation of a separate legal discipline under the name of Competition Law. It reflects the issues regarding commercial insolvency, the classification of debts and their collection, the peculiarities of competitive proceedings as a form of overcoming insolvency and the consequences of bankruptcy. The foresight demonstrated with the inclusion of this subject in the curriculum is undeniable given the topicality of the issues even today.

As lecturers in legal disciplines for the period 1921-1945 we can point out: Dr Vasil Karamihailov - an adjunct professor in maritime law - 1921-1924; Evtim Vodenicharov, an adjunct professor in maritime law for the period 1927-1935; Dr Goran Ivanov, a reader in commercial and maritime law 1937-1941, Kosta Karaivanov, an adjunct professor in civil and commercial law 1927-1932; Dr Sevdalin Penchev, a reader in social law and social policy - 1940-1944, etc.

In view of the well-preserved scientific research sources and publications of the lecturers of legal sciences we can conclude that there is a wide variety of research topics on the one hand and intransience of their topicality, on the other. At the present stage, we need to mention The rights of the shareholder and their lesion and The corporate idea in the modern economy as works of outstanding scientific value.

2. Legal knowledge at the Higher State School Sveti Kiril Slavyanobalgarski during the period 1945-1957

The development of legal knowledge at the Higher State School Sveti Kiril Slavyanobalgarski during the period 1945-1957 is closely bound to the teaching and research activities of Prof. Karol Ivanov Telbizov, who graduated from the University in the town of Cluj (Romania) being conferred the title licentiate in state and legal sciences (1938). He is declared Doctor at the Faculty of Law of SU Sv. Kliment Ohridski. Besides being a lecturer, he is also Dean of the Faculty of Accounting during the period 1959-1960 and Dean of the Faculty of Commerce and Commodities for 1960-1966. He is also believed to be one of the founders of the Department of Management back in 1967.

With the conviction that legal knowledge is an important component for the professional training of economists, Prof. Telbizov inspired in students motivation and

3 Ivanov G. The rights of the shareholder and their lesion. ., 1932; The corporate idea in the modern economy – Yearbook of VTU, v. 12, 1940, cited from the Almanac of the Higher Institute of National Economy D.Blagoev, Varna, Life and bibliographic records of academic staff, 1972, p. 104.
striving towards compliance with the law and increase in legal knowledge. He wrote a great number of textbooks on Civil Law, Principles of the State and the Law, International Law of Tourism. Alongside these books, he also did scientific research focusing on the legal aspects of specific economic issues. They reflect the close link between legal knowledge in economics and their significance for the preparation of the future economists. His research addresses problems such as delivery contracts, large-scale construction agreements, freight contracts, marine insurance, expropriation, private ownership over farmland, the role of state arbitration, decentralization of the system of bargaining, etc.4

An eminent researcher and lecturer of legal knowledge for that period is also Dimitar Dimitrov, a professor of public and administrative law during the period 1946-1947. The more important legal subjects are connected with the fundamental issues of the state and the administrative structure such as: General Doctrine of the State; Public and Administrative Law and Social Law and Social Policy.

3. Legal knowledge at the Higher Institute of National Economy

Dimitar Blagoev (HINE) during the period 1957-1990

An important characteristic of the legal knowledge during the period 1957-1990 at the Higher Institute of National Economy (HINE) is its orientation towards the civil and labour law of the Republic of Bulgaria. This fact is logically justified by the close relationship between economic science and private law in particular. On account of that the principal courses are in the following fields: Principles of Bulgarian Private Law, Civil Law for Economists, Civil Law and Construction Legislation, Private International Law, Commercial Law, Labour Law, Maritime Law.

The 1980s witnessed a new development in legal knowledge as a result of the activity of associate professor Vasil Yordanov Mitkov. Having worked for the District Court in Varna, he joined the Department of Civil Law Sciences in 1983, to become an associate professor and give lectures until 1994.

During the period 1983-1988, the subject Principles of Law was introduced as a major discipline in all economic programmes. It is included also in the current syllabi as part of the general educational foundation and encompasses the most important issues of all the legal branches of our national system. The academic staff were also the principal body of authors who took part in the production of manuals and handbooks for the respective period. As more important literature under the guidance of Assoc. Prof. Dr V. Mitkov, there can be pointed out the following sources: Law of PRB and Financial and Accounting Law, Principles of Administrative, Family, Labour and Criminal Law of PRB, Economic Law of PRB, Principles of Law.5

During this period there occurs the institutionalization and differentiation of an independent Department of Legal Sciences, which brings together lecturers with a law degree. In December 1989 the Department of Planning and Management of the

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National Economy headed by Prof. Nora Mitsova was restructured into the Department of Legal Sciences. The initial academic staff were later joined by Assoc. Prof. Vasil Mitkov, Assoc. Prof. Dr Radoslav Rachev, Assoc. Prof. Dr Margarita Bachvarova, Dr Sonya Mihaylova, Margarit Mitsev, Yuri Stoykov, etc. The first Head of the Department was Assoc. Prof. Dr Vasil Mitkov. During this period more and more staff members were being recruited to work in the Department.

4. Legal knowledge at the University of Economics – Varna during the period 1990 – 2014

The development of legal knowledge at the UE – Varna for the period 1990-2015 is closely linked with the establishment of the Faculty of Law (1991 to 1998). Legal knowledge is differentiated according to the established criteria in higher education, on the basis of which three legal Departments were formed i.e. the Department of Public Law Sciences, Department of Civil Law Sciences and Criminal Law Sciences.

Founder and Dean of the Law Faculty was Prof. Dr. Ec. Sc. Petar Markov Tsankov. During this period, eminent scientists and representatives of legal thought were invited to deliver lectures. Indeed, due credit for the preparation of future cadres in legal education should be given to corresponding members Acad. Chudomir Goleminov and Rumen Yankov, Prof. Dr Ivan Vladimirov, Assoc. Prof. Dr N. Beronov, Prof. Dr B. Stankov, Prof. Dr L. Yosifov, etc. They were credited not only for their work as lecturers at Varna University of Economics but also for their participation in central state authorities and structures. During this period there is a marked tendency of binding the legal knowledge at the University with its practical application in individual areas of state administration. Distinguished practitioners from the courts of law and the public prosecutor’s department were also invited to read lectures.

During the period 1993 – 1998, legal subjects that are legitimate for the legal education were offered as lecture courses. In addition, the services of part-time lecturers and practising lawyers were ensured to teach in the Law major program. For the period of existence of the Faculty of Law there have been taught legal subjects consistent with the state requirements, due to the regulated nature of the legal profession.

Since 1998 till the present day, due to the closing of the Faculty of Law, the main academic staff have been restructured into the Department of Legal Sciences, which until 2000 was headed by Prof., Doctor of Laws, Dr. Ec. Sc. P. Tsankov. In the education process and in the development of legal knowledge a number of distinguished scholars took active part, among which Prof. B. Stankov, Assoc. Prof. Dr R. Rachev, Assoc. Prof. Dr M. Bachvarova, Assoc. Prof. Dr A. Andreeva, Assoc. Prof. Dr G. Yolova, Chief Assist. Prof. O. Marinova, G. Tsviatkova, Assist. Prof. V. Vladova.

The main disciplines and the legal knowledge taught with them are in close connection with the economic programmes and the most read of those are Principles of Law.

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6 Lachezar Dobrilov - district attorney, Prof. Dr Zdravko Traykov - director of the Central Prison, Vanuhi Arakelyan - judge from District Court - Varna, Despina Georgieva - judge from Regional Court - Varna, etc.
Under the contemporary conditions, typical of the Department of Legal Studies is the internal specialization of its academic staff, following the basic division of our legal system into public and private law. This allows for the upkeep of legal knowledge in the two main branches of the science.

The main objective of the academic staff of the Department of Legal Sciences is to maintain high educational standards in teaching, to renew and bring up-to-date legal theory with scientific research and to apply the creative achievements in the practice.

Conclusion

The historical overview connected with the emergence and the evolution of legal knowledge at UE Varna gives us reason to make the following conclusions and findings.

The need for legal knowledge has been embedded in the methodology of economic education ever since the creation of the HSC - Varna, of which there bears testimony the first syllabus of the higher school of commerce, dating back to 1920. The dynamics of the number of legal subjects is directly related to the program objectives for dissemination of knowledge, which correspond to the level of developing science and the standards of European higher economic education. An overriding trend today is the inclusion of legal knowledge and disciplines with priority in the sphere of private law, such as commercial law, labour law, law of estate, contractual law. In conclusion, the following can be suggested as guidelines for future development: broadening of the specialized legal disciplines in the training of economists, conducting of interdisciplinary research and creation of joint publications and introduction of new legal disciplines in certain programmes.

THE EVOLUTION OF LEGAL KNOWLEDGE
AT THE UNIVERSITY OF ECONOMICS - VARNA

Prof. Dr Ec. Sc. Petar Tsankov, Assoc. Prof. Dr Margarita Bachvarova

Abstract

In the present article there are discussed the origins and the evolution of legal knowledge at the University of Economics – Varna. There is presented a historical overview and done a division into periods of legal knowledge, in accordance with the stages of development of the higher school. There is discussed the first syllabus of the higher school of commerce and the legal subjects included in it. There is observed certain dynamics of legal knowledge depending on the goals of teaching, which follow the development of science and the standards of European economic education. There is emphasized the main trend of the evolution of legal knowledge in economics, connected with certain fundamental questions of the state system and in private law relationships.

Keywords: higher education, teaching, legal sciences.
Introduction

After 1989 the insolvency issue became topical for the Bulgarian companies when the processes concerning economy restructuring, ownership transformation and the change of managerial and adaptation patterns in the conditions of market economy started.

The interest in the related processes was further emphasized after 2008 as a consequence of the global financial and economic crisis. In our country due to the crisis “the number of companies which declared bankruptcy grew twice compared to the whole prior period while in 2012 the rise was 5.6 times compared to the year 2008”. (Тойнов, 20.12. 2014)

The bankruptcy of Corporate Commercial Bank in 2014 increased the public pressure on institutions and brought to the fore the economic and social nature and significance of insolvency as a legal enactment and process, as well as openly raised the issue of audit quality and technology and auditors accountability.

The topic of the article is chosen on the grounds of the above considered circumstances. The main researcher’s point is: in the conditions of a series of insolvent financial and non-financial companies the need for improving the independent financial audit technology is growing.

The achievement of the goal is related to solving the next specific issues: theoretical basis of insolvency; working out the audit’s technological specifics when filing for bankruptcy and the options for its improvement.

1. Theoretical basis of insolvency

Historically, the origin of insolvency as a legal concept dates back to Roman law. These days, the insolvency conception is crucial for the legal and economic practice of the developed countries. It is studied and analyzed both as an economic and legal category, at the basis of which is debtor’s insolvency and as a process, i.e. a system of economic and legal relations which require management and regulation.
The scientific legal literature defines insolvency as a legal category and characterizes it as a procedural legal conception statutory regulated by law.¹ The legal standards related to insolvency are:

- To guarantee the creditors protection from insolvency and unfair debtors;
- To reduce the risks incurred by entrepreneurial activities;
- To wind up inefficient companies and restructure the economy;
- To change the company’s management model and the business culture of managers and owners.

The analysis of insolvency regulation in developed countries (Костина, 15.12.2014) indicates that when regulating insolvency we should take into account the creditors' interests as well as the interests of debtors and other participants in the process. With that end in view remedial procedures are also included to retain the business operations and help classical mechanisms for sale and liquidation of assets at bankruptcy.

In law theory and practice different systems for regulating insolvency as a legal conception are determined (нуртеш, 20.12.2014), namely:

- A system which entirely protects the creditors – its main task is to defend creditors’ interests. It is typical for England, Hong Kong, Israel, Australia;
- A system which moderately protects the creditors – it is determined by the stage of economic development. It forms the basis of the commercial legislation in Germany, Finland, Norway, Japan;
- A neutral system – the main regulatory objective is to take into account the interests of both the creditors and debtors while observing the ”happy medium” rule. It is typical for the USA, Russia, Italy, Denmark, the Czech Republic, Bulgaria;
- A system which moderately protects the debtor – the aim of the system is fair distribution of the debtor’s property among creditors, as well as fulfillment of specific macroeconomic tasks. It is common in Greece, Spain and Belgium.
- A system which totally defends the debtor – its aim is to retain the debtor’s business and job positions. The drawback of the system is that the desperate

¹ For example in Bulgaria it is regulated in: Commercial Code, (Articles 607 - 760) Publ.SG. N.48 of 18 June 1991, last amended. SGN.98 of 28 November 2014. Some types of trading companies file for trade bankruptcy in a special way, whereas CC is applied by way of alternative submission. These are: the banks – Bank insolventy law, Publ.SG. N.92 of 27 September 2002 last amended. SGN.98 of 28 November 2014.; insurance companies–Insurance code, Publ.SG. N.103 of 23 December 2005 last amended SGN.109 of 20 December 2013.; insurance companies–Social security code, Publ. SG. N.110 of 17 December 1999 last amended and supplemented SG. N.107 of 24 December 2014. Legal non-profit entities can be declared commercially insolvent (pursuant to the special provisions of the Non-profit legal entities Act, Publ. SGN.81 of 6 October 2000, last amended SG N.42 of 5 June 2009), as well as cooperatives (pursuant to the Law on cooperatives, Publ.SG N.113 of 28 December 1999, last amended SGN.43 of 29 April 2008.). However, some categories of traders are not able to file for commercial bankruptcy. These are: public companies which operate as a state-owned monopoly; traders which are public companies, organized by special laws. (Forest law, Publ.SGN.19 of 8 March 2011, last amended.SGN.98 of 28 November 2014).
ambition to keep enterprises at all costs is ineffective for economic development.

It was implemented in France, but in the middle of the ‘80s in XX c the system was reoriented to the one which moderately protected creditors.

When investigating the legal aspects of insolvency, we should emphasize the necessity to discriminate between the related concepts and categories such as: insolvency, bankruptcy, liquidation, restructuring, remediation. The discussion is most often related to the categories of insolvency and bankruptcy. Two contradictory theories can be outlined. The first group of authors (Слепышев, 20.12.2014) looks at the two concepts as synonyms and give their arguments: they are used as integrated terms in legislature; insolvency is the event which is arranged in court whereas bankruptcy is a procedure. The second group of authors (Услов, 2004) assumes that regardless of the fact that the terms have dialectic link and integrated nature, they differ because declaring the debtor insolvent does not mean bankruptcy, it is its terminal state.

In practice, there is a range of appropriate procedures to escape insolvency such as: remediation, restructuring, liquidation.

The legal theory is useful for: regulating insolvency: organizational and legal procedures for its implementation and differentiating its stages. It influences the organization, documentation, estimating and reporting of financial and accounting processes and the related tax dues.

The raised controversial questions provoke researchers to investigate the economic nature of insolvency and its connection with the crisis situations which influence company’s sustainable development. By implementing the modern approach some authors (Онд рь, 18.12.2014) introduce the term economic insolvency and define it as a complex system which stands for the impact of internal and external factors of environment in which companies operate. They differentiate it into market, production and financial one and assume that its development undergoes through the following stages: dormant economic insolvency; economic instability; high bankruptcy risk; transition from economic to legal insolvency and solving the arising contradictions through legal procedures; bankruptcy.

