



REVISTA INCLUSIONES

HOMENAJE A MARÍA JOSÉ AGUILAR IDÁÑEZ

Revista de Humanidades y Ciencias Sociales

Volumen 8 . Número 1

Enero / Marzo

2021

ISSN 0719-4706

CUERPO DIRECTIVO

Director

Dr. Juan Guillermo Mansilla Sepúlveda
Universidad Católica de Temuco, Chile

Editor

Alex Véliz Burgos
Obu-Chile, Chile

Editor Científico

Dr. Luiz Alberto David Araujo
Pontificia Universidade Católica de Sao Paulo, Brasil

Editor Brasil

Drdo. Maicon Herverton Lino Ferreira da Silva
Universidade da Pernambuco, Brasil

Editor Ruropa del Este

Dr. Alekzandar Ivanov Katrandhiev
Universidad Suroeste "Neofit Rilski", Bulgaria

Cuerpo Asistente

Traductora: Inglés

Lic. Pauline Corthorn Escudero
Editorial Cuadernos de Sofía, Chile

Portada

Lic. Graciela Pantigoso de Los Santos
Editorial Cuadernos de Sofía, Chile

COMITÉ EDITORIAL

Dra. Carolina Aroca Toloza
Universidad de Chile, Chile

Dr. Jaime Bassa Mercado
Universidad de Valparaíso, Chile

Dra. Heloísa Bellotto
Universidad de Sao Paulo, Brasil

Dra. Nidia Burgos
Universidad Nacional del Sur, Argentina

Mg. María Eugenia Campos
Universidad Nacional Autónoma de México, México

Dr. Francisco José Francisco Carrera
Universidad de Valladolid, España

Mg. Keri González
Universidad Autónoma de la Ciudad de México, México

Dr. Pablo Guadarrama González
Universidad Central de Las Villas, Cuba

Mg. Amelia Herrera Lavanchy
Universidad de La Serena, Chile

Mg. Cecilia Jofré Muñoz
Universidad San Sebastián, Chile

Mg. Mario Lagomarsino Montoya
Universidad Adventista de Chile, Chile

Dr. Claudio Llanos Reyes
Pontificia Universidad Católica de Valparaíso, Chile

Dr. Werner Mackenbach
Universidad de Potsdam, Alemania
Universidad de Costa Rica, Costa Rica

Mg. Rocío del Pilar Martínez Marín
Universidad de Santander, Colombia

Ph. D. Natalia Milanesio
Universidad de Houston, Estados Unidos

Dra. Patricia Virginia Moggia Münchmeyer
Pontificia Universidad Católica de Valparaíso, Chile

Ph. D. Maritza Montero
Universidad Central de Venezuela, Venezuela

Dra. Eleonora Pencheva
Universidad Suroeste Neofit Rilski, Bulgaria

Dra. Rosa María Regueiro Ferreira
Universidad de La Coruña, España

Mg. David Ruete Zúñiga
Universidad Nacional Andrés Bello, Chile

Dr. Andrés Saavedra Barahona
Universidad San Clemente de Ojrid de Sofía, Bulgaria

