

# Table of Contents and Summaries

## Articles

### **Financial Risk of Public Joint-stock Companies in Conditions of Financial Crisis**

**Margarita Aleksandrova**

The article is devoted to the clarification of the nature of company's risk and the factors which define it. The operational as well as the financial risk have been taken into consideration. The influence of the debt on the financial company risk has been thoroughly investigated. The statement that the financial risk is due to the whole interest debt, but not only to the long-term one, is firmly sustained. The arguments in favour of this standpoint are as follows:

- The analysis has shown, that the net profit changes to various degree depending on the size of the interest rates as financial costs, regardless of their relation to long-term or short-term credits.
- Quite frequently companies use short-term credits, which they constantly renew and in doing so, ensure their long-term resources.
- The short-term interest debt is permanently present during financing the activity and cannot be easily regulated in accordance with the changing market situation.

The debatable issue of defining the relative share of the debt has been considered as well. In this connection it has been emphasized that within the analysis of the company risk the fluctuations of the net profit have been studied, calculated on the basis of accounting principles. The actual credit interest rates have been taken into consideration. It appears as obvious that the capital structure should be estimated on the basis of accounting information.

In favour of this point of view are also the two following arguments:

- the market values are rather changeable and affected by the state of the whole capital market (this is obvious in the conditions of financial crisis)
- a small number of companies are public joint-stock companies with a market value of their shares or debt instruments. The great deal of the companies have either a different legal form of organization, or are not public; or they are public, but do not conduct active trading of their stocks and shares. For all those companies using market values would mean recalculating accounting values through actual rate of return. Such an approach might contain a risk of inaccuracy and distortion of evaluation.

On the basis of the implemented analysis in the first part it has been emphasized that the financial risk is an additional risk, which originates from the use of the interest debt. There should be expected that in the conditions of financial crisis companies will aim at reducing financial risk and counteraction to the global economic instability.

The article contains analysis of the capital structure of public joint-stock companies in Bulgaria for the period from 2006 to 2010.

The analysis has been carried out for a period, which includes two years before the start of the crisis, as well as the years of 2009 and 2010, during which a change of the capital structure should be expected. Public joint-stock companies have been selected to participate in BG 40.

The analysis shows that in times of economic crisis during the research period, there has been showed no clear downward trend in the share

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of debt interest in the capital of companies. It has been established that in large and medium-sized, as well in small and micro enterprises, changes in the capital structure do not appear as unidirectional. Only a fraction of companies have managed to offset rising business risk in the times of crisis by reducing financial risk.

**Key words:** company's risk, short-term credits, capital market, capital structure of public joint-stock companies.

**JEL:** G32.

### **Separate Commuting with a General Operator of Integral Type in the Multidimensional Case**

**Miryana Hristova**

Some results from author's previous publications are generalized in the case of several complex variables. The separate commuting with a general linear operator is considered in the cases when the components of the operator preserve the powers, when increase the powers, and in the mixed case when the powers are preserved by some components and increased by other ones.

**Key words:** commutant of a linear operator.

**JEL:** C65, C69.

### **Process Approach in the Development and Improvement of Production Management**

**Dinka Milcheva**

In the establishment and development of the management systems relevant are the approaches and methods used. As the systems themselves and the approaches and methods undergo continuous modification and improvement. These processes are directly related to development, the scientific justification of the approaches and means by which they are used. Approaches are created for those who already have a business and must manage it and for training others that will create one. In the process of development is usually performed convergence between the already existing and

new formulated approaches in the management, but in most cases, the approaches are not addressed directly to a group of systems or specific subject which requires their adaptation in their immediate application.

In this paper on the basis of comparative analysis of the major contemporary approaches in the management are considered issues connected with application of the process approach and its implementation in production management as part of the overall management of the enterprise. The impact of the process approach is examined in order of integrating the functions of the management and the implementation of process approach in the management of the enterprise in coordination with the fundamental principles for building the organizational systems.

**Key words:** process approach, system approach, functional approach, situational approach, production management.

**JEL:** L52; M52; D2.

### **The Need for Industrial Policy in Bulgaria**

**Paskal Zhelev**

The article's subject of study is industrial policy – the concept, the reasons for resurrected interest in it in recent years, its theoretical justification and the principles of successful industrial policy. It is argued that the resolution of Bulgaria's economy specific problems requires the adoption of active industrial policy.