Other authors (Darling, JD., Seristц, H. and Gabrielsson, M., 15.12.2015; Дягель, 2008; Жданов, 15.12.2014) introduce the term company’s “system insolvency” and assume that insolvency is a state of the basic subsystems and their interaction in which their development is subject to a blockade and an irreversible process of violating its sustainability and operation occurs. These authors relate the causes of insolvency origin to the company’s life cycle and crisis situations which accompany its sustainable development. The study of the economic meaning of insolvency allows the authors to analyse the reasons for its emergence in the following way: external – grouped according to the principle STEP(PEST)- analysis (political, technological, social, external and economic); market; internal economic; financial; managerial.

According to these authors connecting insolvency with crisis events and their causes allows formulating and implementing mechanisms for positive outcome from the crisis and insolvency can be diagnosed and predicted. They connect its manifestation with the three crises typical for company development: financial, managerial, economic
and distinguish the following periods in the development: pre-crisis period, a period of acute crisis and a period of chronic crisis.

During the first period a managerial crisis occurs, which manifests itself as strategic and structural one and has a marked tendency to become financial. The financial crisis occurs in a period of an acute crisis when one can observe an abrupt fall of liquidity and temporary insolvency. The chronic crisis period is described by the transition of the financial crisis into an economic - legal crisis which is characterised by insolvency, either de facto or de jure and bankruptcy. In terms of time there is an opportunity to monitor the crisis events dynamics by discriminating between the moment of transition from insolvency de facto and insolvency de jure and bankruptcy. The critical company position is determined by the so called “divergence point”, where the process can proceed in two tracks: bankruptcy and liquidation or financial strengthening and normal operation.

The objectives in this time period are: winding up loss-making companies; rescue of companies, where the crisis can be kept under control; protecting the creditors and debtors interests.

The positive aspects of the economic theory boil down to:
✓ Investigating insolvency not only as a state but also as a process, which is dynamic and passes through several stages;
✓ Opportunities to diagnose and distinguish the symptoms regarding insolvency, de jure or de facto and bankruptcy;
✓ Distinguish, analyse and evaluate the risks which cause crisis events related to company development;
✓ Undertake adequate activities and implement appropriate business remediation mechanisms and programs for a way out of the crisis.

The research regarding the insolvency social content and manifestation can be of particular interest, too. Its social meaning is studied in Bulgaria which proves that insolvency appears in four guises: disgrace /stigmatization/; privatization; intentional bankruptcy; overcoming the stigmatization and giving a second chance. (Stoyanova, 20.12.2014). The benefit of this theory is expressed in the ability to distinguish: the social responsibility of the participants in the process; the ensuing conflicts of interests and an opportunity to protect the entrepreneurs by giving them a chance to carry on with their business.

As a result of the review of the applied approaches when investigating insolvency as a social, managerial, legal and economic category the following points can be outlined:

For the purposes of audit, insolvency should be studied in a comprehensive manner because each of the outlined trends is significant for its implementation and improvement. The awareness of:

✓ The legal matter is essential for the proper choice of audit evidence and discrimination between duties in the whole process regarding insolvency;
✓ The economic nature allows us to examine: the connection of: the crisis events in the company development and insolvency; the implementation of diagnosis for the audit objectives; facilities for audit technology development, in terms of standardization and software.
The social nature makes it possible to research: the role and significance of audit, improving its functions and auditors responsibilities in this process.

2. Technological peculiarities of audit under the conditions of the insolvency procedure and opportunities for its improvement

The audit under the insolvency conditions is characterized by a range of peculiarities, which in practice are reported by auditors when they evaluate the implementation of the going concern principle, testing the financial-accounting processes related to insolvency and valuation of assets, receivables and payables. Procedures, provided by law, are implemented which regard inventory results, capital structure, liquidated assets and creditors protection.

Companies experience financial difficulties before declaring insolvency. That is the reason why plenty of authors (Dinev, 2014; Veysel, 2012; Pankov, 20.02.2015) think that in this stage of company development apart from the financial audit a diagnostic audit should be carried out, too. They define it as a “systematic process of gathering and processing data, by the help of special evaluation methods of crisis causes, character and depth in company development with the purpose of development, supervision and effectiveness assessment of the anti-crisis agenda” (Kovaleva, 2003). This type of audit is characterized by the qualities of operational management audit. It is assumed that the diagnostic audit passes through several stages: preparation; planning; diagnostics; development of anti-crisis agenda; control of its implementation and program effectiveness assessment; reporting.

Unlike the financial audit in which the main goal is to evaluate whether the going concern principle is applicable, the goal in this type of audit is to suggest a crisis exit. In order to investigate, analyse and evaluate the reasons which led to the crisis, the research should be carried out in the following sequence: analysis of causes and factors for insolvency and financial instability; diagnostic of its current state and crisis development in time; justification of the development of anti-crisis strategy and agenda; monitoring and performance assessment of the adopted program.

At that stage apart from the analytical procedures which are well-known to the financial audit for data gathering and processing, the diagnostic is also used aiming at analyses, assessments and evidence collection which characterize the ongoing crisis peculiarities, its development in time, relation to insolvency and the likely outcome. Diagnosing insolvency comprises:

- Collecting and processing reliable information for analysis of company financial position;
- Identifying and assessing the risks on the basis of accounting and statistical information in order to reveal the insolvency symptoms;
- Implementing analytical audit procedures for solvency and indebtedness assessment;
- Rationale of the assessment indicators system for the company financial position within the framework of the accounting model with the implementation of a system of financial factors within the financial model framework using
indicators in three aspects: for growth, returns and residual income (Касърова, 2005);

✓ Determine in qualitative and quantitative terms the company financial position on the basis of the selected system of indicators by implementing integral systems of indicators included in the DuPont model for insolvency assessment, the Altman Z-score, a model for company ranking, methodology for forecasting the bankruptcy likelihood while taking into account the specifics of the sector, economic value added – EVA and others (Касърова, 2005);

✓ Keeping track of the diagnostic findings and preparation of anti-crisis measures for incorporation into a rescue program.

The diagnostic audit quality is ensured by working documents, whereas the findings are recorded in a report which points out: who is the contracting authority of the diagnostic audit; the audit objectives; a short description of the situation prior the audit; an account of the audit procedures and the results of its implementation; a short description and assessment of the anti-crisis program; a forecast of the basic financial economic indicators characterizing the financial situation and an estimate of the likelihood for new bankruptcy threats.

Of particular interest are the peculiarities in the technology of the financial audit in companies filing for bankruptcies and the related processes such as rescue, external management/receivership/, liquidation, bankruptcy.

In the course of these processes the current accounting and audit standards cannot be applied in their integrity because they are in compliance with the going concern principle and it is not always workable in companies which filed for bankruptcy.

A part of the accounting practice in our country is based on AS13 Reporting in liquidation and insolvency (Accounting standard 13, 15.12.2014), while for the rest and according to the type of the undertaken activities for company reorganization related to the adopted rescue procedures the current accounting legislation and standards are applied.

The challenges for the auditors are various in their character and encompass the whole audit process from planning till its finalization. At the planning stage of the audit the attention is paid to events and facts which bring the going concern principle in question. They are important when reporting audit risk, the scope and character of audit procedures and the required audit time. Besides, the audit does not evaluate only the AFO /Annual Financial Report/ but also the adopted remediation program, liquidation balance, receiver’s action plan, distribution of realized funds, as well as the risks for potential infringement of creditors, debtors and staff rights. At each stage of the insolvency procedure activities legally defined as crimes are likely to arise so the auditors have to take into account this risk, too.

The character of the ongoing procedures which refers to bankruptcy and its development stages influences the audit technology in a direct or indirect way. If a remediation procedure for a company (Darzhaven vestnik, 18.12.2014) which declared bankruptcy occurs, the auditor consistently accomplishes:

✓ An analysis of the current economic state of the company to make clear the causes for initiating bankruptcy procedure.
An assessment of capital structure and the capital changes.
An insolvency and indebtedness structure assessment.
A check of the remedial program in the following lines: initiator of remediation, remediation means and their resources; remediation ways, specific planned and implemented remediation activities and their documentation.
An assessment of legal and accounting characteristics of the undertaken remediation forms.
An evaluation saying whether AFR complies with the current legislation, accounting standards and the going concern principle.
An analysis of the regional and social significance of the company.
An evaluation of management style and managerial expertise.

When carrying out the audit at the stage when an external management is appointed – a receiver (Darzhaven vestnik, 18.12.2014), the auditor takes compliance actions and procedures to reaffirm reliability of:
The financial report till the receivership and for the receivership period.
The receiver’s plan and report about the undertaken actions and whether they comply with the preliminary entrusted powers and existing legislation.
The receiver’s undertaken actions to restore solvency and a written statement of them.
Is there a production or activities closure and what the legal causes for undertaking these activities are.
Is there property sale, how is it done and documented
Whether the organisation of document exchange and accounting are in compliance with the legal and statutory standards.

Having implemented the rescue measures and working under the conditions of remediation and management by a receiver, there are two options to proceed: winding-up the insolvency procedure or declaring bankruptcy with the ensuing assets liquidation and distribution. We should also bear in mind that after having paid to creditors, the company may either be wiped out or its operations and the remaining possessions may be resumed.

The technological peculiarities of audit are determined by the economic and legislative distinctions between insolvency and liquidation. The two processes are very similar but there are essential differences between them which are taken into account during the audit. Regardless of who initiates it, insolvency always implies enforcement whereas liquidation is voluntary except for the cases when the winding up is a result of a court ruling. Receivers are hired by insolvency court, whereas liquidators are selected and registered in the business register and their operations are independent. Every trader can be declared insolvent while liquidation is a procedure related to the termination of business.

The course of the liquidation process does not rule out the option to declare the company insolvent. In the cases when it has already been done and the next step is bankruptcy (Darzhaven vestnik, 18.12.2014), the auditor implements procedures and undertakes actions to certify:
The reliability of: the initial liquidation balance sheet; the annual financial report covering the period of insolvency; the liquidation balance for the last year.

- Whether the record keeping and accounting of the completed liquidation operations are in compliance with law and current accounting standards for liquidation and insolvency.
- Whether the liquidated assets are correctly organized and distributed in compliance with rules and regulations provided in legislation.

Under the insolvency conditions the technological peculiarities of audit can be summarized in the following way: (See Table 1)

### Table 1

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Going concern</th>
<th>Remediation</th>
<th>External Management Receiver</th>
<th>Bankruptcy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit assigner</td>
<td>Owners</td>
<td>Creditors</td>
<td>The Court</td>
<td>The Court</td>
</tr>
<tr>
<td>Audit character</td>
<td>Required by law or voluntary</td>
<td>Required by law or voluntary</td>
<td>Required by law or voluntary</td>
<td>Required by law or voluntary</td>
</tr>
<tr>
<td>The audit objective is determined by</td>
<td>Audit standards Accounting rules and regulations</td>
<td>Commercial and accounting regulations and standards</td>
<td>Commercial and accounting regulations and standards</td>
<td>Commercial regulations AS13</td>
</tr>
<tr>
<td>The audited Entity</td>
<td>AFR</td>
<td>AFR Auditor’s commitment in remediation program</td>
<td>AFR Auditor’s commitment in receiver’s report</td>
<td>Auditor’s commitment in liquidation balance assessment, formation and distribution of liquidated assets</td>
</tr>
<tr>
<td>Audit risk</td>
<td>Medium Low</td>
<td>High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Audited period</td>
<td>Fiscal year</td>
<td>Till declaring insolvency Remediation period</td>
<td>Till declaring insolvency Receivership period</td>
<td>Till declaring insolvency</td>
</tr>
</tbody>
</table>
Reviewing the peculiarities of audit technologies under the insolvency conditions the following conclusions can be drawn:

The thorough understanding of social, economic-legal, financial and accounting aspects related to bankruptcy allow the auditors to look for possibilities to improve the audit in the following directions:

- Develop a methodology for analysis, assessment and diagnostic of bankruptcy for the objectives of audit in compliance with the sector specifics and the economic conditions in the country;
- Develop a methodology and software for diagnostic audit in compliance with the peculiarities of our economic reality aimed at assessing the financial situation and bankruptcy risk for the Bulgarian companies;
- Change in standards and legislation regulating audit in terms of sanctions, responsibilities and practices;
- Implementing obligatory audit for companies which have already filed for bankruptcies because of the complex and variable character of problems arising at different stages of its development and their social impact.
Conclusion

The Professional community of Bulgarian independent auditors is facing new challenges. Community reaction about the audit roles and responsibilities after the bankruptcy of Corporate Commercial Bank (Investor, 15.02.2015), the subsequent sanctions and discussions at different levels openly question issues related to quality, professional ethics, as well as the crisis in audit results reliability.

To find the correct answer, it is advisable for the professional institution to undertake initiatives which will prepare the community to work in conditions of insecurity and with the purpose of regaining public confidence to auditor’s job.

References


TECHNOLOGICAL PECULIARITIES AND AUDIT IMPROVEMENT UNDER THE CONDITIONS INSOLVENCY

Chief Assist. Prof. Dr Ruslana Dimitrova

Abstract

In the article - for the purposes of audit - there is presented an overview of the approaches to the study of the economic, legal and social nature of insolvency. There is made a characterization of the technological peculiarities of audit under insolvency and are given possibilities for its improvement.

Keywords: insolvency, audit, technological peculiarities.
ASSESSMENT OF TENDERS
OF PUBLIC PROCUREMENT IN CONSTRUCTION

Chief Assist. Prof. Dr Todor Raychev

Introduction

For civil purposes, subjects of public procurement in construction may be construction or design and implementation of a construction project, design and implementation of construction and installation works (CIW), activities related to the implementation of a construction project in compliance with the requirements of the contracting authority\(^1\). Such projects actually feature a certain multiplicity, result from the diversity of both the construction of new and the extension and orderly maintenance, reconstruction, modernization, refurbishment or rehabilitation from time to time of existing sites of public real property (governmental and municipal public buildings, including municipal centers for accommodation of family type, street networks, pedestrian zones, downtown public spaces, sports facilities, urban parks, plants and equipment for municipal solid waste, water and sewage networks, waste water treatment plants and many others)\(^2\). This implies the organization of dedicated tenders and competitions for public procurement characterized by a very wide scope of construction and installation works and repair works, facilities and construction sites and development of various methodologies for assessing the bids where not only the price but a set of factors is decisive.

In this regard, the objective set in this article is to examine the development and the use of indicators for evaluation of the bids in open public procurement procedures for construction works\(^3\) by using the “best value for money” criterion\(^4\), in view of reducing the subjective factor impact.

The goal so formulated involves the implementation of the following main tasks:
1. To show the method of development and use of indicators for quantitative evaluation of pricing and non-pricing factors with quantitative characteristics in open procedures for public procurement for construction.
2. To review the elaboration of the key indicators used in practice for quantitative evaluation of non-pricing factors featuring qualitative characteristics, in view of their correct elaboration and reducing the subjective factor in awarding public procurement contracts for construction.

