



# Bulgaria

Overview

**EIB INVESTMENT SURVEY**

**2019**



EIB Group survey on investment  
and investment finance 2019  
Country overview

# Bulgaria

## **EIB Group survey on investment and investment finance 2019. Country overview: Bulgaria**

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### **About the EIB Investment Survey (EIBIS)**

The EIB Group Survey on Investment and Investment Finance is a unique, annual survey of some 13.500 firms. It comprises firms in all EU Member States, as well as a sample of US firms which serves as a benchmark. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all Member States of the EU and for the US, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI.

For more information: <http://www.eib.org/eibis>.

### **About this publication**

This EU-wide report is an overview of a series covering each of the EU Member States and the United States of America. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: [eibis@eib.org](mailto:eibis@eib.org)

### **About the Economics Department of the EIB**

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.

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### **Disclaimer**

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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# EIBIS 2019 – Bulgaria

## KEY RESULTS

### Investment Dynamics

Aggregate investment in Bulgaria has been very weak for the past ten years. Investment grew, on average, two-and-a-half times slower than output. Most of this weakness is due to the corporate sector.

Bulgaria has the lowest share of firms investing in the last financial year of all EU countries (67%), though this is similar to all previous waves of the EIBIS. While more firms expect to increase than decrease their investment in 2019, the extent of the difference remains low.

### Innovation Activities

One-quarter of firms (25%) claim to be undertaking some form of innovation activity, compared with the 34% EU average. The share of 'active innovator' firms, actively pursuing both innovation and research and development activity, is also below the EU average (10% versus 19%).

The share of digital firms in Bulgaria does not differ from the EU average. Bulgarian firms excel in digitalisation related to internet of things, whereas they lag in 3-D printing and cognitive technologies.

### Drivers and Constraints

Firms have negative expectations for the political/regulatory climate, and more firms now expect a deterioration than improvement in the economic climate, though EU firms are more pessimistic on both measures on balance. However, expectations regarding business sector prospects and availability of finance remain positive.

Availability of skilled staff and uncertainty about the future remain the two most cited barriers to investment in Bulgaria and the EU.

### Access to Finance

Firms using external finance are on balance satisfied with the amount, cost, maturity, collateral and type of finance received. Overall, dissatisfaction levels are lower compared to the EU average, and peak at 6% of firms dissatisfied with collateral requirements.

One in ten firms (10%) can be considered external finance constrained, higher than the EU average (6%).

### Investment Focus

In the last financial year, 47% of investment was driven by the need to replace existing buildings, machinery, equipment and IT, and 59% of investment was on machinery and equipment.

Looking ahead to the next three years, investment in capacity expansion is most cited as investment priority (selected by 35% of firms).

Reported share of investment in measures aimed at improving energy efficiency is higher than the EU average (16% versus 10%), Share of energy efficient building stock is 38%, close to the 36% EU average.

### Investment Needs

One in five firms (20%) believe they under-invested in the last three years, including 26% of construction and 25% of infrastructure sector firms, but only 14% of firms in the service sector.

More than half of firms report operating at or above maximum capacity in the last financial year (54%, up from 45% in EIBIS 2018), and this is now closer to the EU average of 59%.

### Investment Finance

Share of external finance is 30%, an increase from 23% in EIBIS 2018, though internal funds still make up the majority of investment finance and a higher share than the EU average (69% versus 62%).

Only 8% of all firms in Bulgaria say they are happy to rely exclusively on internal funds or do not have a need for external finance, below the 16% EU average.

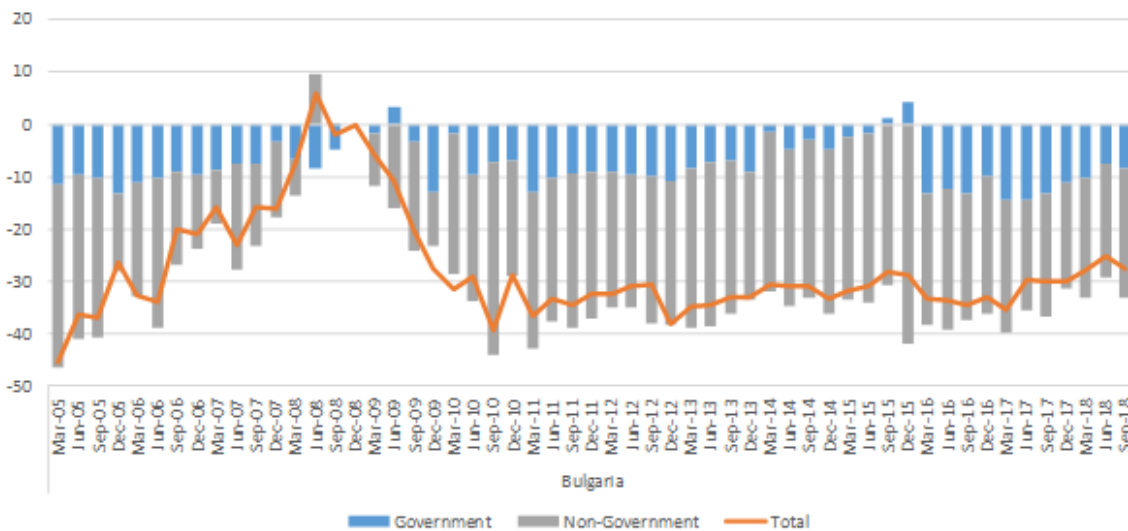
Banks account for 70% of external finance (49% via loans, plus 21% via other forms such as overdrafts and other credit lines), similar to the 72% share in EIBIS 2018, but with the share accounted for by loans increasing from 35% in EIBIS 2018.

# Investment Dynamics

## INVESTMENT DYNAMICS BY INSTITUTIONAL SECTOR

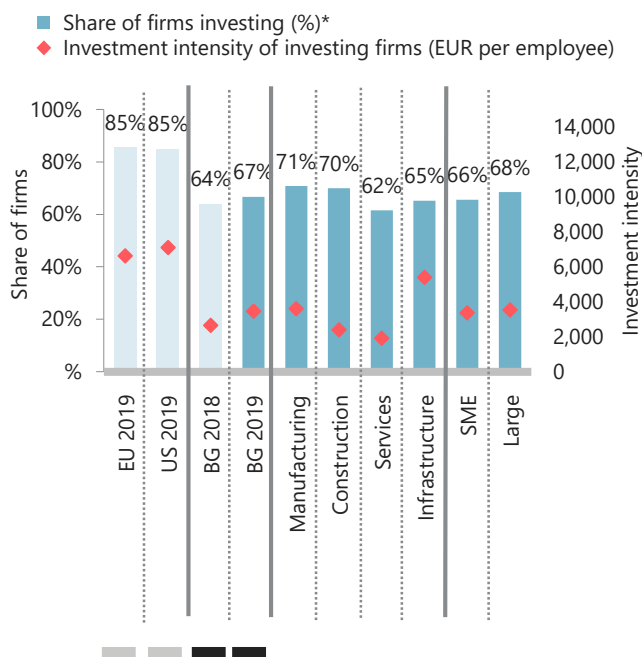
Real investment in Bulgaria increased by less than a half of a percentage point per year, on average over the past ten years. This is considerably lower than average annual growth of GDP of 1.2%.

While investment is weak across institutional sectors, the private sector and, in particular corporations, contribute the most to this investment weakness.



The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by institutional sector. The data has been indexed to equal 0 in Q4 of 2008. Source: Eurostat.

## INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR



Weak aggregate investment is reflected in EIBIS data. Two out of three firms (67%) invested in the last financial year, broadly similar to the 64% recorded in EIBIS 2018. The share of investing firms is the lowest recorded in any EU country, having been the joint lowest (with Greece) in EIBIS 2018.

Firms in the manufacturing and construction sectors (71% and 70% respectively) are most likely to invest, and service sector firms least likely to invest (62%).

Investment intensity (EUR per employee) increased slightly compared to EIBIS 2018, but remains considerably below the EU average.