**Key words:** industrial policy, structural transformation, Bulgaria.

**JEL:** O14, L52.

### **The Concept of Interest in Legal Regulation**

**Svetla Marinova**

The article focuses on a main concept, subject-objective concept of legal interest. The concept is mixed, it concludes heterogeneous components (cognitive, valuation, volitional). All

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them are elements of human consciousness. The value in the concept of interest is a point of intersection. Between subjective and objective like attitude of people to the social reality. The valuation determine the social ground to the motive and aim as a component of the consiousness ant the process of decision making.

**Key words:** interest, subject-objective concept of legal interest, values and estimates, human consciousness.

**JEL:** K10.

### New Aspects in the Assessment of Civil Servants

**Tanya Georgieva**

In recent years the Bulgarian Government and the Bulgarian public administration have been faced with a number of challenges to modernise and make the civil service professional, ethically oriented and fully focused on providing good services to citizens. The state governance is increasingly been focused on overcoming the tendency human resources in the public administration to be perceived as "expenditure" that have to be cut rather than as an "asset" that has to be developed and improved. Precisely this new concept and philosophy of state governance called for the implementation of administrative reform in the public administration by prioritising the improvement of the quality of services provided to citizens through enhancing the motivation of employees and improving their knowledge, skills and conduct when performing their duties. The administrative reform processes required amendments to some of the existing primary and secondary legislation such as the Civil Servants Law, the Administration Law, the Ordinance on the Terms and Procedure for Performance Appraisal in the Public Administration and others.

The subject of this article is the new

framework of competences which is an element of the Ordinance on the Terms and Procedure for Performance Appraisal in the Public Administration<sup>1</sup>. The aim of the article is to analyse the new framework of competences, its purpose and application in the Bulgarian public administration.

The article is elaborated in four parts. The first part analyses the theoretical basis of performance appraisal. The second part lists the more substantial amendments to the Ordinance on the Terms and Procedure for Performance Appraisal in the Public Administration. The third part describes the new framework of competences. In the fourth part of the article some basic conclusions are drawn and recommendations are made concerning the application of the new framework of competences.

**Limitations:** The analysis is focused on the newly introduced framework of competences for the employees in the Republic of Bulgaria public administration.

**Key words:** framework of competences, behavioural competences, employee behaviour model, performance management, position performance appraisal, administration.

**JEL:** J02, J24, J33, M1.

### Some Problems to Provide Conditions for the Implementation of Representative Samples

**Dragomira Belcheva**

This paper is devoted to some main problems and dilemmas, related to probability samples' modeling and implementation in surveys conducted in Bulgaria. The focus is on the imperfections in the sampling frame and related difficulties with selecting probability samples. Some modifications in the classical probability sample models are proposed

<sup>1</sup> Ordinance on the Terms and Procedure for Performance Appraisal in the Public Administration, adopted by Decree of the Council of Ministers No. 129 of 26.06.2012, promulgated, SG, No. 49 of 29.06.2012, effective as of 1.07.2012.

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with respect to adjust them to the resources available for the survey. The main advantages and disadvantages of these models are examined. An original model of area sample is presented. It uses a random sample of geographical coordinates to prepare a sample of individuals. It is appropriate for sample of individuals living in unregulated areas where no administrative structure is available.

**Key words:** sample, probability sample, imperfect frame.

**JEL:** C49.

### Discussion

**From THE END OF HISTORY to THE DEATH OF THE FUTURE Which is Hardly without an Alternative**

**Velcho Stoyanov**

"Two variants of the future exist – the Dream and the Fate"

M. Laitman, E. Laslo, members of the World Wisdom Council

Proceeding from the words the well-known Bulgarian political scientist Ivan Kristev (carried by the Dnevnik newspaper of Nov. 19, 2012) that Fukuyama's "the end of the future" has been transformed into "the death of the future," the present article argues that:

- Firstly, there is a close connection between "the end of the future" and "the death of the future."
- Secondly, neither Fukuyama nor Ivan Kristev or even Oswald Spengler with his statement of the decline of the west, have spawned an idea of any originality. They are just followers of Friedrich Nietzsche who, as early as 1888, wrote in his *Der Wille zur Macht* that for centuries the world had been heading for a catastrophe.
- Thirdly, neither "the end of history" nor "the death of the future" can support the assertion that the future has no alternative. Not grounded in reality, the above idea is of

ideological rather than of historical value since it runs counter to the theory of relativity, and not only to it.