\(^1\) Refer to Art. 3 (1), item 3 of the Public Procurement Act (PPA). SG No. 28 of 06.04.2004, last amended and supplemented in SG No. 40 of 13.05.2014.


\(^3\) Subject of our review will be bids for civil works only but not for military and/or special purposes.

\(^4\) Refer to Art. 37 (1) of the Public Procurement Act (PPA) as quoted above.
1. Particularities of elaboration and use of indicators for quantitative evaluation of price and non-price factors with quantitative characteristics.

A basic unit in the structure of the different methodologies for assessing the bids along with the implementation algorithm, the formulas and the possible schemes are the contracting party-fixed indicators for evaluation of the leading non-price and price factors set forth in the technical proposal and the pricing proposal.

The role of indicators included in complex methodology for evaluation of bids on the “best value for money bid” is expressed in indicating an opportunity for objective quantification of the individual key elements as previously approved by the contracting party (evaluation factors) comprising proposals presented.

Several conditions that are of specific relevance to the public procurement contracting party must be taken into consideration upon the elaboration of the indicators. They are expressed in looking for motivated, as low as possible pricing indicators in the proposals presented by the bidders (hourly rate, charge rate on the supplementary labor-related costs, rate of the supplementary machinery-related costs, rate of costs for delivery and storage, profit rate), lower price, shorter implementation period and longer warranty period for the construction and installation works implemented by the potential contractor, lower rate of funds required by the contracting party prior to the final payment – advance, interim payment.

For instance, in organizing and implementing public procurement based on tenders and competitions for public works projects or for individual units of real property such as pedestrian areas, the following may be used as key indicators for evaluation of the bid or competition proposals:

- $I_1$ – unit analyzed prices of the basic CIW involved with relative weight of 35% and maximum score – 35;
- $I_2$ – pricing indicators involved with relative weight of 35% and maximum score – 35;
- $I_3$ – warranty period involved with relative weight of 30% and maximum score – 30;

In general, setting each of the indicators in the tender documentation and the allocation of the relative weight among them (their sum should be equal to 100%) is carried out according to the prevailing interests of the public procurement contracting party for and by the time of its announcement. The indicators accurately proposed in terms of type and extent of relevance among them are so brought forward in the competition among the bidders.

The complex rating, with maximum possible score of 100 points, is formed by the sum of the individual ratings obtained for each of the three indicators as follows:

$$\text{Complex rating} = I_1 + I_2 + I_3$$

---

5 It should be noted that according to Art. 56 (1), item 11 of the PPA, the tender documentation should contain a statement by which the bidders warrant that their proposal complies with the requirements for protection of employment, including for minimum price of labor and the conditions of work upon the implementation of the respective CIW.

Note: The score obtained is usually rounded to one or two decimal places.
The determination of the rating on the first indicator “$I_1$” – of the unit prices, for, let’s say, 25 CIW where reasonably (in contracting party’s perspective) the lowest unit price is sought in the competition among the bidders, may be done for example by using a formula of the following type:

$$I_1 = [(\frac{Pr_{1\text{ lowest}}}{Pr_{1}}) \times 0.04 + (\frac{Pr_{2\text{ lowest}}}{Pr_{2}}) \times 0.04 +$$

$$+ (\frac{Pr_{3\text{ lowest}}}{Pr_{3}}) \times 0.04 + \ldots + (\frac{Pr_{25\text{ lowest}}}{Pr_{25}}) \times 0.04] \times 35,$$

where:

- $Pr_{1}, Pr_{2}, Pr_{3}, \ldots, Pr_{25}$ – the prices of the types of CIW from the evaluated bidder’s pricing proposal;
- $Pr_{1\text{ lowest}}$ to $Pr_{25\text{ lowest}}$ – the lowest prices for the respective type of CIW amongst all proposed by the bidders in the procedure.

Upon evaluation, for ensuring proportional correlation between the degree of consistency of the proposal characteristics with contracting party’s requirements and the score obtained, for indicators pursuing minimum values, it is convenient to use fractions as in formula (2). The numerator should contain the lowest value among the proposals and the denominator should contain the value of the bidder evaluated in the procedure. This way, by setting the minimum value in the numerator and values that are equal to or greater than it in the denominator will result in 1 or smaller fractions, to which the maximum possible or lower score on a specific indicator will correspond, respectively.

For the second indicator “$I_2$”, pricing factors offered by the evaluated bidder with the lowest values are logically sought. Their evaluation may be designed by including the individual or some basic structure-forming elements of the analyzed unit price. Furthermore, to cover the contracting party-attributed greater relative significance of any of these elements and consequently for more accurate measurement of such coverage, it is possible for the individual pricing elements to get involved with different weights (factor, percentage) of significance within the analyzed unit price (unlike the identical weights represented in formula 2). The total sum of the intended weights should be allocated in a way to be equal to one (respectively 100%). These two features can be covered by the following model formula:

$$I_2 = [(\frac{H_{\text{lowest}}}{H}) \times 0.30 + (\frac{E_{l\text{ lowest}}}{E_l}) \times 0.30 + (\frac{E_{m\text{ lowest}}}{E_m}) \times 0.05 + (\frac{E_{s\text{ lowest}}}{E_s}) \times 0.05 + (\frac{P_{\text{lowest}}}{P}) \times 0.30] \times 35,$$

where:

- $H$ – the hourly rate offered by the bidder;
- $E_l$ – the rate of extra costs of labor offered by the bidder;
- $E_m$ – the rate of extra costs of machinery offered by the bidder;
- $E_s$ – the rate of extra costs of delivery and storage on the basis of the invoiced value of materials;
- $P$ – the profit rate on the basis of the CIW offered by the bidder;
- $H_{\text{lowest}}$ – the lowest hourly rate among all offered by the bidders within the open procedure;
- $E_{l_{\text{lowest}}}$ – the lowest rate of extra costs of labor among all offered by the bidders within the procedure;
- $E_{m_{\text{lowest}}}$ – the lowest rate of extra costs of machinery among all offered by the bidders;
- $E_{s_{\text{lowest}}}$ – the lowest rate of extra costs of delivery and storage among all offered by the bidders;
- $P_{\text{lowest}}$ – the lowest profit rate among all offered by the bidders within the open procedure.

When it comes to indicators, for which the maximum value is logically sought, to ensure the proportional correspondence between the extent of consistency of bid characteristics with those specified by the contracting authority and the score obtained, it is convenient to use fractions too. However, in these cases, the denominator should be the highest value among the bids presented and the numerator should be the value of the evaluated bidder. This way, by setting the maximum value in the denominator, the lower values are used in the numerator, smaller fractions will be obtained, respectively, which would correspond to a lower score on the specific indicator.

Thus, by analogy, the pricing factor “$I_3$” may be evaluated by using the following model formula:

$$I_3 = \left[ \frac{W}{W_{\text{longest}}} \times 0.5 + \frac{W_1}{W_{1_{\text{longest}}}} \times 0.5 \right] \times 30,$$

where:
- $W$ – the warranty period for flooring (in months) offered by the evaluated bidder;
- $W_{\text{longest}}$ – the longest warranty period for flooring (in months) among all offered by the bidders within the procedure;
- $W_1$ – the warranty period for underground communication facilities (in months) offered by the evaluated bidder;
- $W_{1_{\text{longest}}}$ – the longest warranty period for underground communication facilities (in months) among all offered by the bidders within the procedure.

For public procurement for the development of new real property sites for example, the following key indicators for evaluation are suitable:

1. **Offered Price (OP)**, with, for instance, 85% weight that includes the total amount of procurement in bidder’s financial proposal, exclusive of VAT.
2. **Implementation Period (IP)** having as weight the outstanding value to 100% of the offered model weight of the previous indicator, i.e., 15% that includes the period of implementation in calendar days starting from the day of entering into the agreement as specified in bidder’s technical proposal.

The bid evaluation is made by using the formula:

$$\text{Complex evaluation} = \text{OP} + \text{IP},$$

where OP is the rating of the Offered Price indicator in bidder’s financial proposal with maximum score of 85 and is calculated by using the formula:

$$\text{OP} = \left( \frac{\text{OP}_{\text{min.}} \text{ (BGN)}}{\text{OP}_{\text{bidder}} \text{ (BGN)}} \right) \times 85,$$
where:
- \( OP_{\text{min.}} \) (BGN) – the lowest bid on the “Offered Price” indicator;
- \( OP_{\text{bidder}} \) (BGN) – the bid of the evaluated bidder on the same indicator.

\( IP \) is the rating of the Implementation Period indicator in bidder’s technical proposal with maximum score of 15 and may be calculated by using the formula:

\[
IP = \left( \frac{\text{IP}_{\text{min.}} \text{ (cal. days)}}{\text{IP}_{\text{bidder}} \text{ (cal. days)}} \right) \times 15,
\]

(7)

where:
- \( \text{IP}_{\text{min.}} \text{ (cal. days)} \) – the lowest bid on the Implementation Period indicator;
- \( \text{IP}_{\text{bidder}} \text{ (cal. days)} \) – the bid of the evaluated bidder on the same indicator.

2. Specific features of development and use of indicators for quantitative evaluation of non-price factors featuring qualitative characteristics.

In addition to the above indicators that are susceptible to relatively easy quantification when organizing the methodology for evaluation of bids for public procurement having construction and installation works as a scope intended to be implemented in the respective parts: architectural, construction, fire safety, landscaping, energy efficiency, HVAC, electrical, plumbing, development, Health and Safety Plan, hydro-engineering, for example for reconstruction and refurbishment of a public building, indicators can also be used that enable the assignment of a quantitative assessment to non-price factors featuring qualitative characteristics. They enable the comparison of parameters such as content and completeness of the work program, whether the time schedule is realistic, the workforce diagram, etc. In these cases, a variety of systems may be used that cover some of the following indicative parameters:

- \( WP \) – content of the work program, the time schedule, the workforce/workers diagram, the workforce/machine operator diagram or the schedule of operation of basic machinery, construction equipment and auxiliary machines, the workforce/driver diagram and their consistency;
- \( IP \) – implementation period;
- \( \text{CDED} \) – conceptual design elaboration deadline or conceptual designing deadline;
- \( EE \) – designed energy-related characteristics of the site or design value of the energy efficiency technical indicator;
- \( WP \) – warranty period;
- \( OP \) – offered price;
- \( PC \) – payment conditions.

A model methodology for measurement by using the Payment Conditions indicator, with a weight of 10% or with a share of maximum 10 points, respectively, in forming the total score consists in the use of the formula:

\[
PC = \left( \frac{\text{PC}_{\text{eval. bid}}}{\text{PC}_{\text{(max)}}} \right) \times 10,
\]

(8)

This is a suitable indicator for evaluation of public procurement with a scope such as engineering in the water and sewerage sector.
where:
- $PC_{\text{eval. bid}}$ – the evaluated bid score;
- $PC_{\text{max.}}$ – the maximum score obtained amongst the bids of all eligible bidders.

The determination of the bid scores on this indicator used in the fractional part may be done by using a scheme containing their allocation by options approved by the contracting authority (see table 1). Each bidder selects for and offers their appropriate option that gives the respective score too.

By analogy, the score on the Warranty Period indicator may be determined by using for this purpose a support table of the type presented in table 2.

The determination of the score on the PC indicator – content of work program, the time schedule, the workforce diagram and their consistency may be done on the basis of structuration of evaluation parameters presented in table 3.

### Table 1

<table>
<thead>
<tr>
<th>Types of operating (current) payments</th>
<th>Option / Score</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I / 10</td>
</tr>
<tr>
<td>Advance payment after entering into an implementation contract, within 15 calendar days</td>
<td>10%</td>
</tr>
<tr>
<td>Interim payment, after completion of 50% of the CIW agreed, within 30 calendar days</td>
<td>10%</td>
</tr>
</tbody>
</table>

In the cases of an open procedure for public procurement such as *engineering (design and implementation) of waste reloading station*, appropriate indicators may be those presented in the following system for evaluation of technical and financial bids:

$$\text{Complex evaluation} = TS + FS,$$

(9)

where:
- TS – the respective score for the technical bid, with a weight of 70%, with maximum 70-point share in the complex evaluation;
- FS – the respective score for the financial bid, with a weight of 30%, with maximum 30-point share in the complex evaluation.
Table 2

Scheme for score determination for the Warranty Period indicator

<table>
<thead>
<tr>
<th>Options</th>
<th>Warranty period offered</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>5 years more than the minimum statutory periods for the respective types of CIW(^8)</td>
<td>10</td>
</tr>
<tr>
<td>II</td>
<td>4 years more than the minimum statutory periods for the respective types of CIW</td>
<td>9</td>
</tr>
<tr>
<td>III</td>
<td>3 years more than the minimum statutory periods for the respective types of CIW</td>
<td>8</td>
</tr>
<tr>
<td>IV</td>
<td>2 years more than the minimum statutory periods for the respective types of CIW</td>
<td>6</td>
</tr>
<tr>
<td>V</td>
<td>1 year more than the minimum statutory periods for the respective types of CIW</td>
<td>4</td>
</tr>
<tr>
<td>VI</td>
<td>the minimum statutory periods for the respective types of CIW</td>
<td>2</td>
</tr>
</tbody>
</table>

The TS (technical bid) score may be obtained by using the formula:

\[
TS = EN + WP + EP, \quad (10)
\]

where:
- EN – the explanatory note, with a weight of 20%, with a maximum score of 20, respectively;
- WP – the work program, with a weight of 10%, with a maximum score of 10, respectively;
- EP – environmental protection during the contractual performance, with a weight of 40%, with maximum score of 40, respectively;

The following schemes may be used for the evaluation of the individual indicators included in the technical bid, e.g., for the explanatory note – EN and the work program – WP:

a) evaluation of the explanatory note – EN (see table 3 – similar scheme presented as a table version):
   1. Explanatory note including introduction, general part containing a detailed and in-depth description of the organization, the basic types of CIW, the method of their implementation, materials, labor, transport and machinery, safety at work, environmental protection, the warranties for the quality of the CIW completed – EN = score of 20;
   2. Explanatory note providing insufficient and non in-depth description of the organization, the basic types of CIW, the method of their implementation,

materials, labor, transport and machinery, safety at work, environmental protection, the warranties for the quality of the CIW completed – EN = score of 10;

3. Explanatory note providing superficial description of the organization, the basic types of CIW, the method of their implementation, materials, labor, transport and machinery, safety at work, environmental protection, the warranties for the quality of the CIW completed – EN = score of 1.

b) evaluation of the work program – WP (see again the table version of the scheme in table 3):

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Evaluation parameters</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Explanatory note including introduction, general part containing a detailed and in-depth description of the basic types of CIW, the method of their implementation, materials, labor, transport and machinery, safety at work, environmental protection, the warranties for the quality of the CIW completed – EN.</td>
<td>Fully complying with the requirements of the contracting authority – <strong>score of 20</strong></td>
<td>...............</td>
</tr>
<tr>
<td></td>
<td>Insufficient and non in-depth description of contracting authority’s requirements – <strong>score of 10</strong></td>
<td>...............</td>
</tr>
<tr>
<td></td>
<td>Superficial description and non-compliance with contracting authority’s requirements or absence of description – <strong>score of 1</strong></td>
<td>...............</td>
</tr>
<tr>
<td>2. Content of the work program including a full and in-depth description, realistic time schedule covering the deadlines for beginning and completing the individual types of CIW, the technological sequence and duration (in view of the time for preparatory works) of the CIW offered, of the workforce diagram and their consistency – WP.</td>
<td>Fully complying with the requirements of the contracting authority – <strong>score of 10</strong></td>
<td>...............</td>
</tr>
<tr>
<td></td>
<td>Insufficient and non in-depth description of contracting authority’s requirements – <strong>score of 5</strong></td>
<td>...............</td>
</tr>
<tr>
<td></td>
<td>Superficial description and non-compliance with contracting authority’s requirements or absence of description – <strong>score of 1</strong></td>
<td>...............</td>
</tr>
</tbody>
</table>
1. Complete and in-depth description of the work program, realistic time schedule covering the beginning of the CIW concerned with the deadline for the handover of the construction site, technological sequence and duration (in view of the time required to preparatory work) of proposed CIW, the total duration of the CIW, deadlines for completion of the individual sub-projects, the deadline for acceptance of the facility, presented clear and comprehensive written explanations to the time schedule – WP = score of 10;

2. The work program is incomplete, inconsistent and/or does not cover all activities to implement the CIW, the time for preparatory activities is not taken into account, the CIW are not entirely concerned with the deadline for handover of the construction site and their duration, clear and comprehensive written explanations to the time schedule are not presented – WP = score of 5;

3. Partial and inconsistent description of the work program is presented, not covering all activities for the implementation of the CIW, the CIW implementation is not concerned with the deadline for the handover of the construction site, technological sequence and duration (in view of the time required to preparatory work) of proposed CIW and the total duration of the CIW are not complied with, the deadlines for completion of the individual sub-projects and/or the deadline for acceptance of the facility are not realistic, clear and comprehensive written explanations to the time schedule are not presented – WP = score of 1.