\*The blue bars indicate the proportion of firms who have invested in the last financial year. A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities. Investment intensity is the median investment per employee of investing firms. Investment intensity is reported in real terms using the Eurostat GFCF deflator (indexed to EIBIS2016).



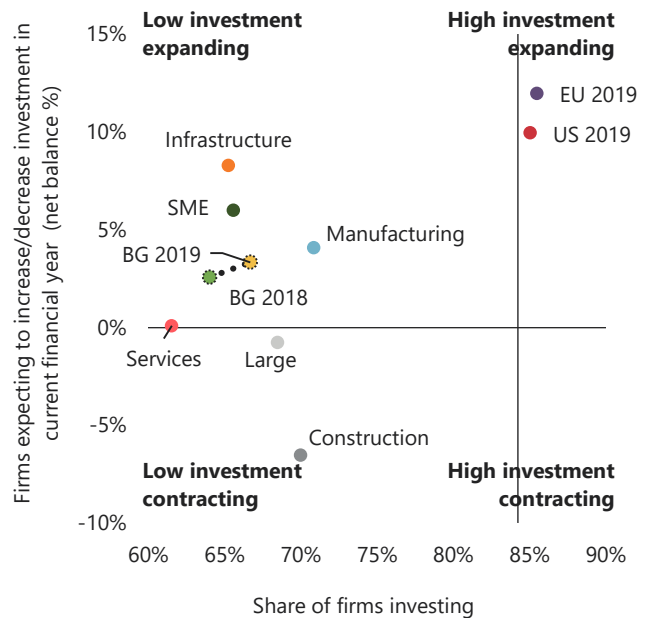
# Investment Dynamics

## INVESTMENT CYCLE

Stagnant investment keeps Bulgaria in the 'low investment expanding' quadrant on the investment cycle.

More firms in the manufacturing and infrastructure sectors expect to increase than reduce their investment in the current year, while the reverse is true in the construction sector.

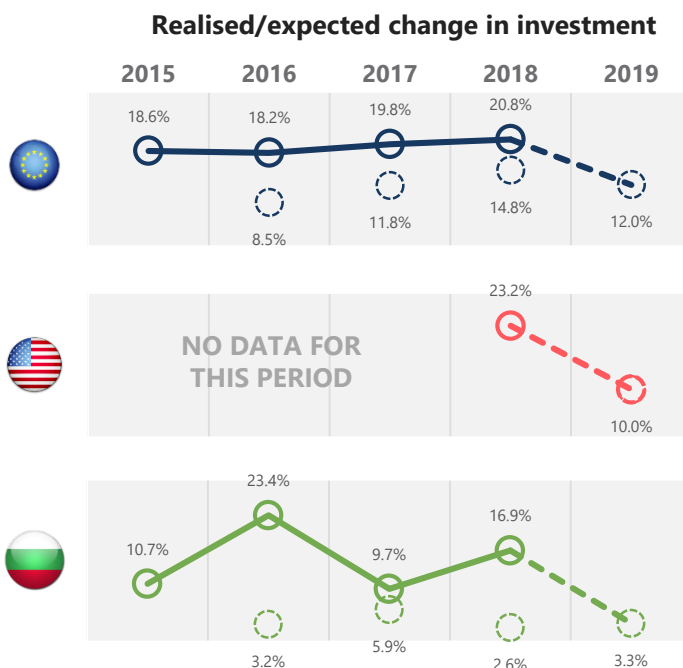
On balance, large firms are now less positive about increasing their investment in the current year (-1% net balance, versus +12% in EIBIS 2018), whereas SMEs are more positive (+6% net balance, versus -4% in EIBIS 2018).



Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

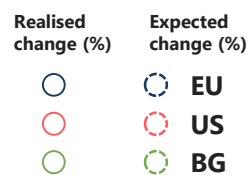
Base: All firms

## EVOLUTION OF INVESTMENT EXPECTATIONS



More firms in Bulgaria increased than reduced their investment activity in the last financial year, with the extent of the difference again exceeding expectations.

In the current financial year, marginally more firms expect to increase than reduce investment, in line with expectations for previous years. Firms in the EU are more positive (+3% versus +12% respectively on net balance).



'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

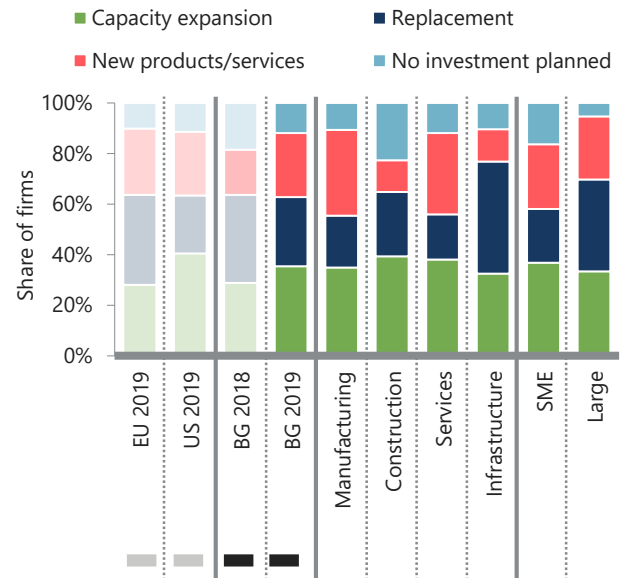
# Investment Focus

## FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, capacity expansion is most commonly cited by firms as their investment priority (selected by 35%), followed by replacing capacity for existing buildings, machinery, equipment (27%).

This is in contrast to the EU average with 36% of EU firms prioritising replacement and 28% prioritising capacity expansion, and a similar turnaround from the EIBIS 2018 findings.

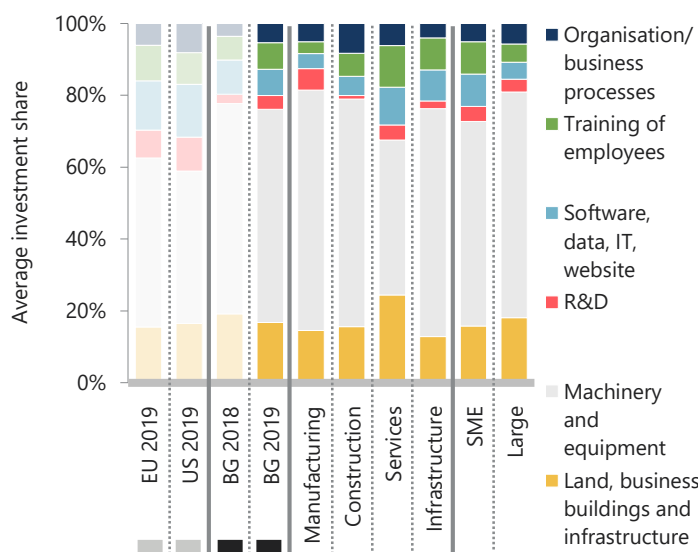
Investment in new products and services is the priority for 25% of firms overall, an increase from 18% in EIBIS 2018. This differs markedly by sector, with 34% of manufacturing and 32% of service sector firms citing it as their priority, compared to just 13% each of firms in the construction and infrastructure sectors.



Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing existing buildings, machinery, equipment, IT; (b) expanding capacity for existing products/services; (c) developing or introducing new products, processes, services?

Base: All firms (excluding don't know/refused responses)

## INVESTMENT AREAS



Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Investment in machinery and equipment retains the highest share of total investment (59%), well above the EU average of 47%. Land, business buildings and infrastructure accounts for the second largest share (17%), and all averages are similar to EIBIS 2018.

Firms allocate significantly lower shares to intangibles such as R&D and software, data, IT and website activities than firms EU-wide.

The service sector has the highest share of investment in employee training (12%) and software, data and IT (10%). Firms in the service sector also report the lowest share of investment on machinery and equipment (43%, versus between 63% and 67% in the other sectors).



