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Finance and Investment

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The Recent Records on the US Stock Market – High Intrinsic Value or Just Another Bubble?

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This paper is about the actual current prices of common stock on the US stock market, as compared with their intrinsic value. For this purpose, standardized prices, such as price-earnings ratios (PE), price-to-book ratios (PBV) and others are used, which provide the opportunity for comparison between companies, sectors and markets. In parallel with the review of actual ratios, theoretical/fundamental ratios are derived and analyzed, based on fundamentals. A historical survey is made of the actual price-earnings and price-to-book ratios on the US market, and their current levels are also discussed. The major factors determining the value of common stock are analyzed in terms of the eventual bubble on the stock market.

Key words: stock markets, PE and PBV ratios, fundamentals, stock market, stock market bubbles.

JEL: G11, G12, G15.

Bankovata efektivnost v Bulgaria, mezhdunarodnata finansova kriza i dalgovata kriza v evrozonata

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Bank Efficiency in Bulgaria, International Financial Crisis and Eurozone Debt Crisis

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The study uses a nonparametric method for measurement of the bank efficiency—Data envelopment analysis (DEA). By using efficiency estimates for the banking system in Bulgaria the impact of the international financial crisis and the Eurozone debt crisis on the efficiency of banks in the country is investigated. The significant negative impact of the crises on the efficiency of the banking system is proved, which has its negative influence on the economic development. The efficiency of the banking system and individual groups of banks by type of ownership is also analysed. Foreign banks are the most efficient banks in the economy and determine the dynamics of the efficiency of the banking system. Their better performance could be explained by the technology and experience they have.

Key words: bank efficiency, analysis DEA, international financial crisis, debt crisis in Eurozone.

JEL: C14; G21, F 65.

Vliyanie na prekite chuzhdestranni investitsii varhu dohodnoto neravenstvo v Bulgaria

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The Impact of Foreign Direct Investment on Income Inequality in Bulgaria

Svilena Mihaylova 25

The paper examines the impact of foreign direct investment (FDI) on income inequality in Bulgaria in the period 2000 – 2012. Through analysis of the sectoral and regional distribution of FDI and its dynamics, the paper identifies those characteristics of FDI which have the potential to enhance the sectoral and regional differences in wage earnings and thus to influence income inequality in the country. Furthermore, in order to investigate the distributional impact of FDI, multiple regression analysis is used. The

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results show that in the period under study FDI contributes to the increase of income inequality in the country.

Key words: foreign direct investment, income inequality, Bulgaria

JEL: F62; D31.

Tendentsii v strukturata na vhodyashtite preki chuzhdestranni investitsii v balagarskata ikonomika

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Tendencies in the Structure of Inward Foreign Direct Investments Entering the Bulgarian Economy

Milen Velushev 41

The paper reviews the question about the role and the significance of the macroeconomic analysis of inward Foreign Direct Investments beyond the homogeneous aggregate, but as inflows financing different economic activities. The purpose is to discuss the features of the FDI structure as well as the changes in it, that happened during the period, covered with statistical data. This way we can recognize trends that can lead to change, to increase of the effectiveness of the export specialization of Bulgaria, to higher technological intensiveness of the produced goods and services in order to increase the value added, which in turn, through adequate economic policy, will lead to increase of national welfare.

Key words: Inward Foreign Direct Investments, National Competitiveness, Export Specialization.

JEL: F14, F21, F43.

Ikonomika na otraslite **Economics of Industries**

„Bonus-Malus” sistemata v zastrahovaneto i neynoto prilozhenie

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Bonus-Malus System in Insurance

Tzvetelina Andreeva 54

The article studies the mature and characteristics of the Bonus-Malus System (BMS) in the environment of today; the ways of applying

the system, with the choice and arguments of an up-to-date option for our insurance market; also highlighted and discussed are its objectives, advantages, disadvantages, technicalities and considerations with reference to its modern social importance and necessity; the experience of a number of European countries is studied in a general context. Specific solutions for a real adaptation with a practical effect are researched, from the application of the system in insurance in general, and more particularly, in our motor insurance on the model of the mandatory Motor Third Party Liability insurance (MTPL). Ways of its application have been characterized, with the arguments of a proposal of a real variant.

Key words: Bonus-Malus System, liability insurance, base premium, Bonus-Malus steps or coefficients, risk factors or circumstances.

JEL: D81.

Razhodi za zdraveopazvane v usloviya na kriza **Dimitar At. Dimitrov**

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Healthcare Expenditure in Times of Crisis **Dimitar At. Dimitrov**

Magdalena Baymakova
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Spending of financial resources in the public sector is a major challenge for any government. Mainly part of it is a healthcare expenditure. Health and education are the base of today's prosperity. The cost of healthcare is rising permanently since the middle 20th century. The question is whether this trend has been continued after the crisis of 2007-2008. We analyzed the cost of health services between the G-7 and several developing countries. The review showed that all countries increase their health care costs despite. Countries like USA, Canada and Japan have good results whereas Mexico, China and India are with the worst indicators. Despite the ambitions and claims for progress China and India remain poor and undeveloped, a fact supported by most significant indicator such as GDP per capita.

Key words: health, expenditures, crisis.

JEL: A12; C13; I10.