In a practical perspective, it is more convenient that the relative weight of the individual indicators and the formulas used for their calculation to be developed in a way that the maximum score that a bidder can collect by applying the system of indicators to determine the complex evaluation of the bid to be equal to 100.

Subsequent ranking will be done in descending order by first stating the bid rated with the highest complex evaluation.

**Conclusion**

It is important to note that within the elaboration of the complex methodology for evaluating the bids on the criterion of “best value for money”, we must avoid the use of so-called “parasitic” indicators that are a tool for corruption practices but we must select only indicators that are directly relevant to the public procurement scope and the outcomes of its implementation such as EE - designed energy efficiency features of the facility or designed value of the technical parameter for energy efficiency.

In our opinion, in order to reduce the subjective factor in the design of methodologies for evaluating the bids, it is appropriate to developed and to specify as mandatory, by incorporation in the legislation, specific complex methodologies for a thorough assessment of individual groups, each of which should cover a relatively homogeneous content and nature of public procurement for construction at municipal and governmental level. Studies of a similar nature as well as those related to the insufficient expertise of governmental and municipal units in this area, the large number
of violations detected in the public procurement procedures, the lack of reliable control over the entire chain of the organization – implementation – ranking and selection of contractors – implementation of the individual public procurement – will be the subject of our further developments.

**ASSESSMENT OF TENDERS OF PUBLIC PROCUREMENT IN CONSTRUCTION**

Chief Assist. Prof. Dr Todor Raychev

**Abstract**

In the article there is discussed the development and use of indicators for the assessment of offers when there are held open procedures for the award of procurement contracts in construction under the criterion “best-value-for-money offer”.

With a view to reducing the subjective factor in drawing up the methods for assessing the offers, it is suggested that there should be developed and set as compulsory - by entering those in the normative base - special complex methodologies for specific assessment by distinct group, each of which encompasses relatively homogeneous, in terms of content and character, public procurement contracts for construction at the municipal and state level.

**Keywords:** methodology, indicators, public procurement, construction.
A NEW BUSINESS MODEL OF MARKETING RESEARCH

Assist. Prof. Elitsa Uzunova

Introduction

According to the reports of the World Association for Market, Social and Opinion Research (ESOMAR), the marketing research market has exhibited a steady growth over the last 20 years. What is the explanation for this trend? The concept of marketing has been gradually but significantly changing due to current economic development and the changed roles of market agents. A process of transformation is in progress, closely associated with globalization and development of information technologies. At present, the world economy is in turmoil, witnessing intense competition, shortened life cycles and unlimited flows of information. Under such circumstances, survival and progress of business organizations is largely dependent upon provision of information and more specifically – upon their ability to gather and interpret huge amounts of available information. It is not surprising therefore that investment in marketing research is continually on the rise. But is this the same kind of marketing research that dominated the entire ХХ century?

To give a true representation of the impact of globalization and technologies on marketing and more specifically on marketing research, and the resulting change in the business model of marketing research, we need to briefly examine both traditional and modern marketing schools of thought and paradigms which govern the marketing reality. A comparison between the concept of marketing and marketing research before and now, allows us to track changes and identify a new business model, which is relevant to the present economic environment and the new expectations of market researchers and consumers.

Development of marketing and marketing research

Early manifestations of the marketing thought can be traced back to ancient times, in the theses of Greek philosophers (Plato, Aristotle) and medieval philosophers (St Augustine and St Thomas Aquinas) (Shaw et al., 2010). But in fact, marketing started to be recognized as profession and science in the early 20th century. It was introduced as an academic discipline in 1902 in the Universities of Michigan, Berkley and Illinois (Uzunova et al., 2010), which gave rise to three classical schools of marketing: the schools of marketing functions (1910-1970), institutions (1915-1975) and commodities (1920-1980).

Today, there are six marketing schools (Jones et al., 2010). These emerged between the 1940s and the 1980s of the 20th century. Marketing management focuses on finding solutions for effective management of the marketing process based on the marketing mix concept. The school of consumer behaviour studies human conduct
Articles

in relation to consumption: the processes of purchasing and consumption and the roles “played” by consumers. The System oriented school and the School of macro marketing are striving to embrace and consolidate the knowledge of all other schools – they regard marketing phenomena as interrelated parts of a whole and marketing as an inseparable part of social processes. This line of study is further developed by the School of exchange. It aims to examine the entire cycle of transactions so that commodities and services can reach consumers – channels of distribution, institutions, suppliers, intermediaries, salesmen, etc. Paradoxically, the sixth school of marketing is the one of marketing history. This school promotes the idea of expanding marketing knowledge through review and discussion of the past and present situation while knowledge transfer should be directed to and fro other social sciences.

Alongside market development, marketing research is also gathering speed. Many historians believe that the formal beginning of marketing research are the records showing classical research approaches being applied to a marketing problem – a study conducted by an advertising agency involving forecasts of corn yield in 1879 (Lockley, 1950). By the end of the 1920s, marketing studies were already recognized as a profession and an academic subject (Stewart, 2010). Gradually, the set of marketing research methods has been extended further to embrace psychometric, psychological, physiological, and other methods to name but a few, which helped explain the economic behavior of people. An important contribution to marketing research are the studies of advertising techniques and their effectiveness, communication studies (mainly print and broadcast media) (Cantril, 1952) together with introspection and psychoanalysis (Lazarsfeld, 1934) being ‘imported’ in the US from Europe, which started the qualitative paradigm in marketing research.

Classical methods in marketing research

The classical methods used in marketing research involve surveys and experimental studies, focus groups, projective techniques and physiological studies. Arguably, surveys are emblematic for market research and seen as one of the main tools of marketing studies. They are highly rated because they help collect a lot of information at minimum costs. The 20th century is dominated by three variants of the survey method: personal interviews, mail and telephone surveys.

The purpose of the experimental approach is to study cause and effect relationships and the more complex relations between various variables. Initially, experiments carried out for the purposes of marketing research were meant to estimate the relative efficiency of alternative media channels, advertising messages and promotions. At a later stage, the conjoint analysis as part of the experimental approach will prove to be a significant contribution of market research to the empirical methodology. Owing to its application, the design of new products and services is far more efficient, minimizing risk for the companies. (Rastovich, 2012). Experiments are also commonly used for taste tests in marketing research.

Focus groups are another widely used method of marketing research. This research technique is used to collect data on in-depth consumers’ reactions and
perceptions of new products, marketing communications or competitive brands through predominantly unstructured group interviews. In the last 20 years though participants in focus groups are asked more direct (rather than indirect) questions, with less interaction among the group members (Bortz & Döring, 2005; Flick, 2010). Lately, focus groups also started operating on-line – using (video) chat rooms or virtual conference facilities (Reid & Reid, 2005).

Projective techniques are based on stimulating associations, completion and creative construction techniques, use of tests such as TAT and Rorschach as well as other techniques which can probe deeply into human emotions and events which provoked them.

Popularity of physiological research is due to the fact that captured consumer reactions are mainly unconscious and are unlikely to be affected from social desirability concerns, i.e. they give much away about the real motives of consumers which in some cases are quite different from those described by participants verbally. Physiological research techniques include examination of eye movement, pupil dilation, voice pitch, galvanic skin response and studies of the heart rate, breathing, brain waves as well as other functions of the autonomic nervous system.

**Innovative trends in marketing research**

By the end of the 20th century, business organizations had begun active dialogue with consumers (Anderson & Cunningham, 1972) which led to a change in the marketing concept. In the course of time, this dialogue was becoming more and more intense to turn into an integral part of corporate and market culture in the 21st century. The concept of ‘service marketing’ has also increased in importance (Vargo & Lusch, 2010) as it reflects a major shift in the relationships of market players. Naturally, said shift has led to re-engineering of the research process so that research could meet the needs of all interested parties – contractors, research analysts and the general public.

Another important development which greatly contributed to a change in the business model of marketing research is the emergence of the so-called interactive marketing communication driven by technological advancement and globalization (see Fig. 1). The above-mentioned interactivity involves dialogue communication based on the ‘many-to-many’ principle. Owing to IMC, the business focus has shifted from supply to demand with subsequent high degree of personalization of all marketing activities (Vasilev, 2005). Generally speaking, modern technologies lead to the empowerment of consumers which in turn transforms them from a passive target of marketing efforts into active participants involved in every stage of the marketing process.
All this has a direct effect upon the process of conducting marketing research and the way consumer information is interpreted.

In the meantime, marketing research has been growing in size. A sole deviation from the trend of increasing turnover came with the financial crisis of 2008 which had a serious impact on almost every industry sector. Soon the marketing research market was to be recovered even faster than other sectors of the economy, owing to increased investments in new technologies and research (Heeg, 2010).

The positive effects of new technologies are not limited solely to countries traditionally referred to as ‘the big players’ but they apply to an equal degree to smaller economies such as Bulgaria’s which at present is among the world leaders in on-line research. In 2009 and 2010, Bulgaria ranked first in the world with online research of respectively 43% and 57% of total market research turnover (ESOMAR, 2010, 2011). In 2011 Bulgaria ranked sixth with 35%, being only 5 percentage points behind the world leader, Japan (ESOMAR, 2012). In 2012 and 2013 Bulgaria regained its positions to rank second with 45% and 43% on-line research of the total marketing research turnover (ESOMAR, 2013, 2014).

As a result of the expanding scope of work, the change of businesses as an object of research (i.e. shift of focus from supply to demand) and the environment in which market research is conducted, there seems to be a growing need for new methodologies and tools to adequately measure consumer experience. Indeed, on-line research brings added value and there is a growing demand for this type of research (Evans & Mathur, 2005). On-line research tends to replace popular methods used in the past such as telephone enquiries and mail surveys, thanks to recent developments in mobile communications (Vicente & Reis, 2010) providing data with similar or even
higher quality (Coderre et al., 2004; Schillewaert & Meulemeester, 2005). With the help of modern technologies, survey samples can be improved on the basis of more appropriate selection of participants.

On-line research is associated with two main problems – the tendency to extreme response styles and the high drop-out rates (de Jong et al., 2008; Hansen & Smith, 2012) – in either case there are solutions which help to minimize the negative effect. Traditional approach to the above concerns is to choose and apply appropriate statistical and data verification methods before analysis is conducted. The alternative approach is preventive in character and it includes two of the most interesting innovations in the field of marketing research: ‘surveytainment’ and ‘gamification’. ‘Surveytainment’ is focused on user-friendly survey designs and appealing questionnaire types which offer a fairly attractive form of survey questions, designed to elicit maximum response and engagement on the part of respondents. To this aim, attractive visual elements are being employed which serve to visualize or animate questions and expected answers alongside interactive elements which can change in real time depending on the previous responses of participants. (Tress et al., 2012). ‘Gamification’ ensures higher engagement of surveyed participants through the use of game design techniques and elements such as points, levels, badges, tokens, challenges etc. (Fisher, 2014). Despite the critical comments (Couper, 2013), it has been proved that ‘surveytainment’ results in higher completion rates and elicits more and longer answers to the open questions, while gamification is more effective in engaging younger participants who are usually harder to get by to respond to marketing surveys which are conducted by applying the classical approach to electronic polling.

Automated digital methods are also widely used, being positioned on the borderline between qualitative and quantitative research. Among typical digital quantitative methods are the study of numbers of website visitors and page views, automated assessment forms, automated surveys following calls on service phone hotlines, customer feedback mechanisms on products and services offered by a particular website or website intermediaries, etc. These help acquire more detailed information about consumer behavior in a hi-tech market environment.

In a similar way, qualitative research still stands out as an important set of methods which can be successfully adapted to present day consumers by means of technologies. Dominant methods continue to be group discussions and in-depth interviews while use of technologies speeds up data handling and offers new methods for analysis and presentation. With the onset of Internet and social networks, new qualitative approaches are being applied. Extraction\(^1\) of qualitative information is done not only face-to-face, but via the forum facilities of social networks and any other platforms in the global network based on consumer opinion in text format. Automated content analyses are extremely useful for this type of raw data which indicate the actual position of a given brand in terms of competitors, the most sought after product features and services from consumers’ point of view and they help identify relevant consumer segments. Often such information is derived and analyzed not only in text format but through an automated analysis of consumer generated video content (Shabbir, 2011).

\(^1\) In terms of “data mining”.
Another innovative trend in marketing research over the last years which has grown in popularity is the increasing use of virtual realities or 3D virtual worlds. Millions of users worldwide live their ‘second life’ in a virtual reality setting where they go through a series of economic activities that yield millions of dollars as monthly turnover (Reiss, 2005) therefore making it extremely interesting for the purposes of marketing and marketing research in particular. According to marketing experts who focus their attention on these specific markets, the basic principles of research can be equally applied to the virtual realities but the interpretation of the activities of business entities varies from the economic reality in which we operate. This can be attributed to their specific social architecture and consumer perceptions which sometimes are completely different from the so called “real world” (Harwood & Ward, 2013).

**Change in the business model of marketing research**

The above analysis shows that the marketing process is dramatically changing under the impact of a global turbulent environment where information and knowledge have the upper hand. In this process, the old forms of organization are being replaced by new strategic partnerships and networks exhibiting key characteristics such as flexibility and specialization with an increased focus on relationships rather than market transactions. The ‘new normality’ in the economy translates into continuous change and adaptation to the environment which applies to all businesses in equal degree but is of superior importance for marketing research as it acts as a catalyst to organizational change. Since marketing research is highly dependent upon new technologies, the latter are expected to gradually re-define the entire trade (see Fig. 2).