**Key words:** market; liberalism; capitalism; socialism-communism; Keynesian economics; the middle road; intellectual and cultural crisis; sub-culture; cosmos; natural science laws; polis; social laws; morality; ethics; ethos; individualism-selfishness –hedonism; universal law of altruism; post-socialist and post-capitalist constellation.

**JEL:** A13, A14, A20, B10, B20, A40.

**The Concept of "Eastern (Hydro-engineering) Society (Civilization)" of Karl Wittfogel**

**Marcho Markov**

The paper presents the concept of Eastern society, called hydro-engineering civilization. Its creator was Karl Wittfogel – American historian of German origin who consistently travels from a Marxist to believe one of the most original work-institutionalized thinkers. It was traced the life and career of the scientist, the formation of his views, his discussions with other researchers, most of the twentieth century. It was analyzed the stages of the development of his concept for the Eastern despotism, types of irrigation societies, characteristics of the three types of autocratic regimes, total power, Asian and no-Asian production system. Presented are formulated its illustrious triad of "total terror - total obedience - total loneliness" and his concept of "strong" and "weak" property. In the history of science K. Wittfogel remains one of the most prominent scholars of China, whose books today are defined as desktop reading all China-researchers.

**Key words:** irrigational society, Oriental despotism, total power, property rights, oppressive regimes, institutional analysis.

**JEL:** A12, B25, B31, N01.

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### **Moral Gaps in Bulgarian Sport: Modern Shapes and Regulatory Measures**

**Danail Kisov**

Ethical standards are important regulator of sport activities and a background of the beautiful intrigue arising there. The meaning of this article is to identify the major states of immorality in the sport field and their adequately functioning regulatory links aimed to reduction and elimination of this problem. The main object of this article is the sport in Bulgaria. The subjects of the analysis are the gaps in the moral context of its forms and regulations. The selected method is showing the elements of unethical acts in the Bulgarian sport and looking for ways to overcome them.

The analysis is based on: a) pre drawn thesis, whose empirical relevance is recognized in the events of immoral sporting behavior; b) football activity as representative of deficits in ethics in sport. Shortness of preventing moral flaws in sport is proved, expanding forms of unethical attitudes and basic elements of modern sport degradation of morality.

**Key words:** ethical standards, regulatory measures, Bulgarian sport, unethical acts.

**JEL:** D74, J70, K42.

### **The ESM and Its Alternatives to Overcome the Eurozone Debt Crisis**

**Ivan Bozhikin**

This paper is dedicated to the european sovereign debt crisis. The first part summarized the causes of the debt crisis in the euro area and presented the EU "firewall". It is given information about percentage participation on the countries in the capital of the European Stability Mechanism (ESM ). The European Financial Stability Facility (EFSF) is compared with ESM in order to designation their main differences. In the second part of the paper is discussed loan capacity of the ESM and the ability of the mechanism to deal with the

debt crisis in the EU. Alternatives of the EMS, summaries and conclusions of the article are presented in the third part.

**Key words:** EU, ESM, European sovereign-debt crisis, EFSF, Eurobonds , EFSM, Macroeconomic policy.

**JEL:** F3, E6.

### **Review**

### **Human Resources Development in Transport Borislav Arnaudov**

Problems in terms of human resources in the transport sector are not significantly different from those in the most economic sectors in Bulgaria, mainly due to the current mismatch between the education and workforce development on the one hand and the needs of the labor market on the other.

Efforts that Bulgarian business is making to implement and improve the rules and mechanisms for the management of human resources aimed at improving the quality and effectiveness of services. This requires a clear concept of objectives and performance management of staff and financial resources and expertise to implement the experience of the European and international systems for human resource management.

In the long term trend of globalization of the world economy is expected to continue in the Bulgarian economy, particularly in the transport sector, which will lead to the need to seek qualified specialists in the field of transport and logistics.

**Key words:** human resources, transport sector, sustainable development, educational institutions, retraining, continuing education, workforce, competitiveness, skills, education system, strategy.

**JEL:** O15, N70.

### **Contents and Article Summaries**

### **Guide for Authors**