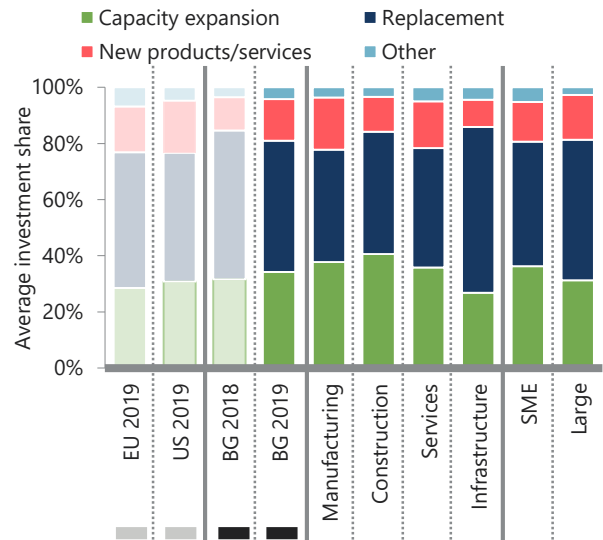
# Investment Focus

## PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR (% of firms' investment)

The largest share of investment in Bulgaria in the last financial year is still driven by the need to replace existing buildings, machinery, equipment and IT (47%, though this is slightly lower than the 53% reported in EIBIS 2018).

Average investment shares are in line with those reported across the EU.

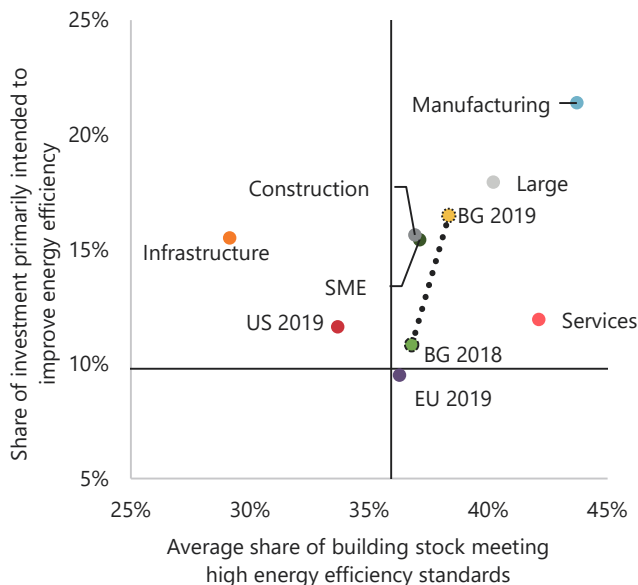
Share of investment in replacement is highest in the Infrastructure sector (59%, versus 40%-44% in the other sectors).



Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

## ENERGY EFFICIENCY INVESTMENT



The share of investment on measures primarily intended to improve energy efficiency is 16%, higher than both EIBIS 2018 (11%) and current EU average (10%).

The average share of building stock perceived to meet high energy efficiency standards is 38%, in line with the EIBIS 2018 and current EU averages (37% and 36% respectively).

Firms in the manufacturing sector report the highest shares on both measures – 21% of investment targeted at energy efficiency measures and 44% of building stock satisfying high energy efficiency standards.

Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

Base: All firms (excluding don't know/ refused responses) / All firms who have invested in the last financial year (excluding don't know/ refused responses)

# Innovation Activities

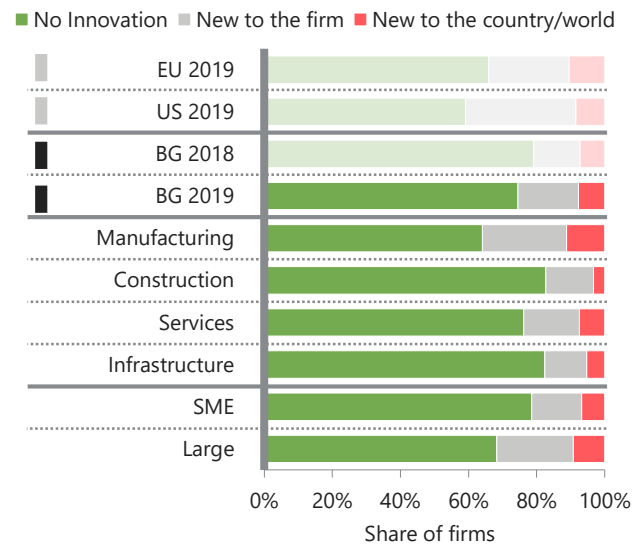
## INNOVATION ACTIVITY

One-quarter of firms (25%) claim to have developed or introduced new products, processes or services in the last financial year. This represents a slight increase since EIBIS 2018 (21%), but is still lower than the EU average (34%).

However, the 8% of firms reporting innovation at national or global level is similar to the 11% of EU firms saying this.

Firms in the manufacturing sector are most likely to innovate (36% overall, with 25% saying the products, processes or services were new to the firm and a further 11% new to the country or world).

Large firms are more likely to report undertaking innovation activity than SMEs (32% versus 22%).

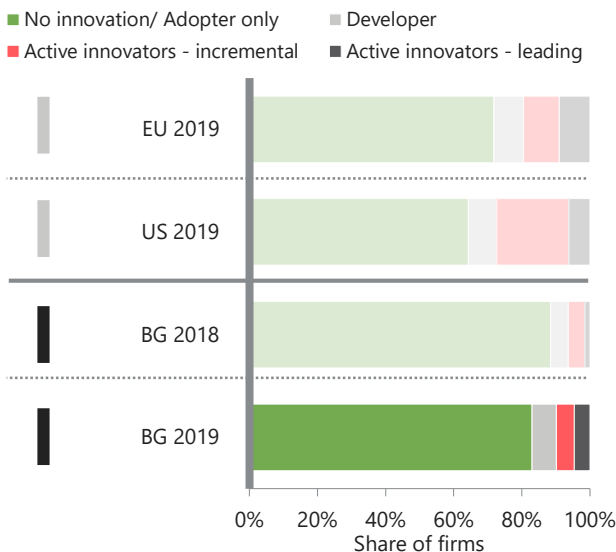


Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Base: All firms (excluding don't know/refused responses)

## INNOVATION PROFILE



Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

Base: All firms (excluding don't know/refused responses)

When innovation and R&D activity is profiled more widely, the share of 'active innovator' firms (actively pursuing both innovation and research and development activity), is also below the EU average (10% versus 19%).

However, this marks an increase from 6% in EIBIS 2018, and the share of 'leading active innovators' (claiming to undertake national or global level innovation, as well as active R&D activity) is now 5% compared with 1% in EIBIS 2018.

The 'No innovation/Adopter only' group comprises firms that did not introduce any new products, processes or services in the last financial year (no innovation) or did so but without any own research and development effort (adopter). 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators' these are new to the country/world'.

# Innovation Activities

## IMPLEMENTATION OF DIGITAL TECHNOLOGIES

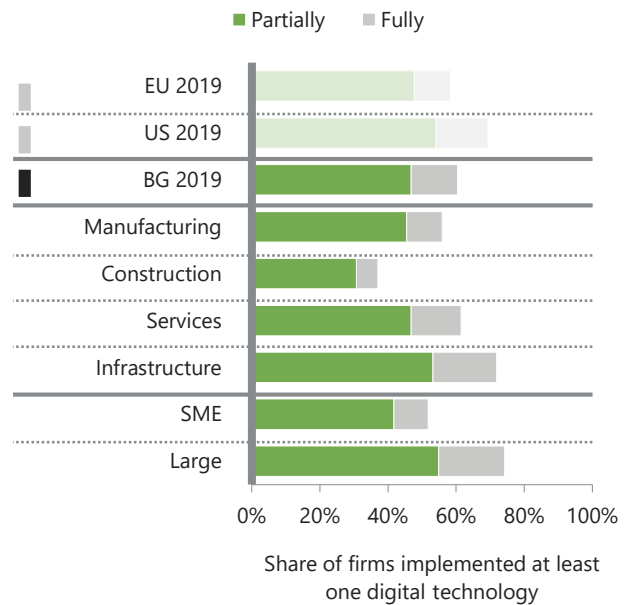
Six in ten firms (60%) say they are implementing at least one of the digital technologies asked about, partially or in full, in line with the EU average (58%). Among firms in Bulgaria, this rises to 74% of large firms and 72% of firms in the infrastructure sector.