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2 By analogy with the most popular “Second Life”, in English, “second life”.

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![Fig. 2. Change in the business model of marketing research](image-url)
With the rise of modern technologies, consumer experience and marketing are increasingly represented by the concept «data», whereby material market domains become ‘data scapes’ (Dholakia et al., 2010). This is where the changing consumer preferences, manifested by virtual communication rather than traditional text and various forms of multimedia content are actually represented by information flows and the concept of markets and market subjects is but a function of multiple and constantly changing data arrays.

Actually, the frequent use of words such as ‘data’ and ‘information’ has been the object of much criticism as the focus is allegedly shifted from the human domain towards information and technologies, in the sense that people cannot be merely represented by numbers. In fact, new technologies have led to unprecedented empowerment of consumers, breaking away from the established image of consumers as passive recipients of marketing activities. Indeed, they now not only play an active part but have the dominant role in market relationships.

For engaged consumers, the process of acquiring goods or services is becoming even more important than their consumption. They expect a highly personalized service and adequate feedback opportunities at every step of this process (Yang et al., 2012).

At the same time, for the clients of marketing research, the information with a focus on the past is not useful any more. They are looking for information in real-time and coherent forecasts for the future (Lewis, 2012). They also consider active consumer engagement to be crucial at every step of all business processes.

Regarding the methodology of marketing research there are key factors to consider such as the constantly increasing volume of information and the shift in the nature of this information which lead to subsequent changes in the research designs (Austin & Schlack, 2010). Whereas in the past, scientists were looking for the ‘perfect’ research design, more and more pragmatic solutions are sought after today. In consequence, the endless pursuit of generalization and representativeness of survey results has given way to small and specific but relevant survey samples. The distance between researchers and participants is getting shorter and objectivity is being replaced by an authentic personal perspective.

In a highly insecure environment, emerging technologies and globalization, the new business model of marketing research is standing at the intersection of the above-mentioned trends – on the one hand, the changing characteristics and expectations of clients and consumers and on the other, the significant shift in research methodology (see Fig. 3). This new model requires marketing research to get even closer to consumers with the help of research tools which ‘speak their language’.
Fig. 3. New business model of marketing research

It is necessary to make it clear that this new business model did not appear suddenly but it is the result of a gradual, longtime change lasting for more than 20 years. ‘Old’ issues of research quality, selection of participants, sample size etc., still need to be addressed adequately but at present it is extremely important to study the possibilities and limits of the transformed research tools and develop the most valuable resource – the researchers competence, so that they can meet the expectations of their clients.

Conclusion

The new business model of marketing research requires the research agencies to rethink their business process. They need to become flexible and ‘learning’ organizations which have the appropriate tools to respond to each specific market situation. At the same time, the role of marketing research as a basic provider of information, puts an extra load on responsibility towards good or bad outcomes of managerial decisions based on the conducted research. Last but not least, modern technologies not only open up new opportunities but certainly have hidden risks (i.e. abuse and mishandling of personal information/data) which by all means should not be underestimated.

References


A NEW BUSINESS MODEL OF MARKETING RESEARCH

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Abstract

The global economy is currently marked by high level of uncertainty, risks, intensive competition, constantly growing information streams and dynamic technological development. These tendencies shape what marketing is today and highlight its importance for the survival of business organisations. Employing a theoretical analysis, this article tracks the evolution of marketing research’s business model on the intersection between changed clients’ and consumers’ expectations, as well as essential change in research methodology. Marketing research professionals are now expected to use agile instruments to master the vast data flows in order to foresee market tendencies and provide tangible solutions to clients’ problems.

Keywords: marketing, methodology, technology, interactivity.
OPPORTUNITIES FOR VOCATIONAL TRAINING AND TRAINING IN INVESTMENT PROJECT MANAGEMENT IN BULGARIA

Assistant Prof. Vanya Antonova

Introduction

Arguably, having the necessary knowledge, skills and competences in the field of project management is a prerequisite and a must towards professional management. However, in the context of studying the professional management of projects, we need to pay attention to several key factors that define its status and development potential, particularly:

- institutional strengthening of the position of the project manager or setting minimum requirements for the position implementation, in accordance with Bulgarian law;
- ensuring necessary conditions for professional development and training in the field of project management or the role and place of the educational system in this context.

In this respect, the objective of the present study is examine the opportunities for vocational training and training in the field of project management, more specifically management of investment projects in Bulgaria and offer recommendations for improvement of the above training.

1. Specifics, reasons and job description of the “Investment Project Manager”

The fact that project management has taken off over the past few years, particularly in the context of a growing construction industry (since the beginning of the past decade) and the implementation of a series of large-scale projects involving construction of residential and holiday complexes, hotels, administrative buildings, shopping and entertainment centres, tends to promote the role of the project manager even more and requires recognition of this position at an institutional level.

Information about the job positions in the field of project management is detailed in the National Classification of Occupations 2011 (hereinafter referred to as NCO-2011)\(^1\), which defines the structure of occupations and job positions in the Republic of Bulgaria. Based on this, it becomes clear that as of the end of 2014, there are 3 job positions in the field of project management (1213 5046 Project Manager; 1323 6011 Investment Project Manager; 2421 5027 Manager of projects), identified in 2 classes:

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\(^1\) See List of occupations in the National Classification of Occupations 2011. Annex 4 to Order No. RD01-931/27.12.2010 with the enacted changes in NCO-2011 since 01.01.2014.
Class 1 - Managers and Class 2 - Specialists. There are also other positions related to project work (2422 6004 Programmes and Projects Expert, 2422 6007 Assistant in the management of European Projects and Programmes, 2512 5006 IT Projects Manager), concentrated in Class 2 - Specialists. Each of the above positions requires minimum education and qualification level.

Ten education and qualification levels have been specified for the purposes of the NCO-2011, with minimum required education and qualification degree of “professional Bachelor’s degree in ...” (for level 5) or “Bachelor’s degree” (for level 6) for the above-mentioned occupations. The herein specified education and qualification levels have been formulated in line with the Higher Education Act.

The present study will focus mainly on the position of “Investment Project Manager”, approved by Order of the Minister of Labour and Social Policy No. RD01-426/30.05.2011, effective since 01.06.2011.

The fact that this job position belongs to group 1323 “Managers in the construction sector” predetermines the main functions of the people with such occupation. Managers in the construction sector are in charge of the following activities: to draft architectural plans and specifications; coordinate the human resources and the supply of materials, machines, facilities and equipment; negotiate with building owners, developers and subcontractors in order to ensure the timely implementation of the project within the set budget; prepare bids and contracts; ensure compliance with the civil legislation and performance standards, quality, costs and safety; organise the presentation of construction plans to the respective local authorities; manage the contracted construction works or specialised construction services carried out by subcontractors; ensure supervision of construction by the respective competent authorities; draft and manage budgets, control expenditure and ensure the efficient utilisation of resources; control recruitment, training and work of staff and subcontractors, etc.

The basic functions of project managers (outlined above) are further specified and detailed by job descriptions that are being drafted, approved and applied in the organisations.

Regarding the establishment of the position of the project manager, we can draw the following basic conclusions:

• The position of “Investment Project Manager” is a consequence of the active presence of this activity in the construction and investment process, despite the fact that it was not established until 2011;

• The fact that this position is assigned to group 1323 “Managers in the construction sectors” indicates that project managers share similar competences with posts such as “Head of Construction Site”, “Head of Construction”, “Manager of Construction Group”, “Chief Construction Engineer”, etc.

• The minimum required education and qualification level for taking this position is 6 (EQD “Bachelor’s degree”), which we believe is insufficient, although it is in line with the requirements of the international organisations2 (in the context of

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2 For example, the certification programme of the International Project Management Association (IPMA) does not set specific requirements with regard to the degree acquired, whereas the programme of the Project Management Institute (PMI) accepts high school education or higher education - Bachelor’s degree.
the certification programmes). As can be seen, the work of the managers requires different competences, which means that a higher educational degree is necessary.

In order to improve the job structure in the field of investment project management and increase the professional competence in this area, we believe it is necessary to set higher job requirements for people who wish to take this job, at least at an organisational level. This, on the one hand, will stimulate project managers to improve the knowledge, skills and competences (technical, economic and managerial) they already have, most of which are (still) the result of long-term experience, rather than professional qualification acquired. More importantly, higher job requirements can possibly limit recruitment failures for the position of “Investment Project Manager”.

2. Vocational training in construction jobs and specialties

On the other hand, acquiring a professional qualification as a “combination of professional competences and general education knowledge and skills necessary for their formation” is ensured by the system of vocational education and training. The way this system functions and develops is governed by the Vocational Education and Training Act (VETA)\(^3\). According to VETA, (Article 6(1)), vocational education and training is delivered in accordance with professions and specialties included in the List of vocations for vocational education and training (LVVET)\(^4\).

The List gives evidence of 26 programmes (in total) in the construction area (from the “Construction” professional field) offering training and qualification in the following 8 professions (“construction machinery”; “builder”, “builder-fitter”, “fitter of water supply and sewage systems”; “road-builder”; “furnace constructor”; “construction assistant” “assistant road-builder”). Those who successfully complete the training acquire I, II or III level vocational qualification, based on the programme. The same area of education (“Architecture and Construction”) also includes specialties such as “Architecture, Urban Planning and Surveying - 4 in number, divided into 3 professions (“surveyor”, “restorer-contractor”; “technician-restorer”). Graduates acquire respectively SPC II or III depending on the specialty.

There are no programmes in the field of investment project management because of the higher educational degree required for this position. Despite this fact, training in the construction profession and specialties provides fundamental professional instruction in the field of the science, technology and methods for construction and maintenance of buildings and facilities, their installations and also roads, transport facilities, hydraulic engineering, irrigation facilities, water supply and sewage systems, etc.\(^5\)

According to the Vocational Education and Training Act (VETA), the acquisition of vocational qualification in the vocational education and training system is regulated

\(^3\) Vocational Education and Training Act (promulgated in SG, issue No. 68/1999, last amendment in SG, issue No. 98/2014).

\(^4\) List of vocations for vocational education and training, approved by virtue of Order No. RD 09-413/12.05.2003, last update by Order No. RD09-74/20.01.2014.

by framework programmes approved by the Minister of Education and Science. These programmes are specified by state educational requirements (SER) for acquiring qualification in professions, adopted by the Minister of Education and Science and coordinated with the respective ministries and institutions. The training syllabi and curricula are developed in compliance with SER for acquiring qualification by trainees.

The regulations for acquiring qualification in the different construction professions (including “surveyor”; “construction technician”, “builder”, “builder-fitter”; “fitter of water supply and sewage systems”; “road builder”) define the respective state educational requirements (SER), including the necessary professional competences of the trainees in the field of vocational education and training.

Vocational high schools in construction, vocational training centres and universities play the most important role in the acquisition of professional competences (professional knowledge and skills).

Vocational high schools offer vocational education with acquisition of II level vocational qualification, with a duration of four years, or level vocational qualification with a duration of four or five years. They admit students who have completed their primary education or students who have completed VII grade. Vocational high schools can also offer vocational training with acquisition of I, II and III level of vocational qualification for part of the occupation, as well as vocational training awarding IV level of vocational qualification by Order of the Minister of Education and Science, if they meet the state educational requirements.

Based on our study of the conditions for vocational education and training in vocational high schools in Bulgaria, we can draw the following important conclusions:

- There are a total number of 33 vocational high schools in Bulgaria that offer training for acquiring vocational qualification in “Architecture and Construction” educational field, including: vocational high schools in construction, architecture and geodesy /10/; vocational high schools in construction /6/; vocational high schools in construction and architecture /3/; other vocational high schools /14; 

6 Art. 17(3) of the National Education Act (promulgated in SG, issue No. 86/1991, last amendment and supplement in SG, issue No. 61/2014).
7 See Regulation No. 35 of 01.07.2010 on acquiring qualification for the vocation of “Surveyor”, promulgated in SG, issue No. 67 of 27.08.2010, effective as of 27.08.2010, issued by the Minister of Education, Youth and Science; Regulation No. 33 of 01.07.2010 for acquiring qualification for the vocation of “Construction Technician”, promulgated in SG, issue No. 67 of 27.08.2010, effective as of 27.08.2010, issued by the Minister of Education, Youth and Science; Regulation No. 5 of 09.01.2012 for acquiring qualification for the vocation of “Constructor”, promulgated in SG, issue No. 9 of 31.01.2012, effective as of 31.01.2012, issued by the Minister of Education, Youth and Science; Regulation No. 6 of 09.01.2012 for acquiring qualification for the vocation of “Construction Installer”, promulgated in SG, issue No. 9 of 31.01.2012, effective as of 31.01.2012, issued by the Minister of Education, Youth and Science; Regulation No. 7 of 09.01.2012 for acquiring qualification for the vocation of “Installer of Water Supply and Sewage Systems”, promulgated in SG, issue No. 10 of 03.02.2012, effective as of 03.02.2012, issued by the Minister of Education, Youth and Science; Regulation No. 8 of 09.01.2012 for acquiring qualification for the vocation of “Road Constructor”, promulgated in SG, issue No. 10 of 03.02.2012, effective as of 03.02.2012, issued by the Minister of Education, Youth and Science.
8 Art. 19(3) of the Vocational Training and Education Act (promulgated in SG, issue No. 68/1999, last amendment in SG, issue No. 98/2014).
• The above institutions are relatively evenly distributed by administrative areas (with the exception of Kyustendil). They are primarily concentrated in district cities (with the exception of Lovech), thus actually covering the territory of the entire country. The largest concentration of educational establishments is observed in the districts of Stara Zagora /4/, Veliko Tarnovo /3/, Pazardzhik /2/ and Plovdiv /2/, which is due to their central location;

• The most widely practiced training is to acquire III level vocational qualification as “Construction Technician”, in the following specialities: “Construction and Architecture”, “Transport Construction” and “Water Engineering”, followed by training for acquiring III vocational qualification for the profession of “Surveyor”, in the degree subject of “Geodesy”; for acquisition of II level vocational qualification for the professions of “builder-fitter”, in the degree subject of “Dry Construction” and for the professions of “Constructor”, in “Internal Lining and Flooring” degree subject;

• There is also a number of vocations and/or specialities, for which no training is offered. These include, for instance: “Reinforcement and Concrete”, “Painting works”, “Construction Carpentry”, “Construction Tinsmith” and “Roofing” (for acquiring II level of vocational qualification for the occupation of “Constructor”); “Concrete structures” and “Metal Structures” (for acquiring II level vocational qualification for the occupation of “Builder-fitter”); programmes for acquiring II level of vocational qualification for the occupation of “Fitter of Water Supply and Sewage Systems”; programmes for acquiring I level of vocational qualification for “Assistant Road Constructor”, etc.;

• Training in the construction professions and specialties in the vocational education and training system is entirely technical and the acquisition of economic and managerial knowledge and skills is very poor and limited to individual school subjects, such as “Economics” and “Entrepreneurship” (see, for instance, Curriculum for acquiring III level of vocational qualification for the occupation of “Construction Technician” or only “Economics” (for most of the other programmes);

• Most of the curricula for vocational training in the field of construction were approved in 2004 and in the period 2007-2010, while the ones approved over the past 5 years primarily apply to the different forms of study;

• The curricula of vocational high schools in construction have been developed and approved in the period 2005-2008, reflecting the developments in the field of science until the present day. The only programme that is relatively new is “Construction Technology” for the profession of “Construction Technician”, in the degree subject “Construction and Architecture”, which was approved in 2013.