Dr. Efraín Sánchez Cabra
Academia Colombiana de Historia, Colombia

Dra. Mirka Seitz
Universidad del Salvador, Argentina

Ph. D. Stefan Todorov Kapralov
South West University, Bulgaria

COMITÉ CIENTÍFICO INTERNACIONAL

Comité Científico Internacional de Honor

Dr. Adolfo A. Abadía

Universidad ICESI, Colombia

Dr. Carlos Antonio Aguirre Rojas

Universidad Nacional Autónoma de México, México

Dr. Martino Contu

Universidad de Sassari, Italia

Dr. Luiz Alberto David Araujo

Pontificia Universidad Católica de Sao Paulo, Brasil

Dra. Patricia Brogna

Universidad Nacional Autónoma de México, México

Dr. Horacio Capel Sáez

Universidad de Barcelona, España

Dr. Javier Carreón Guillén

Universidad Nacional Autónoma de México, México

Dr. Lancelot Cowie

Universidad West Indies, Trinidad y Tobago

Dra. Isabel Cruz Ovalle de Amenabar

Universidad de Los Andes, Chile

Dr. Rodolfo Cruz Vadillo

Universidad Popular Autónoma del Estado de Puebla, México

Dr. Adolfo Omar Cueto

Universidad Nacional de Cuyo, Argentina

Dr. Miguel Ángel de Marco

Universidad de Buenos Aires, Argentina

Dra. Emma de Ramón Acevedo

Universidad de Chile, Chile

Dr. Gerardo Echeita Sarrionandia

Universidad Autónoma de Madrid, España

Dr. Antonio Hermosa Andújar

Universidad de Sevilla, España

Dra. Patricia Galeana

Universidad Nacional Autónoma de México, México

Dra. Manuela Garau

Centro Studi Sea, Italia

Dr. Carlo Ginzburg Ginzburg

Scuola Normale Superiore de Pisa, Italia

Universidad de California Los Ángeles, Estados Unidos

Dr. Francisco Luis Girardo Gutiérrez

Instituto Tecnológico Metropolitano, Colombia

José Manuel González Freire

Universidad de Colima, México

Dra. Antonia Heredia Herrera

Universidad Internacional de Andalucía, España

Dr. Eduardo Gomes Onofre

Universidade Estadual da Paraíba, Brasil

Dr. Miguel León-Portilla

Universidad Nacional Autónoma de México, México

Dr. Miguel Ángel Mateo Saura

Instituto de Estudios Albacetenses "Don Juan Manuel", España

Dr. Carlos Tulio da Silva Medeiros

Diálogos em MERCOSUR, Brasil

+ Dr. Álvaro Márquez-Fernández

Universidad del Zulia, Venezuela

Dr. Oscar Ortega Arango

Universidad Autónoma de Yucatán, México

Dr. Antonio-Carlos Pereira Menaut

Universidad Santiago de Compostela, España

Dr. José Sergio Puig Espinosa

Dilemas Contemporáneos, México

Dra. Francesca Randazzo

Universidad Nacional Autónoma de Honduras, Honduras

Dra. Yolando Ricardo

Universidad de La Habana, Cuba

Dr. Manuel Alves da Rocha

Universidade Católica de Angola Angola

Mg. Arnaldo Rodríguez Espinoza

Universidad Estatal a Distancia, Costa Rica

Dr. Miguel Rojas Mix

*Coordinador la Cumbre de Rectores Universidades
Estatales América Latina y el Caribe*