Implementation of platform technologies is high in the infrastructure and service sectors (47% and 45% of firms respectively) when compared with the equivalent EU sector averages (40% and 34%).

Adoption of 'Internet of things' matches or exceeds EU sector averages, most notably among firms in the infrastructure and manufacturing sectors. However, manufacturing firms lag the EU sector average in their implementation of 3-D printing, automation via advanced robotics and cognitive technologies. Use of 3-D printing by construction and infrastructure firms, and augmented or virtual reality by construction and service firms, is also lower than the relevant EU sector benchmarks.

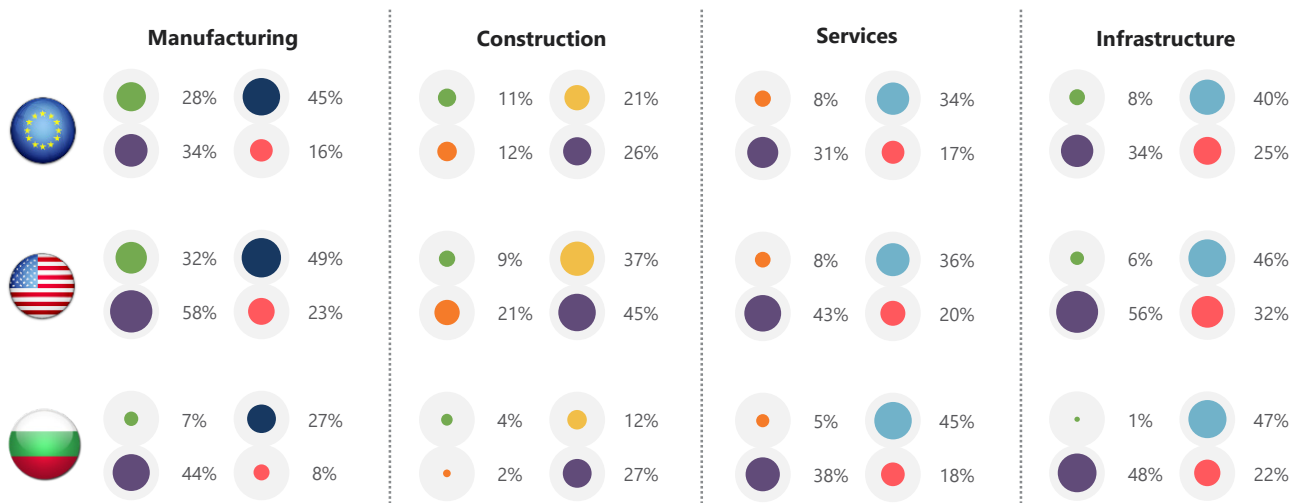
*Q. Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?*

*Base: All firms (excluding don't know/refused responses)*



## DIGITAL TECHNOLOGIES BY SECTOR

- 3-D printing
- Automation via advanced robotics
- Internet of things
- Cognitive technologies
- Augmented or virtual reality
- Drones
- Platform technologies



*Reported shares combine implemented the technology 'in parts of business' and 'entire business organised around it'*

*Base: All firms (excluding don't know/refused responses)*

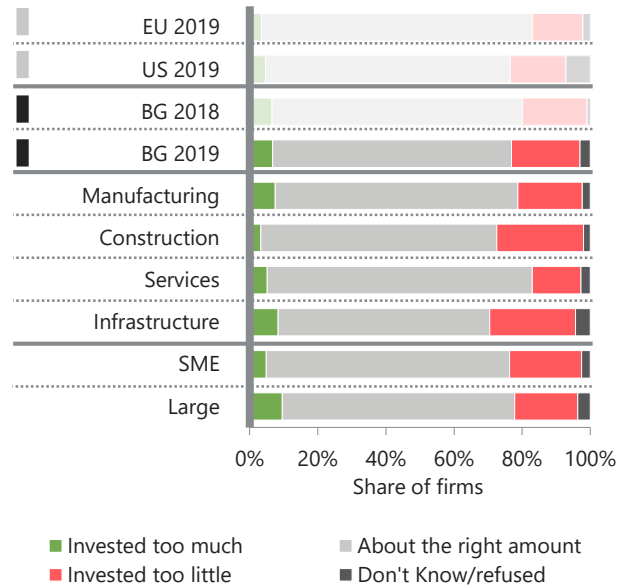
# Investment Needs

## PERCEIVED INVESTMENT GAP

Seven in ten firms believe their investment over the last three years was about the right amount (70%), though the equivalent share of all EU firms is 80%.

One in five firms (20%) say they under-invested in the last three years. This is similar to the 19% of firms reporting this in EIBIS 2018), but remains above the EU average (15%).

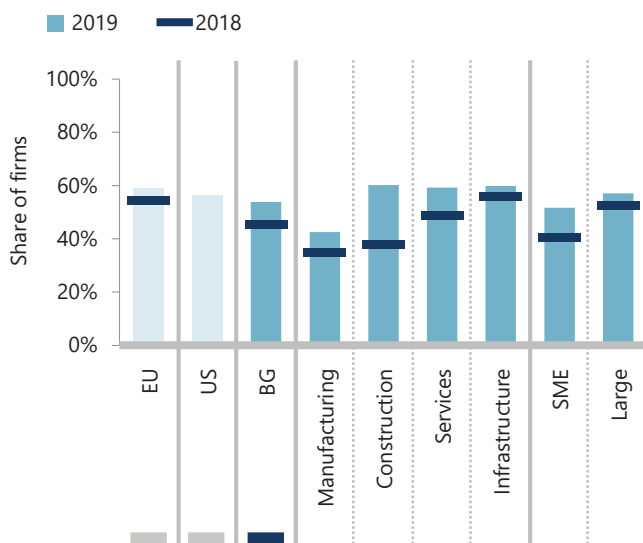
Firms in the construction and infrastructure sectors are most likely to say they invested too little (26% and 25% respectively), and service sector firms are least likely to say this (14%).



Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

## SHARE OF FIRMS AT OR ABOVE FULL CAPACITY



Full capacity is the maximum capacity attainable under normal conditions e.g. company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

Base: All firms

Just over half of firms (54%) report operating at or above maximum capacity in the last financial year. This is higher than the 45% of firms claiming this in EIBIS 2018, and the gap with the EU average (59%) is now smaller.

Firms in the construction sector account for much of the increase, with 60% saying they are at or above full capacity compared with 38% in EIBIS 2018. The manufacturing sector still has the lowest share of firms reporting to be at or above capacity (42%).

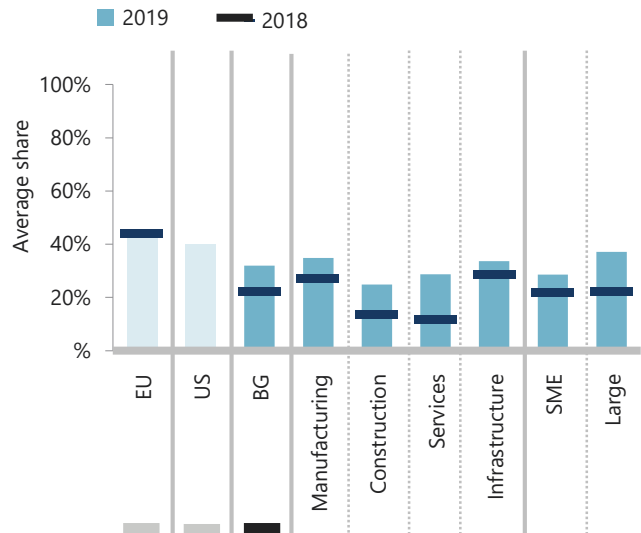
# Investment Needs

## SHARE OF STATE-OF-THE-ART MACHINERY

The average share of machinery and equipment that is perceived to be state-of-the-art has increased to 32% (from 22% in EIBIS 2018), but remains below the EU average of 44%.

Large firms report a higher share of state-of-the-art machinery than SMEs (37% versus 29% respectively).