The curricula and training programmes generally correspond to the direction of development in the construction sector. The focus is on the basic areas with new developments in the materials and technologies - dry construction, insulation, finishing works, transport construction and water engineering, etc. A large part of the references used, however, are from the 80s and 90s, which means that the training content is not sufficiently up-to-date.9

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In order to improve the conditions for vocational training offered by vocational high schools, we believe that the following will be necessary:

- if opening new programmes is not possible, then at least it is recommended to introduce new disciplines and update the curricula and training programmes to reflect the trends of changes in the industry, which are the result of product and technological innovations in fields like energy, energy construction, facade engineering, building automation systems, ecology, environment protection, etc.;
- extending the scope of vocational training to areas such as economics (or, respectively - sectorial economics), finance, investment, investment process management, construction project management, etc., particularly for the programmes related to the profession of “Construction technician”. This will lead to better professional competences, more prospects for career development and expansion of trainees knowledge and skills at the next level of their education, especially for economic programmes;
- upgrading of the curricula, particularly of the course content. As mentioned earlier, the curricula currently used had been approved in the period 2005-2008, whereas a significant part of the sources used for the development of the learning materials are from the 80s and 90s. This calls for a review and update of existing literature so that it can reflect the scientific achievements of Bulgarian and foreign authors and specialists.

Vocational Training Centres (VTC) are another type of establishments offering training and professional qualification in the field of construction. Vocational Training Centres offer vocational training for persons aged over 16. They are subject to a license regime, where licenses are granted by the National Agency for Vocational Education and Training (NAVET) for professions and specialties listed in the List of Occupations for Vocational Education and Training (LOVET).

According to the Register of Licensed VTC, the total number of the centres with a valid license offering training for acquiring professional qualification in occupations from the educational field of “58 Architecture and Construction” is 414 in 2014 (out of 957 centres functioning on the territory of the country).

The highest concentration of training establishments is in Sofia district (respectively - Sofia city), followed by Plovdiv and Varna, which is the result of the larger number of economically active residents in these regions and hence the higher interest in vocational training. Vocational Training Centres are also concentrated mainly in district cities, with a very positive trend in this regard for the districts of Vidin, Dobrich and Yambol.

The most common type of education is training for acquiring II level vocational qualification for “Constructor”, for all course programmes. The least sought after type of education is training for acquiring III level vocational qualification for “Construction Technician”.

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11 is.navet.government.bg/# - Integrated Information System of the National Agency for Vocational Education and Training (NAVET), Register of licensed VTC.
It is noteworthy that training in vocational training centres covers almost all specialisations, in contrast to the training offered in vocational high schools. This directly corresponds to the main function of this type of establishments, particularly - to make vocational training accessible to a wider audience of consumers from different geographic regions and to create real opportunities for improving the effectiveness and employability of the workforce to match the labour market and the European requirements.

3. The role of professional project management in higher education

There is no doubt that the major role in acquiring professional competences, especially in the field of investment project management, is attributed to universities. According to the Higher Education Act (ZVO)\(^1\), the higher education system in Bulgaria includes universities, specialised higher education schools and independent colleges. The studies are conducted in 52 professional fields from nine (9) areas of the higher education.\(^2\)

For the purpose of this study, a total number of 51 accredited universities and colleges\(^3\) have been studied with a summary of findings presented below.

Education in the field of project management is offered in 11 universities and colleges in the following programmes: “Project Management”, “International Project Management”, and “Management of Projects Financed by the EU Funds”, “Management of European Infrastructural Projects”, “Construction of Buildings and Facilities” with specialisation in “Investment Project Management”, “Construction Project Management”, etc., including Master’s degree programmes. Studies in these programmes are carried out in the following four professional fields: “Economics”, “Administration and Management”, “General Engineering” and “Architecture, Construction and Geodesy” in two fields of the higher education - “Social, economic and legal studies” and “Technical disciplines”.

The Master’s degree programmes in the first three fields provide training for managerial staff and qualified specialists, providing necessary theoretical knowledge, practical skills and professional competences in the field of project management as a whole, including management and implementation of projects financed by the EU funds and programmes. The objective is to increase the administrative capacity in the field of project management in business organisations, public administrations and the non-governmental sector.

Studies in the Master’s degree programme in “Management of European Infrastructural Projects”, as evident from its title, focuses on preparing specialists with competences in the field of development and structuring of tenders (project

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\(^1\) Higher Education Act (promulgated in SG, issue No. 112/1995, last amendment in SG, issue No. 66 / 2014).

\(^2\) Decree No. 125 of the Council of Ministers, dated 24.06.2002, for approval of a classifier of the academic areas of higher education and professional fields (promulgated in SG, issue No. 64/2002, last supplement in issue No. 94 / 2005).

\(^3\) www.mon.bg/?go=page&pageId=8&subpageId=167 – Ministry of Education and Science, Register of accredited universities and colleges in the Republic of Bulgaria.
proposals) for European infrastructural projects, who have the necessary knowledge and skills to participate in the technical, administrative and financial management and implementation of the project activities.

**Training in the field of investment (construction) project management** is offered by two Master’s degree programmes. One of them is the Master’s degree programme in “Project Management in the Field of Construction” (University of Architecture, Civil Engineering and Geodesy) designed for students with a Bachelor’s or a Master’s degree willing to further their knowledge in the area of civil engineering. The successful graduates of the programme demonstrate wide knowledge and skills in the field of economics, social studies and management. As seen from the course curriculum, studies follow the logic of management theory in the field of project management. The main advantage (and main limitation) here, in the context of investment project management, is the presence (or, rather, the necessity) of acquired qualification in civil engineering.

It is important to highlight the programme in “Construction of Buildings and Facilities” with specialisation in “Investment Project Management”, offered in University of Structural Engineering and Architecture “L. Karavelov” - Sofia. Studies in this Master’s degree programme are carried out based on a wide variety of aspects, covering the following fields: management and managerial decisions; investment, finance, budgeting; construction law; marketing, management and entrepreneurship; information technologies, etc., which, in our opinion, are very important for each project manager and yet missing in most of the other programmes.

**Training in the field of construction** in higher education are also offered as part of other technical programmes in the professional field of “Architecture, Construction and Geodesy”, some of which have a wider profile (“Construction of Buildings and Facilities”) while others offer a narrow specialisation (“Transport Construction”, “Road Construction”, “Hydraulic Construction”, “Irrigation and Drainage Engineering”, etc.) and there is also one programme in the professional field of economics (“Economics of Construction”). Each of them provides the opportunity to acquire certain professional competences for management and/or implementation of the basic parts of the overall construction and investment process, however, none of them offers the necessary interdisciplinary competences for management of the overall investment process, especially when it comes to implementation of large-scale investment projects.

In order to improve the opportunities for acquiring professional competences in the field of project management in the higher education system of the Republic of Bulgaria and based on a research of the experience in other European countries, such as Denmark and Great Britain,\(^{15}\) which have long-term traditions in higher education, we believe the following recommendations should be taken into account:

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\(^{15}\) The author has published her study on the role of professional project management in the higher education system in Bulgaria, which also includes a comparison with the educational systems in Denmark and Great Britain. For more information, see: Antonova, V. The role of professional project management in the higher education system. – Construction entrepreneurship and real estate. Varna: Science and Economics, 2014.
Providing better opportunities for studies in the field of project management, including in the Bachelor’s degree programmes with programmes like: “Project management and Risk Management”, “Project Management /by sectors/”, “Project Management and Development”, etc. Universities offering course programmes in the area of “Social, economic and legal studies” have a lot of potential.

Expansion of the opportunities for studies in the field of investment project management by:
- opening new programmes;

Currently, studies in the field of investment project management are offered by few programmes – there are two Master’s degree programmes, where studies in one of them - “Management of Projects in the Field of Construction” (University of Architecture, Civil Engineering and Geodesy) follow primarily the logic of the general management theory in this field. There is a potential for opening new programmes mainly in universities that offer instruction in the field of “Technical disciplines” with programmes in the field of construction.

- specialisation of training at different educational levels by enhancing the level of continuity;

To date, the level of specialisation is limited. As detailed above, the course programmes in the field of investment project management which are on offer, are within the professional field of “Architecture, construction and geodesy” and are designed to upgrade the knowledge and skills already acquired in the field of civil engineering. This, however, holds significant limitations for graduates from other programmes. In our opinion, it is necessary to work towards increasing continuity through specialised undergraduate and graduate programmes (Bachelor’s and Master’s degree).

- specialisation in subject degree training.

Specialisation within the programme through a set of specialised modules (and/or in the form of specialisation under the main programme) is also a good practice not only abroad, but also in Bulgaria. Its wider application would significantly contribute to the improvement of the flexibility of course curricula and expansion of the opportunities for vocational studies in Bulgaria. In our opinion, this practice could and should be applied both for the technical and for the economic programmes.

Finally, once acquired, professional competences should be constantly updated and upgraded in line with the changes in the environment. This can be achieved through continuing vocational training (CVT). Continuing training in the higher education system is carried out in line with the provisions of the Higher Education Act, where Article 43 of the act uses the specific term “training for improving the qualification”.

Despite the indisputable advantages of this form of training, we should note that the universities discussed here do not utilise (at least not to the full extent) their potential

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16 Examples of this include: the programme in “Construction of Buildings and Facilities” with specialisation in “Investment Project Management” (University of Structural Engineering and Architecture “L. Karavelov” – Sofia); the programme in “International Economic Relations” with specialisation in “International Project Management” (University of National and World Economy – Sofia), etc.
in the field of project management. Existing forms of continuing training are primarily focusing on development of certain competences (e.g. for operating specialised software, quality control, health and safety) while specialised programmes in the field of project management are very few. Therefore, we believe that it is appropriate to expand the interdisciplinary approach to learning by bringing together academics from various fields in order to achieve synergy and co-operation in these diverse activities and enhance competences in the area of investment project management.

Conclusion

In conclusion, we can summarise that the educational system in Bulgaria has the necessary resources for preparation of qualified staff/workers in the field of investment project management, however, it has not yet realised its full potential. There are however opportunities and prerequisites for development in this field both in the vocational education and training system (including vocational high schools and vocational training centres) and in the higher education system. Our recommendations that we consider appropriate towards improving the conditions for vocational education and training are as follows:

- in terms of vocational education and training system – introduction of new course disciplines, updating the curricula and programmes applied, expansion of the professional training for trainees in the field of economics and management;
- in terms of higher education – introduction of new curricula, opening new programmes, enhancement of the level of continuity, specialisation of the studies, etc.

OPPORTUNITIES FOR VOCATIONAL TRAINING AND TRAINING IN INVESTMENT PROJECT MANAGEMENT IN BULGARIA

Assist. Prof. Vanya Antonova

Abstract

Possessing the necessary knowledge, skills and competences in the area of project management is a compulsory condition and major prerequisite for achieving professional management. In the article there are studied the possibilities for vocational education and training in the area of project management, specifically the management of investment projects. The analysis is built on types of institution, encompassing both the system of vocational education and training (including professional secondary schools and vocational training centres), and the system of higher education (including the conditions for continuing vocational training).

Keywords: projects, management of investment projects, vocational education and training.
ASSESSMENT OF THE ECONOMICAL EFFECTIVENESS OF APPLYING AUDITING SOFTWARE

Doctoral student Krassimira Gospodinova

Introduction

Fast developing information technologies have a positive impact on the ongoing and more complicated business processes. In the last 10 years innovative decisions have been offered also to Bulgarian auditors’ activity through auditing software. Applying these decisions has a number of advantages such as: improved effectiveness, low costs, time saving, increased labor productivity and better quality of auditing procedures. Selecting suitable auditing software is a difficult and continuous process. It is necessary to gather information on the functional capabilities of existing programming products. In the after-crisis period the price of the investment is of great importance. Auditors need clear methodology for assessing auditing software. To solve this issue it is suggested to calculate the indicator of economic effectiveness through estimating the benefits and costs of the investments. They should be carefully considered, because they are crucial for the future development of the auditor’s business.

This article aims to develop a methodology for assessing the economic effectiveness of applying auditing software. In respect to achieving this goal, tasks as part of the article have been formulated, such as:

1. Defining the concept “effectiveness” in auditing;
2. Methodological assessments of the effectiveness of software products;
3. Experimenting with the suggested methodology.

1. Defining the concept “effectiveness” in auditing

The concept effectiveness is interpreted in economic, social, ecological, investment and other types of aspects. In general, by using it one compares input resources and end results. The latter can be qualitatively and quantitatively measured, positive and negative. For the objectives of the article an emphasis is put on the results that have financial dimension.

There are various opinions about the criteria for assessing effectiveness:

1. Katz and Kahn (1991, p.35) share that effectiveness is achieved in:
   - increasing the limit of return on investment with all possible means;
   - increasing individuals’ incomes and the contribution for increasing the company abilities as a whole;
   - ability of the company to exist and continue its activity and regulating its external environment.

2. Kast, Rosenverg and Wingandi (1992, p.186-187) define effectiveness as:
   - ability of the company to achieve and pursue its goals;
- increased sales volumes;
- satisfying the needs of clients and employees
- company growth and bigger profits;
- progress in the quality of human resources.

3. According to the legal definition in Bulgarian legislation (additional regulations in the Act for the National audit office (2014)), effectiveness is the degree of achieving the goals of the audited unit in comparing the real and expected results from its activity.

4. “Generally speaking, the activity of an organization is effective when it ensures the definition, setting and achieving particular objectives which interfere with the strategic goals and priorities of the respective organization”. (Hrisoskulova et al, 2012, p. 6).

The best effectiveness is achieved when reaching high usefulness with possibly the most economical use of resources. It answers the questions whether the set goals have been achieved and at what price.

There are various types of effectiveness.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Types of effectiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depending on the level</td>
<td>National, branch and sector, company effectiveness of departments, branches</td>
</tr>
<tr>
<td>Depending on factors</td>
<td>Effectiveness of capital, effectiveness of investment, effectiveness of long-term and short-term tangible assets</td>
</tr>
<tr>
<td>Depending on costs (resources)</td>
<td>Resource effectiveness, cost effectiveness</td>
</tr>
<tr>
<td>Depending on the nature and content of effectiveness</td>
<td>Economic, social, ecological effectiveness</td>
</tr>
<tr>
<td>Depending on options</td>
<td>Absolute (general) for an option; comparative (relative) for two or more options</td>
</tr>
<tr>
<td>Depending on time</td>
<td>Project, planned, real effectiveness</td>
</tr>
</tbody>
</table>

**Source:** Georgiev, Velin, *Methods for reporting the effectiveness of implementing the method of competences.*

A variant of effectiveness is economic effectiveness. According to Marin Galabov (2007, p. 209), it can be defined as the quantity of the economic effect (useful result) which is created with the participation of a unit of costs or a unit of resources. This indicator is important for determining the financial condition of the enterprise and is calculated as a ratio between revenues and costs.
2. Methodological assessments of the effectiveness of software products

Introducing new technologies is always accompanied by making extra costs and risk taking; however, on the other hand, it incurs taking benefits. Benefits differ in respect to employees’ responsibilities. For assistant-auditors technologies result into less mistakes and efforts in processing client’s data and preparing the working documents. For the auditor who leads the team – the result is better organization of the working process and control over the auditing work. For the owner of the audit company or the independent auditor using auditing software boils down to the fact whether revenues from the activity will increase, thus a bigger profit will be made.