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Implementation of the Competence-based Approach in Sector “Tourism”		Electronic Services in the Public Sector - Status and Trends	
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<p>The article focuses on the need to implement the competence-based approach in the process of managing people as a factor of production. It considers the essence and opportunities of the approach it offers organisations when integrating the systems in human resources management and synchronising the activity among departments in the enterprise. The two approaches used to understand the essence of competence, implemented in USA and Europe, respectively, have been presented. The article illustrates a competence-based model and competences, essential to managerial positions in the hospitality industry. Those competences have been arrived at on the basis of empirical research conducted in USA.</p> <p>The main part of the article focuses on a project, implemented in Bulgaria, related to improving the adaptability, efficiency and the balance between demand and supply on the labour market through establishing an evaluation system of the competences of the workforce at industry and regional level. The project is the basis for monitoring the development of the competence-based model in sector “Tourism”. The stages observed in the process of developing the competence-based model are related to: analysing and defining the requirements towards the competences of the workforce; determining the key positions and developing a prototype of the competence-based model; verifying and updating the competence-based model. The competences needed for specific key positions in sector “Tourism” have been pointed out. The competence-based models support the development of the potential of the workforce in tourism and facilitate the implementation of the competence-based approach.</p> <p>Key words: competences, competence-based model, tourism, human resources.</p> <p>JEL: J24, L83, M54.</p>	<p>The article discusses the problems of electronic services in the public sector. Analyses were made of the official data on the development of the information society. They are associated with the use of the Internet and the status and trends of electronic interaction with public institutions. Analyzed are the most important factors for the creation and development of electronic services in public administration. Presented are issues of electronic identification and application of electronic signatures. The main results of the survey are in the area of design and creation of new electronic services in the public sector.</p> <p>Key words: public administration, e-administration, information technologies.</p> <p>JEL: H61, H71.</p>		
		<u>Sotsialen status, moral</u>	
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		Integrirane na sotsialnia status v ikonomicheskata teoriya: statusnata ikonomika na Robart Frank	
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		<p>This article offers an overview of the American economist Robert Frank’s approach towards integrating social status concerns into conventional economic models of consumer choice, individual time allocation between work and leisure, income allocation between consumption and saving, etc. Preserving the methodological individualism of traditional economic analysis Frank succeeds to add a promising new layer to neoclassical economic theory - implicit markets for social status – which is able to explain both competitive behavior and the apparent deviation</p>	

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from it in a multitude of real-life instances.

Key words: Relative income, conspicuous consumption, social status, positional goods, snob goods, demonstration effects, bandwagon effects, life satisfaction.

JEL: B40; D01, B52, D91, H23.

Zashto e nuzhno poznavaneto na morala v dneshno vreme

Valentina Dramalieva 135

Why is Necessary the Knowledge of Morality Nowadays

Valentina Dramalieva 135

The paper presents a pragmatic aspect associated with the knowledge of morality. The knowledge is seen as necessary precondition to the efforts related to the desire to stimulate the presence of morality in modern life.

After the finding that continually weakens the confidence in morality, an attempt is made to identify some of the reasons. Dissatisfaction and criticism of today's morality are presented at the same time as an indication of the great interest in this unique social phenomenon which cannot be neglected. It is pointed out that such an attitude to morality is always seen in periods of radical and rapid social changes. A lot of questions are raised which express high expectations to morality, while challenging its capabilities as a regulator in our society at the same time. Answers are wanted in three directions: 1) the general cultural framework, in which morality exists, according to the theory of "cultural lag"; 2) some own characteristics of morality; 3) the relationship of morality and politics.

The search for causes of dissatisfaction points to the need for in-depth insight into the specifics of morality. The theory of cultural lag is seen as a possible explanation of the fact that morality must adapt to the rapidly occurring technological, economic, and global changes and continually "to catch up". Own characteristics of morality, which are often described as his "weaknesses", are presented but also in other respects they are revealed as "strengths", thanks to which it has survived through the centuries. Different ways of moral action are point-

ed, focusing on its action through the institutions of law. Relationship of morality and policy is seen as a feature that can be turned into a good opportunity to stimulate the action of morality nowadays, without leading to moralism. In this case, the role of politics is to mediate and ensure moral action through the institutions of law, while respecting certain conditions.

Key words: cultural lag, law, morality, politics.

JEL: A13.

Pregled Review

Turisticheskite deynosti – katalizator na izmeneniata v okolnata sreda

Todorka Toncheva 144

Tourism Activities-a Catalyst forChanges in the Environment

Todorka Toncheva 144

Tourism, as so many other human activities, depends on the natural environment, as it gets its basic resources, without which it could not be developed. The natural environment provides water, energy, building resources, mineral resources, food, flora, fauna, landscapes, etc. – resources which themselves generate, create tourism or are fundamental for its development and maintenance of a high level. At the same time the environment is a physical basis of tourism and is the successor of all pollutants (gases, residual water, wastes from different materials) that the tourism industry creates. When tourism activities are developed, ignoring the environment, you can run a process in which environmental factors become limiting factors. That, which refers to all types of tourism, is mostly true for the environmental (natural) and rural tourism. Tourists who practice these types of tourism could be considered consumers of the environment, natural resources and therefore they have high demands for quality and affordability.

Key words: local and national environment; transport influence; seasonal influence; noise impact; impact of waste.

JEL: Q53, Q54, Q57.