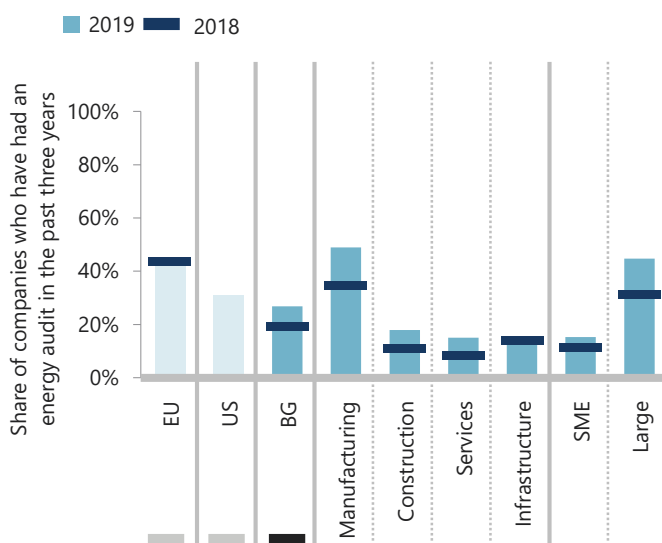
By sector, manufacturing firms (35%) and infrastructure firms (34%) report the highest average shares, and construction firms the lowest (25%).



Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

Base: All firms (excluding don't know/refused responses)

## ENERGY AUDIT



Just over one-quarter of firms (27%) claim they have had an energy audit in the past three years. While this is considerably higher than the 19% of firms reporting the same in EIBIS 2018, Bulgaria remains well below the average of 43% of all EU firms.

Firms in the manufacturing sector remain much more likely to say they have had an energy audit (49%, compared to between 15% and 18% of firms in the other sectors).

Large firms also remain much more likely than SMEs to report having an energy audit in the past three years (45% versus 15% respectively).

Q. Can I check, in the past three years has your company had an energy audit? By this I mean an assessment of the energy needs and efficiency of your company's building or buildings?

Base: All firms (excluding 'Company didn't exist three years ago' responses)

# Drivers And Constraints

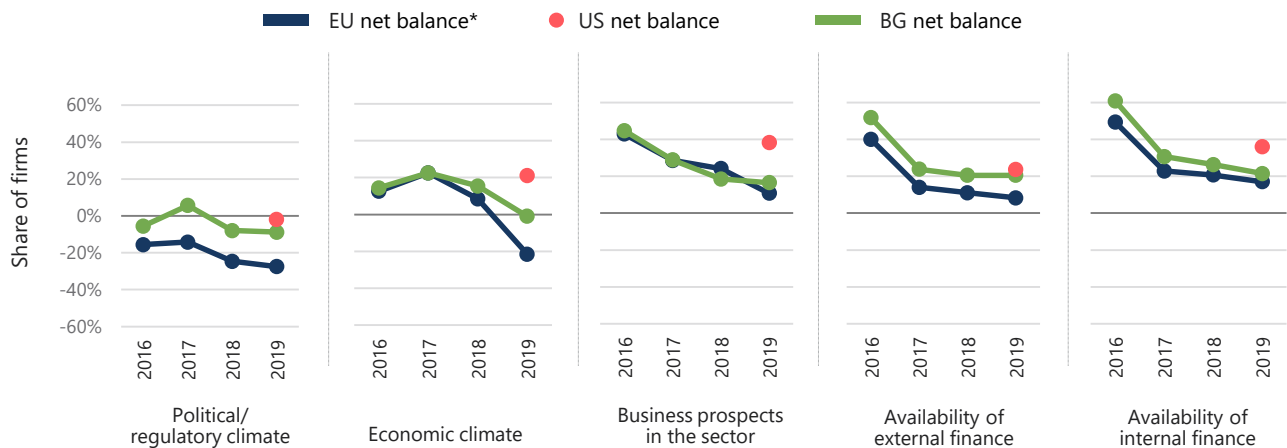
## SHORT TERM INFLUENCES ON INVESTMENT

Marginally more firms in Bulgaria expect the economic climate to deteriorate than improve in the next twelve months, in contrast to EIBIS 2018, though EU firms are much more pessimistic.

Firms in both Bulgaria and the EU overall remain

pessimistic about the political/regulatory climate, though again EU firms are more pessimistic.

Expectations regarding sector business prospects and availability of external or internal finance remain positive and in line with the EU averages.

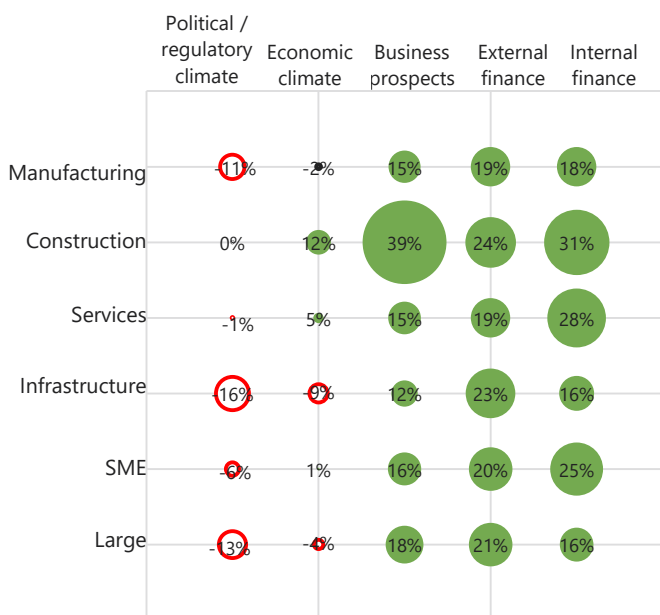


Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

\*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

## SHORT TERM INFLUENCES BY SECTOR AND SIZE (NET BALANCE)



Q. Do you think that each of the following will improve, stay the same, or get worse over the next 12 months?

Base: All firms

There is a wide spread of opinion regarding how the economic climate may evolve in the next twelve months. Firms in the infrastructure sector are most negative on balance (-9%), while construction firms are most positive (12%).

Large firms and firms in the infrastructure and manufacturing sectors are most negative about the political and regulatory climate.

All types of firm are positive about sector business prospects and internal and finance availability, with construction firms the most optimistic – most notably so regarding their business prospects during the year ahead.

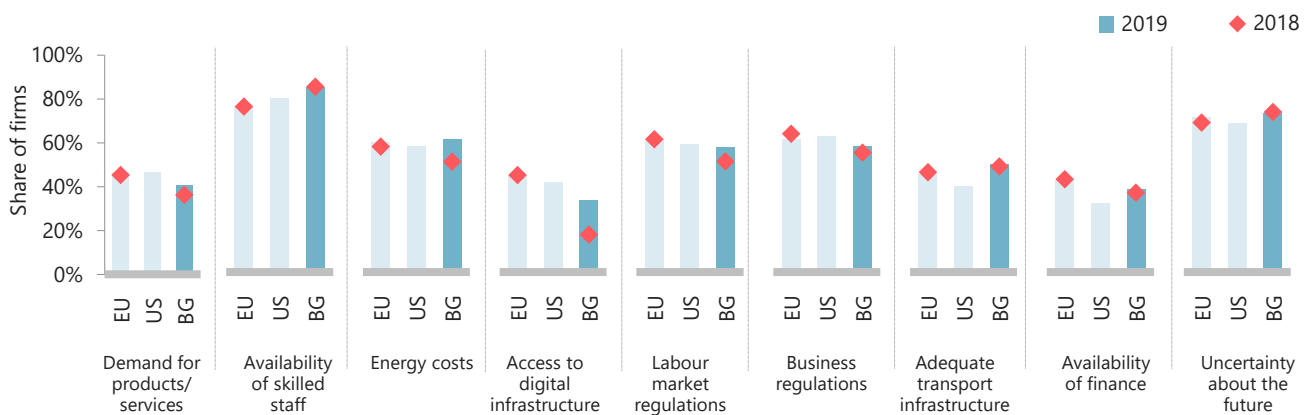


# Drivers And Constraints

## LONG TERM BARRIERS TO INVESTMENT

Availability of skilled staff and uncertainty about the future remain the two most cited barriers to investment in Bulgaria (by 86% and 74% of firms respectively) and also EU-wide (by 77% and 72% of firms respectively). These shares are all similar or identical to the shares recorded in EIBIS 2018.