According to the Unified theory for adopting and using technologies (UTAUT), there are three factors for determining the intention to use new technologies: expected performance, expected efforts and social impact (Venkatesh et al., 2003).

Expected performance is the degree to which the individual gathers that using the technology will lead to an advance in the working process. Expected efforts are the degree of difficulty in using the technology: easy or difficult to apply. The social impact is the assessment of the society how important it is to use new technologies.

To assess the effectiveness of auditing software it is suggested to use the indicator economic effectiveness in two of its variations: prognostic and factual economic effectiveness. According to Assoc. Prof. Hristo Hristov, economic effectiveness characterizes inexpensiveness and traditionally is defined as the ratio between end results and the costs that predetermine them or vice versa.¹ From this definition one can conclude that it is necessary to reach an end result, valuated by the size of the factual revenues and calculating the costs really made.

In the process of making a decision for adopting a new technology, as is the auditing software, it is appropriate to estimate the prognostic economic effectiveness.

The prognostic economic effectiveness can be estimated as the correlation between potential revenues and software costs, having in mind that the process of adoption has not started and revenues and costs are not real.

\[
\text{Prognostic economic effectiveness (PEE)} = \frac{PR}{SC},
\]

where:

- \(PR\) – potential revenues
- \(SC\) – software costs

In this particular case the concept software includes future costs for implementing software, technical maintenance, training and depreciation costs.

The expected result from applying auditing software for the owner is a less labor-consuming auditing process. This would mean that, by keeping the number of audits unchanged, the hours necessary for completing assigned tasks will be less. We use \(SH\) for designating the number of saved hours.

With available free resources it is necessary to use them with the aim to make economic benefits. To tap into saved hours one should attract new clients, which will contribute to increasing revenues. Expected future revenues are the potential revenues.

Estimating potential revenues is based on the saved hours and the average auditing fee per hour for the period of implementing the software.

$$PR = SH \times FH_0$$

There arises the question how to define saved hours. Evaluating the number of saved hours is the result of working with the provided Demo version of the programming product. To be able to compare the assessment of economic effectiveness of the various auditing software products, it is necessary that the process is done by the same person in the course of the whole task assigned. The auditing software with the highest prognostic economic effectiveness will create the largest future benefits from applying it.

The factual effectiveness is estimated after achieving the end result, namely – implementing the auditing software. It is recommended to estimate the indicator after the one-year period from adopting the software, so that one can calculate the values of the extra costs and the extra benefits.

The extra real revenues are estimated on the basis of the working hours for completing the assigned new tasks and the average auditor’s fee per hour for the period after implementing the software.

$$ERR = FH \times WH_1$$

In order to determine the impact of the time factor (hours) on revenues as a consequence of using the specialized software, it is necessary to accept as a constant the average auditor’s fee per hour. To calculate the extra real revenues, one will use the average auditor’s fee per hour for the period before implementing the software.

$$ER = IH \times FH_0$$

In defining extra real costs one has to take into account the fact that some costs go up and others fall. For example, the costs for depreciation, training and implementation go up. The decreasing costs are those for transport and keeping data. It is more difficult to determine the change of costs that have no direct link to the auditing software. Such are the costs for transport and keeping data.

Transportation costs depend on the number of audits done, the average quantity of fuel used for an audit and the fuel price. To estimate the change of these costs, we will accept the first and the last factor as constant.

$$ECtr = \text{Nbr. audits}_0 \times \text{Av. Quan. Fuel}_1 \times \text{av. Price fuel}_0 - \text{Nbr. audits}_0 \times \text{Av. Quan. Fuel}_0 \times \text{av. Price fuel}_0$$

Therefore, the formula for factual effectiveness looks like this:
Factual economic effectiveness (FEE) =

$$\frac{ERR}{ERC} = \frac{WH \times FH}{C_{dep} + C_{tr} + C_{im} + C_{Ctr} + C_{Ccld} + OCC}$$

- **ERR** – extra real revenues
- **ERC** – extra real costs
- **WH** – working hours for new assignments
- **FH** – average auditor’s fee per hour
- **C_{dep}** – costs for depreciation
- **C_{tr}** – costs for training
- **C_{im}** – costs for implementation
- **C_{Ctr}** – changed costs for transportation
- **C_{Ccld}** – changed costs for keeping data
- **OCC** – other changed costs, indirectly linked to the auditing software

Comparing the prognostic to the factual economic effectiveness gives the owners information about the expected and really achieved results from implementing the auditing software. The comparison is made by use of comparing mathematically the resulting coefficients.

Three variations are possible:

- PEE > FEE;
- PEE = FEE;
- PEE < FEE

A good indicator for managing auditor’s activity is to achieve factual effectiveness that is higher or at least equal to the prognostic one. This indicates that the right choice was made among the existing competing specialized programming products in the field of auditing.

3. An experiment with the suggested methodology

An example for a methodology for estimating the economic effectiveness in implementing auditing software is presented in Table 2. In it there is an estimation of the prognostic economic effectiveness of auditing software, without comparing it to existing alternatives. The experiment aims to show that the suggested methodology is really applicable and easy to understand.

In the example above the following factual circumstances are presented:

- The auditing company has 7 employees – auditors and assistant auditors;
- The average auditor’s net payment per hour amounts to BGN 10;
- The average auditor’s fee per hour is BGN 50;
- The duration of the working week is 40 hours;
- The potential costs for auditing software is BGN 38 795;
- The hours an auditor saves monthly are 37. This judgement is made on the ground of real application of the auditing software through its demo version.

After the estimations using the methodology in Table 2, the following results appear:
### Methodology for estimating the economic effectiveness in implementing auditing software

<table>
<thead>
<tr>
<th>Number of auditors</th>
<th>7</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly fee per auditor in BGN</td>
<td>10</td>
<td>(2)</td>
</tr>
<tr>
<td>Auditor’s fee per hour in BGN</td>
<td>50</td>
<td>(3)</td>
</tr>
<tr>
<td>Duration of working week in hours</td>
<td>40</td>
<td>(4)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Types of costs</th>
<th>Costs for auditing software in BGN</th>
<th>Stages</th>
<th>Processes in auditing</th>
<th>Hours saved by an auditor per month</th>
<th>Saved costs per month</th>
<th>Saved hours per year</th>
<th>Saved costs per year</th>
<th>% saved hours</th>
<th>Potential revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses</td>
<td>21 374</td>
<td>Taking auditing assignment</td>
<td>Preliminary risk assessment</td>
<td>3.0</td>
<td>210</td>
<td>252</td>
<td>2520</td>
<td>1.73%</td>
<td>12 600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assessment of independence</td>
<td>2.0</td>
<td>140</td>
<td>164</td>
<td>1380</td>
<td>1.13%</td>
<td>8 000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Writing a letter for the auditing assignment and contract for auditing</td>
<td>0.5</td>
<td>35</td>
<td>42</td>
<td>420</td>
<td>0.29%</td>
<td>2 100</td>
</tr>
<tr>
<td>Technical maintenance</td>
<td>5 281</td>
<td>Planning</td>
<td>Study the client</td>
<td>1.0</td>
<td>70</td>
<td>84</td>
<td>840</td>
<td>0.55%</td>
<td>4 200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Plan, Schedule</td>
<td>3.0</td>
<td>210</td>
<td>252</td>
<td>2520</td>
<td>1.73%</td>
<td>12 600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assessment of the auditor’s risk</td>
<td>3.0</td>
<td>210</td>
<td>252</td>
<td>2520</td>
<td>1.73%</td>
<td>12 600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Preliminary analytical procedures</td>
<td>2.0</td>
<td>140</td>
<td>164</td>
<td>1380</td>
<td>1.15%</td>
<td>8 400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Materiality level</td>
<td>3.0</td>
<td>210</td>
<td>252</td>
<td>2520</td>
<td>1.73%</td>
<td>12 600</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assessment of the going-concern principle</td>
<td>1.0</td>
<td>70</td>
<td>84</td>
<td>840</td>
<td>0.58%</td>
<td>4 200</td>
</tr>
<tr>
<td>Training</td>
<td>Total</td>
<td>Performance</td>
<td>Articles</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>12,000</td>
<td>Samples</td>
<td>35,795</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tests</td>
<td>2,000</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Checking the annual financial report</td>
<td>350</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Checking the account of the activity and publication</td>
<td>70</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Working documents</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Auditor's report</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Other</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>37,595</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
The possible saved hours per year as a result of the applied auditing software are 3,108;
Potentially saved costs are BGN 31,080;
Potential revenues from adopting the auditing software are BGN 155,400;
The calculated prognostic economic effectiveness is 4.00, in other words it is expected that from costs of one lev per auditing software there will be generated revenues of approximately four levs, on the condition that new auditing assignments are taken for the saved hours.

In order to select the most suitable auditing software, it is necessary to estimate the prognostic economic effectiveness of the other existing alternatives.

Conclusion
Auditing is a time-consuming process requiring good qualification, organized activity and provision of methodology, teamwork and time. A considerable part of the work boils down to processing data technically and filling in working documents. These processes can be made easier by applying auditing software. It saves time and office space, helps professionals in making important decisions. Taking into account its positive sides, one should have in mind that auditing software is an expensive investment. Each auditor or specialized audit company must decide whether it wants to apply this innovation, and the desire for this should be a consequence of the effectiveness of the innovation. Estimating economic effectiveness is an important indicator for making the decision exactly which auditing software to implement or whether it should be implemented in auditors’ work. The specifics of the methodology suggested above for estimating the indicator is the usage of the prognostic economic effectiveness based on potential revenues and potential costs for implementing the auditing software. In applying this methodology it is necessary to reassess possible saved hours in order to use them for working on other auditing appointments.

Selecting the right (economically effective) auditing software would be a great advantage in the competitive business of auditing.

References
ASSESSMENT OF THE ECONOMICAL EFFECTIVENESS
OF APPLYING AUDITING SOFTWARE

PhD student Krasimira Gospodinova

Abstract

The purpose of the present article is to propose a methodology for assessing economic efficiency before and after the implementation of auditing software in order to facilitate the process of choosing the most suitable specialized software application in the activity of auditors. The specificity in assessing the indicator is the use of projected economic efficiency, based on the potential revenues and the potential costs of introducing auditing software. In its applicability it is necessary to make an estimation of the possible saved hours, which will be used for taking on new commitments. In the article there is presented an actual example of the proposed methodology.

Keywords: auditing software, methodology, assessment, economic efficiency.
CONDITIONS FOR THE DEVELOPMENT OF EVENT TOURISM ALONG THE BLACK SEA COAST OF BULGARIA

Doctoral student Boryana Umnikova

The Black Sea coast of Bulgaria is an established tourist destination for the development of mass sun, sand and sea recreational tourism on both a national and international scale. Its role and meaning is associated not only with the welfare of the region, but also with the economic prosperity of the country in general. However, its projected image of a cheap holiday destination has shifted the focus of political subjects from a low-cost mass market packaged tourism product to alternative forms of tourism.

The rich cultural heritage, traditions and sports achievements, together with the cities and holiday resorts situated along the Black Sea coast: Varna, Burgas, Kavarna, Nessebar, Sozopol, the resort complexes Golden Sands, Albena, Sunny Beach, etc. are a prerequisite for the transformation of the Bulgarian Black Sea coast into a destination offering a complex tourism product.

The circumstances presented so far determine the significance and topicality of the issues related to increasing the role of event tourism for the tourism development of the Black Sea coast of Bulgaria and define the motives for the choice of theme of the present article. Its research purpose is to define and assess the conditions and resource potential of the Bulgarian Black Sea coast for the development of event tourism and lay the foundations for future studies of how special events can be turned into significant tourist attractions.

For the purposes of this study, the Bulgarian Black Sea coast tourist region is constrained within the administrative boundaries of the regions of Dobrich, Varna and Burgas, which exhibit similar tourism characteristics and resources and offer a huge potential for the development of event tourism.

Special events are defined as a tourist attraction which brings together public institutions, organizing committees, sponsors, tourism organizations, business entities and consumers joining their efforts to realize a unique, value-generating event (Vitor, L., 2011). Special events are a planned, time-limited phenomenon, distinguished by conditions, participants and a management system with the respective structural elements and a program (Getz, D., 2012).

Event tourism is defined as a special type of tourism, which involves arranging and holding events to meet multiple tourist needs and helps extend the range of tourist products and boost tourism development in the destination country. The specifics of the event tourism product and the leading role of visitors’ preferences, needs and objectives are a prerequisite for distinguishing its variations primarily according to motives for visiting the event.
In cultural event tourism, the tourist visit is motivated by local customs, various forms of presentation and expression, the visitor’s knowledge and skills, as well as the related instruments, sites, artefacts and cultural spaces recognized by local communities and groups. Here, festival tourism plays a special role, as the visitor travels to “actively participate in, or passively enjoy festivals of a variety of arts and crafts, folklore holidays, etc.”(Marinov, St., 2011)

Sport events tourism suggests travel, motivated by “active participation or passive observation of events with a particular sport theme” (Gibson, J., 1998). The necessary condition for hosting and holding sports events in a particular destination is the availability of specialized facilities.

Business event tourism is associated with travelling and staying in a particular place, motivated by the wish to be involved in specialized events where participants share common business interests. Typically, business events require specialized facilities, technical service and maintenance and use of hotel superstructure.

Efforts to extend the summer tourist season along the Bulgarian Black Sea coast to 6-7 months have failed and problems arising from the constantly shrinking period of exploitation are exacerbating. Changes in the status-quo of the destination can be implemented through a complex use of the remaining resources of the region, in particular the ones related to the cultural and historical heritage, which includes: material cultural heritage (building, architectural sites belonging to the world heritage, national and historical monuments, etc.), intangible cultural heritage (literature, art, folklore, etc.), as well as institutions exhibiting cultural heritage - museums, collections, libraries, centres and monuments connected with historical figures (Parusheva, T., 2014). Event tourism is a strategic alternative in this aspect. Through promoting local culture, traditions and values it can actively contribute to overcome the effect of seasonality and raise the competitiveness of our Black Sea coast as a tourism destination.

Community centres are also hubs of cultural life and promoters of cultural events in Bulgaria. According to NSI data for 2012, there are 415 community centres in the defined region. Only 77 of these are located in cities. Events and cultural activities associated with them usually involve anniversaries and celebrations of memorable dates in Bulgarian history, as well as prominent figures who are held in high respect in the local community (total of 14,842). City and village fairs and conventions most often commemorate the patron saint of the city or village (3,953). These events are a major attraction for the inhabitants of the neighboring towns and villages. At this stage we cannot consider the cultural and creative activities of the community centres as potential tourist attractions within the event tourism sector.