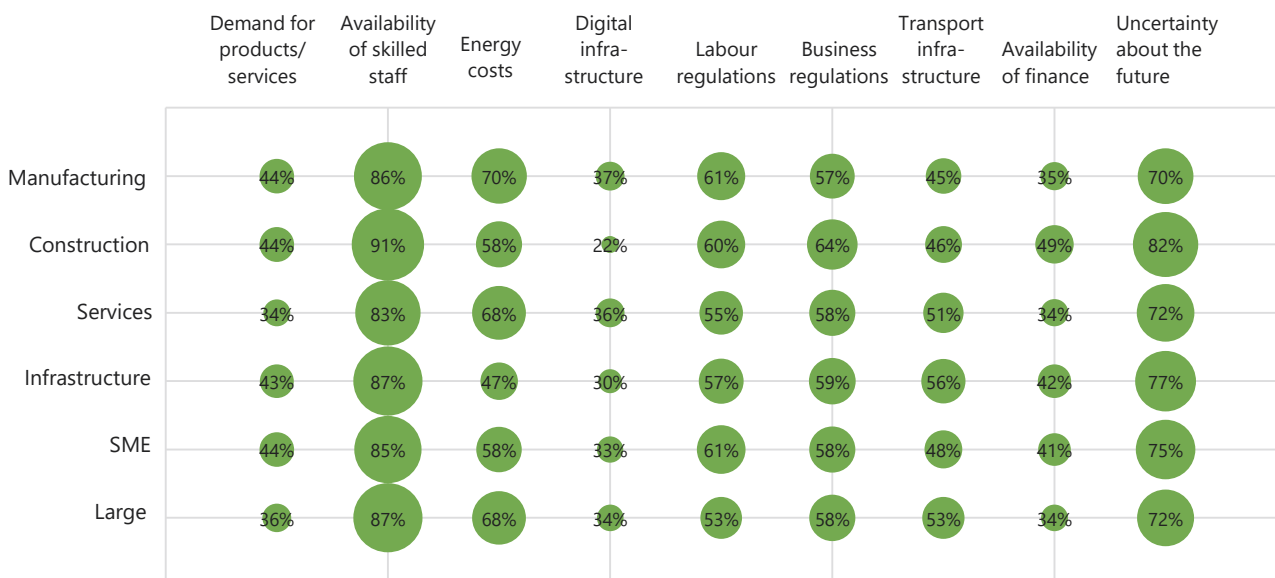
The next most commonly mentioned barrier is energy costs (62%). However, 70% of firms in the manufacturing sector, 68% of service sector firms and 68% of large firms say this, compared with only 47% of firms in the infrastructure sector and 58% of both construction firms and SMEs.



Q. Thinking about your investment activities in Bulgaria, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

## LONG TERM BARRIERS BY SECTOR AND SIZE



Reported shares combine 'minor' and 'major' obstacles into one category

Q. Thinking about your investment activities in Bulgaria, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

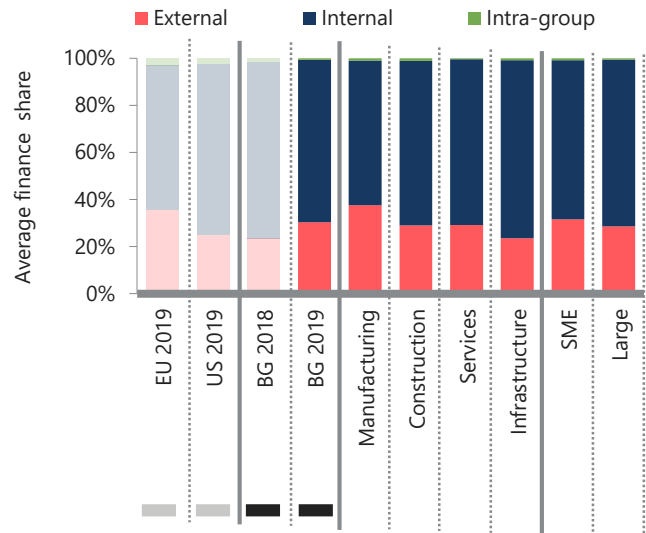
# Investment Finance

## SOURCE OF INVESTMENT FINANCE

Internal funds still account for by far the highest share of investment finance (69%). This remains above the EU average of 62%.

However, the share of external finance has increased to 30%, from 23% in EIBIS 2018.

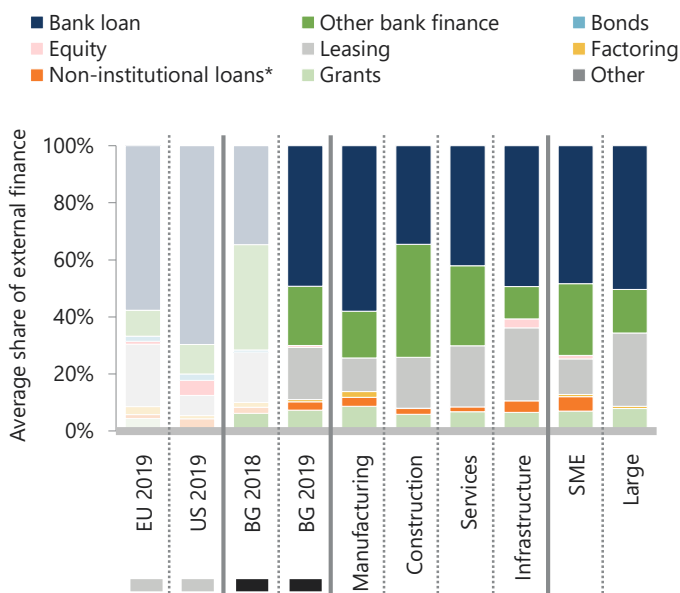
Manufacturing firms report the highest average share of external finance (38%), and it is lowest in the infrastructure sector (24%).



Q. What proportion of your investment was financed by each of the following?

Base: All firms who invested in the last financial year (excluding don't know/refused responses)

## TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Q. Approximately what proportion of your external finance does each of the following represent?

\*Loans from family, friends or business partners

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Bank loans account for the highest share of external finance (49%), followed by other types of bank finance such as overdrafts and other credit lines (21%) and leasing and hire purchase (18%).

The 70% overall share of bank finance is in line with the 72% recorded in EIBIS 2018, but then bank loans (35%) accounted for a lower share and other types of bank finance (37%) accounted for a higher share.

Construction firms still report a lower than average share of bank loans (35%) and higher than average share for other bank finance (40%).

The overall share of bank finance is similar to the EU average (70% versus 67%).

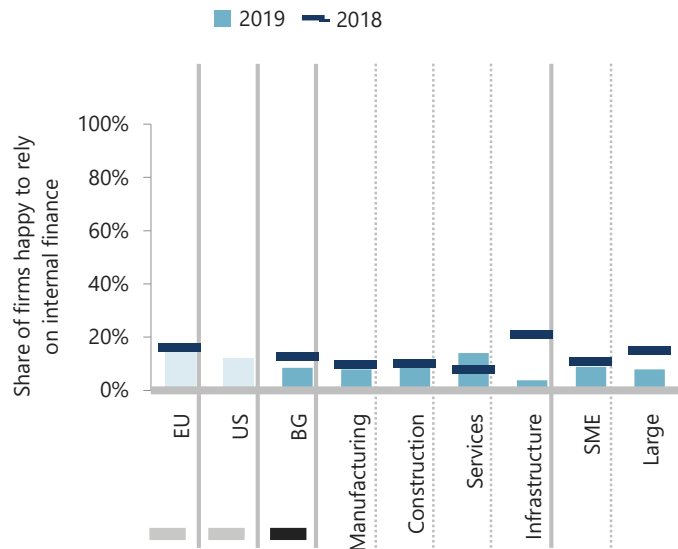
# Investment Finance

## SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT

Only eight per cent of all firms in Bulgaria say the main reason for not applying for external finance is because they are happy to rely on internal finance or do not have a need for the finance.