Among the most valuable to be included in the content of the intangible cultural heritage are the spirit, cultural traditions, creative work and customs of the host community. Fire dancing is a recognized intangible cultural asset on the territory of the Bulgarian Black Sea region. The Ministry of Culture, ITH “Traditional rituals and fests” within the framework of the project “Fire dancing – Bulgarian magic fiery glow” (for the village of Balgari, municipality Tsarevo) aims to keep authenticity and support traditions (UNESCO, 2014).
Cultural events that allow the manifestation of creativity, cultural exchange, stimulation of public dialogue and popularization of intangible cultural values are an instrument for preservation of cultural values and national talent. Cultural institutions are the venues but also the main participants in the process of creating, organizing and holding the special event of cultural identity. Numerous such events of international, national and local importance are held on the territory of the Bulgarian Black Sea coast. International events stimulate trans-border cultural exchange and enjoy international participants. Those of national importance are popular throughout the country, while the impact of the local ones is only regional.

A number of cultural events are organized and held along the Black Sea coast of Bulgaria. According to research of Internet space and the official portals of the municipalities in the districts of Varna, Burgas and Dobrich, in 2014, 20 international events were held in the district of Varna, 13 in that of Burgas and 18 in the region of Dobrich. These events were most often held in cities and administrative district centres, because of the availability of the necessary superstructure facilities (we exclude here the district of Dobrich, where these facilities are located only in municipalities along the Black Sea coast.). There are 4 events of national importance in the district of Varna, 10 in the district of Burgas and 11 in the district of Dobrich. 9 events of local importance are organized in the district of Varna, 6 – in the district of Burgas and 8 for the district of Dobrich. The prevalence of international events is due to the foreign participants invited by the organizers, with the district of Varna holding a champion position as it has traditions in this field, being considered “sea capital” and a festival city.

Because of their international significance and attractive cultural drive, there is high tourism potential in the following events: International Festival for Popular Music “Discovery”; International Festival “Varna Summer”; International Jazz Festival; International Festival of Handicrafts and Arts; International Folk Festival Varna Summer”; Sand Sculptures festival; MTV Festival “Spirit of Burgas”; International Festival “Balchik Classic Days”; Kavarna Rock Festival.

The concentration of cultural events in the summer tourist season (May – November) is logically justified by the possibility to combine sea recreational tourism and event tourism for guests and active participants in the organized events. The advantage of such a combination is beneficial to both the consumer and the destination, with the latter, however, requiring a strategic plan for development.

It is worth noting that cultural events are organized and held by non-profit organizations and societies, with the support of local municipalities. This limits funding and places obstacles to the process of preparation owing to a number of administrative regulations. Venues are mostly open-air and share specific characteristics (location/layout, capacity, technical support, etc.). It is exactly the specialized structure that is a necessary condition for developing event tourism.

The organization and production of sports events is usually carried out by various formations, clubs and alliances, whereby the host city holds the major responsibility in providing the necessary conditions and facilities for the event. Bulgarian Black Sea
coast is blessed with wonderful natural conditions and resources for practicing a variety of sports. The marine water area allows for the organization of swimming, rowing, surf competitions, regattas, etc. In the district of Varna several sports events are held, such as: *International regatta Tall Ships; Swimming marathon “Galata – Varna”* (the oldest swimming competition of the kind in this country) and *European week of exercise and sports*.

These three events in the sports calendar of the city are very different in character, audiences and organizational peculiarities. However, until this point in time poor promotion and advertising for the international regatta failed to facilitate the popularization of the event and attract tourists from the resort complexes in close proximity. Besides, the regatta is held at the beginning of the summer season and is characterized by weaker visitor activity, as tourists mostly come for curative and recreational tourism. As the temperature of the sea water is around 18-20 degrees C, the tourists aged 55+ seek alternative entertainment. A prestigious event like the Tall Ships regatta would attract a much higher interest and turn-out, were it to be held at peak season.

*Galata – Varna Marathon* is a traditional sports initiative, attracting sportsmen from across the country. The swimming marathon is organized by the Naval Forces of the Republic of Bulgaria, the municipality of Varna, and the Swimming Sports Club “Black Sea”. It is held on the first Sunday of August. The impossibility to watch the competition itself does not allow for its turning into spectator attraction, but its wide popularity draws participants, family members and friends who support them and thus the city gains additional visitors during the event. There is certain potential for expanding the duration of this initiative by organizing extra camps, preparatory competitions, etc.

*European capital of exercise* is an international initiative aimed at the local citizens and their sporting activity. The event is organized by Varna municipality (Direction Youth Activities and Sport) and is co-ordinated by the association Varna Youth Festival – FUNCITY. The event is of local importance, which motivates the internal migration of groups of young people and families travelling from smaller towns to the administrative centre of the district for the week-end.

The district of Dobrich (and in particular Black Sea municipalities of Balchik and Kavarna) have been getting popular for the last few years with the construction of three golf complexes (BlackSeaRama, ThracianCliffs, and LighthouseGolf&Spa), which are a natural draw for golf lovers. The 2013 hosting of the golf tournament “*Volvo International Star Championship*” raised the prestige of the destination. The event places the hosts from “Thracian Cliffs” on a very high international and European level with the participation of world-class golfers like Graeme Mcdowell, Tong Hai, Jade, etc. According to a statement made by the Bulgarian Golf Association, the event has been covered by over 250 world sport media and watched by over 1.5 billion of people. Parallel to covering the game, media present the host country history, conditions for tourism and business, sport facilities and the cultural sites of the region. Golf complexes also organize other events to boost the golfers’ sports spirit and attract new guests. Participation is stimulated by preferential rates for accommodation and
offering complementary services. The motive for visiting is sports spirit, the desire to socialize and the chance to win.

Resort complex Albena also holds sports events. Hotels in the complex raise their occupancy rates and earn additional income from the use of sports facilities and equipment. The resort’s sports calendar includes: International tennis tournament “Albenaopen”; International chess tournament; European petanque championship; International women’s tennis tournament form the ITF calendar and many other tournaments and competitions of private companies, sports club teams, etc.

The district of Burgas initiates and hosts a large number of tournaments, the majority of them of local importance, but there are also national events such as beach tennis and beach volleyball for men and women and horse races for the “Cup of Burgas”. The sports events of international importance are a tennis men tournament and a fencing tournament for the “Cup of Burgas”; 64th international cycling tour of Bulgaria; International regatta “BlackSeaBlueCup”. Young adventurous audiences are interested in events such as: Burgas Kite Cup; Wind surf regatta “Flora 2014”; International paragliding tournament – target landing; National Surf Competition – Ahtopol. Sports events in the district address the needs of a specific target market group, that of active sportsmen.

The Bulgarian Black Sea coast concentrates numerous tourist accommodation facilities, suitable for business tourism. The districts of Varna, Burgas and Dobrich account for 39.4% of the tourist beds in the country. NSI data for 2013 quote 2953 accommodation units, where the total for the districts of Varna, Burgas and Dobrich is 1163, with the district of Burgas coming first with 656 accommodation facilities (NSI 2014). Though of smaller share (15.6%), 4-5* accommodation units are available in the destination and they have considerable bed capacity, amounting to 26.1% of total bed capacity, that is, 53 297 beds out of the 203 894 beds in the whole Black Sea region of Bulgaria. High-category hotel complexes have the necessary conference halls and technical equipment to organize and hold business events. The palace of Culture and Sports and the Festival and Congress Centre, which are both situated in Varna, also have long-standing traditions in the organization and staging of business events.

There are relatively few events in the sphere of tourism—“Tourism and Leisure Fair” (until 2008); “Black Sea Tourist Forum”; “Culinary Festival”. A bigger event for the industry is “The Three Keys” fair.

The concentration of beds in the region, combined with the large numbers of foreign tourists (44% of the total for the country, or over 2.5 million), is a prerequisite for increasing the role of event tourism as a means to encourage tourist spending in the destination, overcome the seasonality of employment and upgrade the tourism product. In order to successfully offer event tourism along the Bulgarian Black Sea coast, attractive special events and the relevant superstructure facilities to hold them have to be available. Outstanding examples for the region are the Festival and Congress Centre and the Palace of Culture and Sports in Varna. These are a symbol of the city as an event centre and host some of the most popular events of national and international significance, both in the past and at present.
The Palace of Culture and Sports has various rooms and halls that are suitable for business tourism. The “Congress” hall is multifunctional and can be adapted for the purpose of sports, cultural and business events. Its capacity ranges from 2340 to 2900 seats. The hall has 4 adjacent offices, which are provided as working spaces to organizational committees, federations, supervisors and technical staff. PCS also has smaller rooms of varying size and a sitting capacity of up to 1800 seats (Youth B hall - 36 x 24 meters and height of 12.60 meters; Youth Chall - 36 x 18 meters and height of 12.60 meters; Youth D hall - 30 x 18 meters and 8.70 m high; Hall 20 - 30/18 m, height 4.70 m).

The Palace of Culture and Sports in Varna is a multipurpose complex for congress, cultural and sports activities. Over the years, since its opening in 1968, it has earned a reputation of a national centre for holding nationally and internationally important events. Today facilities are run-down and obsolete and fail to meet the high standards of international music stars, sports federations and teams. The necessary condition for staging special events in the PCS is expanding the capacity of the Congress hall, refurbishing and updating the adjacent rooms, changing rooms, offices, technical equipment (sound and PA systems, multimedia, lighting, etc.). In this aspect it is a positive fact that, as of November 2014, a project for modernization and starting building repair works has been approved.

The Summer Theater of Varna was built in 1956-1957. Initially it had 1600 seats. At the end of the 1960s a balcony was built, which increased capacity to 2400 seats. For decades the Summer Theater stage has been hosting events like the International Music Festival “Varna Summer”, “International Ballet Competition – Varna”, “International Folklore Festival”, pop and rock concerts. The open air theatre is municipal property and is managed by the PCS. It is worth noting the distinctive ambience of the Summer Theater, a result of the open-air stage and the Primorski park that surrounds it. The seasonal nature of this cultural attraction could be overcome by modernization and building an adjustable roof construction.

The Festival and Congress Centre (FCC) – Varna features 11 multipurpose halls with a seating capacity from 50 to 1000, a restaurant, coffee bars and summer terraces, all under one roof and 4000 sq.m area, on the busiest street of Varna. The FCC is a co-organizer of over 10 annual festivals and in 1993 it became the initiator and organizer of the International Film Festival “Love is Folly”. FCC is the Bulgarian ‘face’ in the only pan-European chain of cinema halls EUROPACINEMAS, as well as in prestigious congress organizations like ICCA (based in Amsterdam) and AIPC (Brussels). The complex offers 5 halls of varying capacity, the biggest being Hall 1 (1014 seats) in the small stage variant and 874 seats in the large stage one. Europe Hall is adapted for congress and conference activity, chamber concerts and performances, film shows and festivals (239 seats capacity). The Festival complex hosts press conferences (120 seats capacity); discussions, trainings, presentations, business negotiations, board meetings (30 seats capacity).

The Festival and Congress Center was purposefully built for special events and its main task is to organize and host a variety of events. Built in 1986 and with no
major refurbishment performed so far, it needs an updating of the interior of the building and various rooms and modernization of the existing technical equipment. With its crucial central location and the close proximity of hotels (“Odessos” and “Black Sea”), catering and entertainment facilities, the congress centre possesses a serious potential for turning it into a centre of cultural life for both the citizens of Varna and their guests.

The Sports Centre “Albena” - Bulgaria is one of the largest sports and recreational facilities in this part of the world. Albena offers a wide choice of over 42 sports. The complex has 7 football stadiums, a grass hockey field, 13 outdoor and 3 indoor tennis courts, 21 outdoor and 4 indoor swimming pools, as well as a number of facilities for practicing water sports. There is horse riding on the territory of the complex and an annual riding tournament takes place. The Sports Centre in Albena is a unique combination of sports and recreational facilities and provides an opportunity for organizing and holding both amateur and professional sports events. The poor integration of event attractions in the tourist offering of the complex and lack of innovative thinking prevents the development of event tourism in the Albena resort complex.

Sanatorium and health complex Kamchia possesses modern superstructure for the organization and hosting a variety of sports and cultural events. On the territory of the complex there are hotels, a holiday village and various facilities for sports, recreation and cultural exchange. The multipurpose Atrium Hall of the Longose hotel allows for the staging of theatre performances, festivals, concerts, dance parties, film shows, authors talks, exhibitions. The large 600-seat cinema –and-concert hall with a full scale stage and state-of-the-art sound and lighting equipment is also part of the public area.

Kamchia Sports Complex meets all Olympic standards – a swimming pool, field athletics, ice skating rink, football pitch, training halls and multipurpose outdoor playgrounds for games. The summer amphitheater can sit 2000 spectators. Sanatorium health complex Kamchia is a sole owner joint-stock company registered under the legislation of the Republic of Bulgaria. It is owned by the government of the city of Moscow. Variants need to be sought to enhance the cooperation between the management of the complex and Bulgarian educational institutions, as well as dance, sports and music schools for the purpose of hosting summer creativity camps and special events.

A multifunctional sports hall with a 7 000 seat-capacity is being built in the city of Burgas. The building will rise at the point of entering the city, after the round traffic, where the former military divisions used to be, whose terrain of 23 acres has already been transferred to the municipality by the Ministry of Defense. (Apostolova Y., ‘Standart’ newspaper, 2012). In 2013 a representative course for beach sports was built in Burgas. It is situated on the Central beach and 500 spectator seats have been mounted, as well as powerful lighting and a stage that will also be used for cultural events. The building of such a course allows for the organization of international beach football, volleyball and tennis tournaments. The municipality has also planned other investment projects for improving sport facilities and playgrounds in the context of the initiative “Burgas – European city of sports 2015”. A prize like that is expected to both contribute to social improvement in the well-being of local citizens, but also for attracting the hosting of sports events and thus increase the economic benefits for the municipality.
In conclusion we can summarize, that the researched region is characterized by a wealth of resources for organizing and staging special events. However, at present they mostly meet the needs of the local people or a limited group of tourists. Specialized facilities – the necessary condition for developing event tourism, are outdated and need fundamental reconstruction and updating in order to respond to modern needs. The outlined advantages of tourist beds for hosting business events, of the sports facilities in Albena and Kamchia resort complexes and those in the city of Burgas, as well as the cultural institutions of Varna, are the proof for the suitable conditions for developing event tourism along the Bulgarian Black Sea coast. Cultural resources, specialized superstructure and the rich event calendar are a prerequisite for the extension of the tourist season, motivation for additional visits, multiplication of the economic effect of tourism and sustainable development of the Bulgarian Black Sea coast as a tourist destination.

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CONDITIONS FOR THE DEVELOPMENT OF EVENT TOURISM  
ALONG THE BLACK SEA COAST OF BULGARIA  

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Abstract  

The goal of the study is to identify and assess the present conditions and resources for the development of event tourism on the Bulgarian Black Sea Coast. The richness of the event calendar, the developed facilities, as well as the necessity for their renovation and adaptation to the needs of tourists are principal emphases of the study.  

Keywords: conditions, resources, development, event tourism, Bulgarian Black Sea Coast.