This is lower than the EU average of 16%, but only slightly lower than the equivalent share of 13% of firms reporting this in EIBIS 2018.

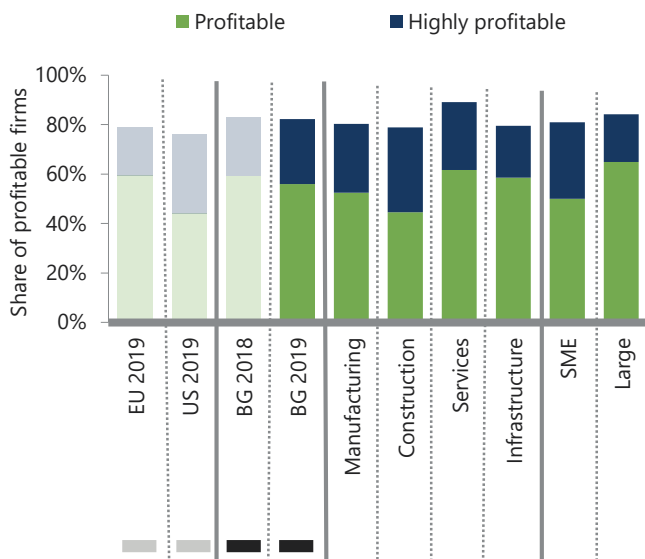
The proportion of firms in the infrastructure sector saying they are happy to rely exclusively on internal sources of finance has declined to 4%, and is now the lowest share of all sectors.



Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance

Base: All firms

## SHARE OF PROFITABLE FIRMS



Around eight in ten firms in Bulgaria (82%) and EU-wide (79%) report making a profit in the last financial year.

One in four firms in Bulgaria (26%) report being highly profitable, defined as a profit level 10% of turnover or higher. This is higher than the EU average of 20% of firms.

Within Bulgaria, firms in the service sector are most likely to report generating any profit (89%), whereas construction firms (34%) and SMEs (31%) are most likely to say they are highly profitable.

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover of 10% or more

Base: All firms (excluding don't know/refused)

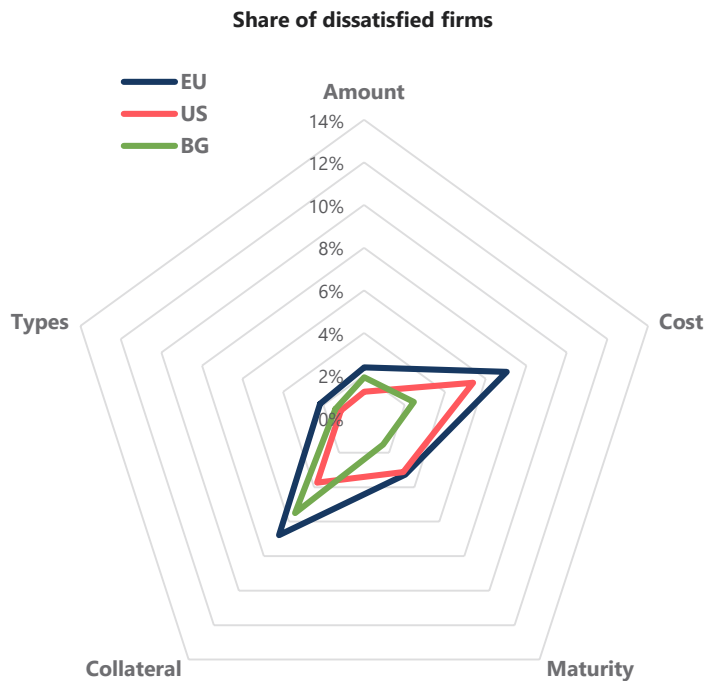
# Access To Finance

## DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance are on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

Overall, dissatisfaction levels reported by firms in Bulgaria are lower compared to the EU averages.

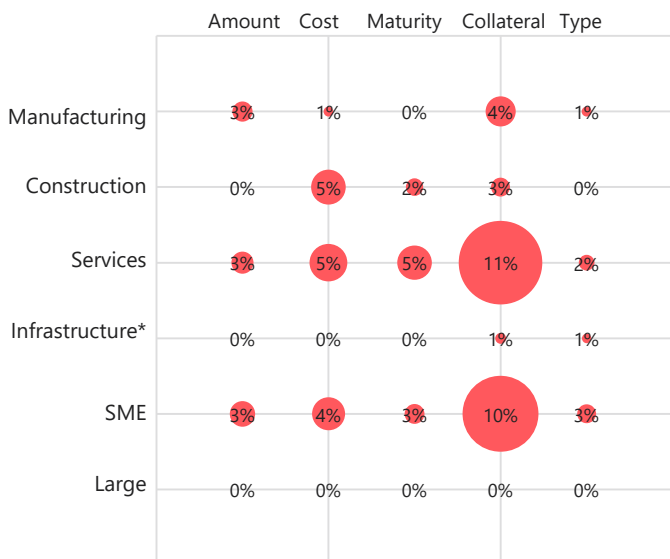
The highest proportion of dissatisfaction in Bulgaria is 6% of firms reporting dissatisfaction with collateral requirements.



Q. How satisfied or dissatisfied are you with ...?

Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

## DISSATISFACTION BY SECTOR AND SIZE



One in ten SMEs are dissatisfied with the collateral requirements asked of them, although still the overwhelming majority are satisfied.

Similarly, the 11% of service sector firms reporting dissatisfaction with collateral requirements is the only instance of the proportion of dissatisfied firms exceeding 5%.

Q. How satisfied or dissatisfied are you with ...?

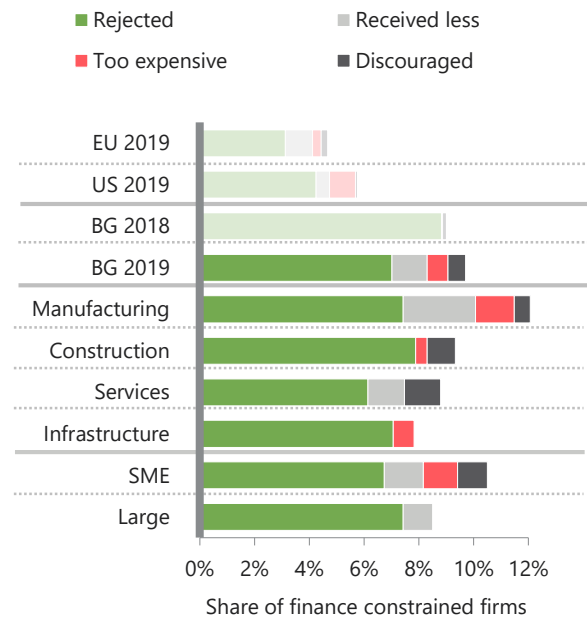
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

\* Caution very small base size less than 30

# Access To Finance

## SHARE OF FINANCE CONSTRAINED FIRMS

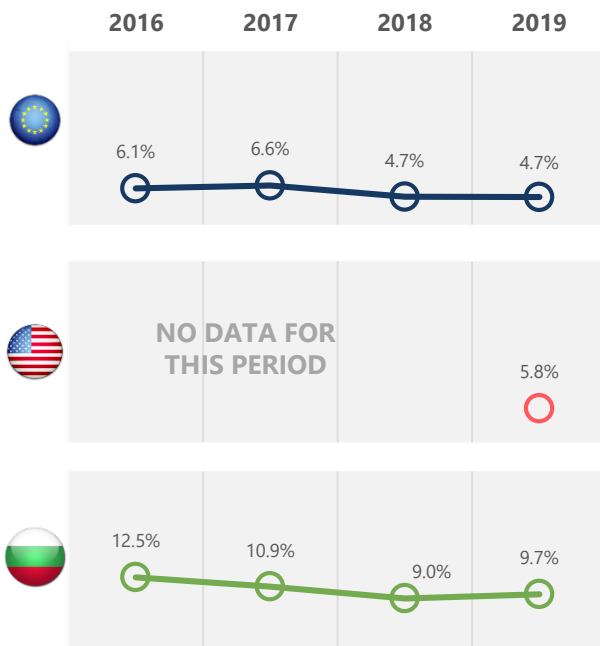
The share of firms that can be considered external finance constrained in Bulgaria is 10%, similar to the 9% share in EIBIS 2018 and still higher than the EU average (5%). Firms in the manufacturing sector and SMEs (12% and 11% respectively) are most likely to be finance constrained, and this also applies to 17% of firms that did not invest in the last financial year. This is a marked increase compared with EIBIS 2018 when only 4% of non-investing firms were financially constrained.



Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

Base: All firms

## FINANCING CONSTRAINTS OVER TIME



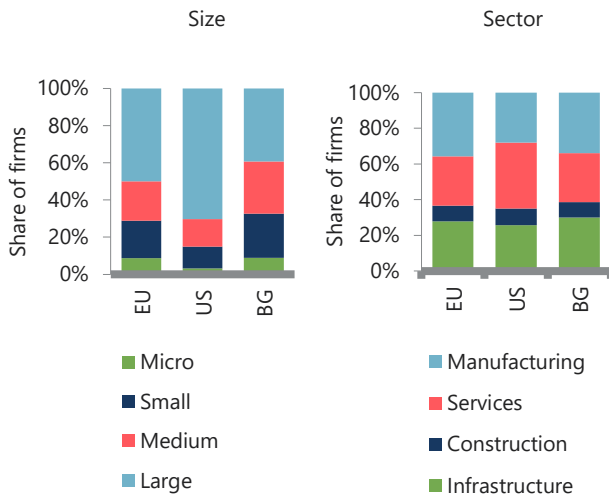
Data derived from the financial constraint indicator

Base: All firms

The share of external finance constrained firms in both Bulgaria and across the EU has slightly decreased over time. Firms in Bulgaria are consistently more likely than the EU average to be constrained. This reflects a relatively underdeveloped financial sector.

# Profile Of Firms

## CONTRIBUTION TO VALUE ADDED



The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

Base: All firms

Large firms with 250+ employees account for the greatest share of value-added in Bulgaria (39%), though this is below the EU average (50%).

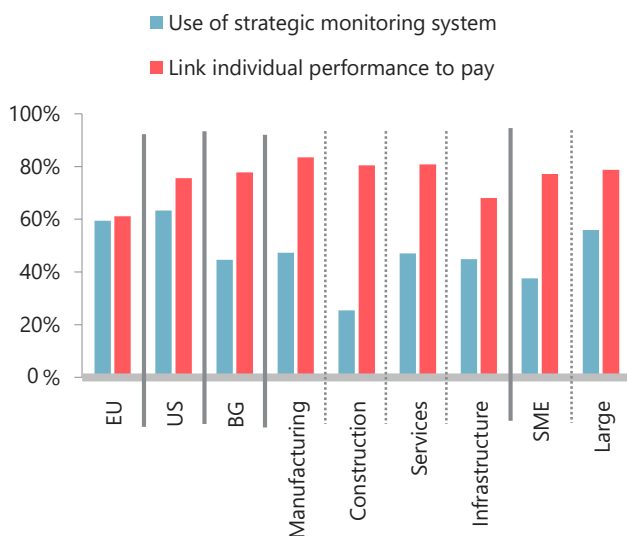
The manufacturing and infrastructure sectors contribute the largest share of value-added (34% and 30% respectively), similar to EU averages.

More than three-quarters of firms in Bulgaria report linking individual performance to pay, which is above the EU average (78% versus 61%).

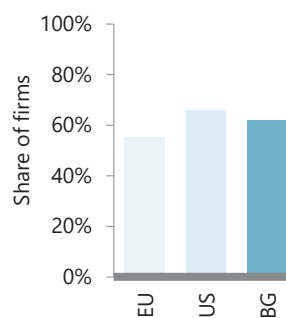
In contrast, fewer than half of firms use a formal strategic business monitoring system (45%), whereas 60% of all EU firms report doing this.

More than half of firms report being owner-managed (62%, above the EU average of 55%), while 92% of firms in both Bulgaria and EU-wide say their CEO or company head has at least ten years of experience in the relevant sector.

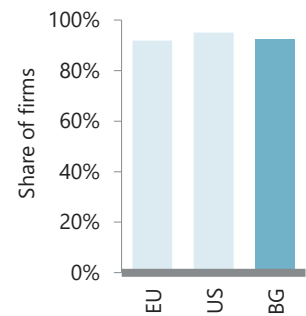
## FIRM MANAGEMENT



### Owner managed



### 10 years+ industry experience



Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?

Base: All firms (excluding don't know/refused)

Q. Does the CEO/ company head of your firm (a) own or control the firm, or have a family member that owns/controls it (b) have more than 10 years of experience in your firm's industry or sector?

Base: All firms (excluding don't know/refused)



# EIBIS 2019 – Country Technical Details

## SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in Bulgaria, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	BG	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs BG	Manuf vs Constr	SME vs Large
	(12672)	(803)	(481)	(141)	(114)	(112)	(110)	(391)	(90)	(12672 vs 481)	(141 vs 114)	(391 vs 90)
10% or 90%	1.0%	2.9%	2.7%	4.6%	5.0%	5.3%	5.4%	2.8%	5.4%	2.9%	6.8%	6.0%
30% or 70%	1.5%	4.4%	4.1%	7.0%	7.7%	8.1%	8.2%	4.3%	8.2%	4.4%	10.3%	9.2%
50%	1.7%	4.8%	4.5%	7.6%	8.4%	8.8%	9.0%	4.6%	8.9%	4.8%	11.3%	10.0%

## GLOSSARY

<b>Investment</b>	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
<b>Investment cycle</b>	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
<b>Manufacturing sector</b>	Based on the NACE classification of economic activities, firms in group C (manufacturing).
<b>Construction sector</b>	Based on the NACE classification of economic activities, firms in group F (construction).
<b>Services sector</b>	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
<b>Infrastructure sector</b>	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
<b>SME</b>	Firms with between 5 and 249 employees.
<b>Large firms</b>	Firms with at least 250 employees.

# EIBIS 2019 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 481 firms in Bulgaria (carried out between March and June 2019).

**BASE SIZES** (\*Charts with more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2019/2018	US 2019	BG 2019/2018	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 8, p. 10, p. 13, p. 15, p. 16	12672/12355	803	481/476	141	114	112	110	391	90
All firms (excluding don't know/refused responses), p. 2	11967/11790	711	456/464	134	112	100	106	373	83
All firms (excluding don't know/refused responses), p. 6*	8802/9095	516	318/358	99	80	67	70	255	63
All firms (excluding don't know/refused responses), p. 7*	12533/NA	800	479/NA	138	112	110	105	391	88
All firms (excluding don't know/refused responses), p. 9	12216/11952	778	476/468	140	114	110	108	388	88
All firms (excluding don't know/refused responses), p. 13	10980/10865	605	384/397	116	95	84	86	311	73
All firms (excluding don't know/refused responses), p. 16*	12201/NA	762	455/NA	132	107	105	107	373	82
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10005/10126	620	347/378	105	89	73	78	278	69
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5*	10188/10004	624	378/376	112	92	82	83	299	79
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9407/9030	587	361/351	107	94	80	77	287	74
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4426/4212	245	159/134	55	36	39	28	119	39
All firms (excluding those who did not exist three years ago), p. 8	12640/12335	802	481/476	141	114	112	110	391	90
All firms (excluding those who did not exist three years ago), p. 9	12640/12335	802	481/476	141	114	112	110	391	90
All firms (data not shown for those who said not an obstacle at all/don't know/refused), p. 11	12672/12355	803	481/476	141	114	112	110	391	90
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 12	4578/4323	255	169/144	57	39	40	32	129	40





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# Bulgaria

## Overview

# EIB INVESTMENT SURVEY

# 2019