Dr. Luis Alberto Romero

CONICET / Universidad de Buenos Aires, Argentina

Dra. Maura de la Caridad Salabarría Roig

Dilemas Contemporáneos, México

Dr. Adalberto Santana Hernández

Universidad Nacional Autónoma de México, México

Dr. Juan Antonio Seda

Universidad de Buenos Aires, Argentina

Dr. Saulo Cesar Paulino e Silva

Universidad de Sao Paulo, Brasil

Dr. Miguel Ángel Verdugo Alonso

Universidad de Salamanca, España

Dr. Josep Vives Rego

Universidad de Barcelona, España

Dr. Eugenio Raúl Zaffaroni

Universidad de Buenos Aires, Argentina

Dra. Blanca Estela Zardel Jacobo

Universidad Nacional Autónoma de México, México

Comité Científico Internacional

Mg. Paola Aceituno

Universidad Tecnológica Metropolitana, Chile

Ph. D. María José Aguilar Idañez

Universidad Castilla-La Mancha, España

Dra. Elian Araujo

Universidad de Mackenzie, Brasil

Mg. Romyana Atanasova Popova

Universidad Suroeste Neofit Rilski, Bulgaria

Dra. Ana Bénard da Costa

Instituto Universitario de Lisboa, Portugal

Centro de Estudios Africanos, Portugal

Dra. Alina Bestard Revilla

*Universidad de Ciencias de la Cultura Física y el Deporte,
Cuba*

Dra. Noemí Brenta

Universidad de Buenos Aires, Argentina

Ph. D. Juan R. Coca

Universidad de Valladolid, España

Dr. Antonio Colomer Vialdel

Universidad Politécnica de Valencia, España

Dr. Christian Daniel Cwik

Universidad de Colonia, Alemania

Dr. Eric de Léséulec

INS HEA, Francia

Dr. Andrés Di Masso Tarditti

Universidad de Barcelona, España

Ph. D. Mauricio Dimant

Universidad Hebrea de Jerusalén, Israel

Dr. Jorge Enrique Elías Caro

Universidad de Magdalena, Colombia

Dra. Claudia Lorena Fonseca

Universidad Federal de Pelotas, Brasil

Dra. Ada Gallegos Ruiz Conejo

Universidad Nacional Mayor de San Marcos, Perú

Dra. Carmen González y González de Mesa

Universidad de Oviedo, España

Ph. D. Valentin Kitanov

Universidad Suroeste Neofit Rilski, Bulgaria

Mg. Luis Oporto Ordóñez

Universidad Mayor San Andrés, Bolivia

Dr. Patricio Quiroga

Universidad de Valparaíso, Chile

Dr. Gino Ríos Patio

Universidad de San Martín de Porres, Perú

Dr. Carlos Manuel Rodríguez Arrechavaleta

Universidad Iberoamericana Ciudad de México, México

Dra. Vivian Romeu

Universidad Iberoamericana Ciudad de México, México

Dra. María Laura Salinas

Universidad Nacional del Nordeste, Argentina

**REVISTA
INCLUSIONES** M.R.
REVISTA DE HUMANIDADES
Y CIENCIAS SOCIALES

Dr. Stefano Santasilia
Universidad della Calabria, Italia

Mg. Silvia Laura Vargas López
Universidad Autónoma del Estado de Morelos, México

Dra. Jaqueline Vassallo
Universidad Nacional de Córdoba, Argentina

**CUADERNOS DE SOFÍA
EDITORIAL**

Dr. Evandro Viera Ouriques
Universidad Federal de Río de Janeiro, Brasil

Dra. María Luisa Zagalaz Sánchez
Universidad de Jaén, España

Dra. Maja Zawierzeniec
Universidad Wszechnica Polska, Polonia

Indización, Repositorios y Bases de Datos Académicas

Revista Inclusiones, se encuentra indizada en:





REX



UNIVERSITY OF SASKATCHEWAN



Universidad de Concepción

BIBLIOTECA UNIVERSIDAD DE CONCEPCIÓN



DIGITIZATION OF SMALL AND MEDIUM-SIZED ENTERPRISES IN BULGARIA

Drda. Radostina Yuleva-Chuchulayna
South-West University “Neofit Rilski”, Bulgaria
ORCID: <https://orcid.org/0000-0002-0755-5776>
r.yuleva@gmail.com

Fecha de Recepción: 17 de noviembre de 2020 – **Fecha Revisión:** 22 de noviembre de 2020

Fecha de Aceptación: 17 de diciembre de 2020 – **Fecha de Publicación:** 01 de enero de 2021

Abstract

Changes in the global market lead to a wider expansion of competition between small and medium-sized enterprises based in different countries, including Bulgaria. This requires bulgarian SME's to take new strategies allowing more competitive advantages and improving the common market through the introduction of modern techniques such as digitization of the organization. In order to be more easily introduced and fining digitalization in small and medium-sized businesses, managers need to know the main characteristics and legal features of the organization, its objectives, motives and striving. The level of digitization of the enterprise determines the way employees work, technological and manufacturing processes, the speed of service of loyal customers and the deliveries of the offered goods or services. The main objective of this development is aimed at clarifying the nature and specificities of small and medium-sized enterprises, as well as analyzing the extent and impact of digitalization on the activities of small and medium-sized enterprises in Bulgaria. The main research methods used in the development are contingent analysis, method of analysis and synthesis, intuitive and systematic approach, questionnaire survey.

Keywords

SME's – Digitisation – Innovation – Competition – Competitive advantages

Para Citar este Artículo:

Yuleva-Chuchulayna, Radostina. Digitization of small and medium-sized enterprises in Bulgaria. Revista Inclusiones Vol: 8 num 1 (2021): 216-228.

Licencia Creative Commons Attribution Non-Comercial 3.0 Unported
(CC BY-NC 3.0)

Licencia Internacional



Introduction

Small enterprises are entrepreneurial activities carried out by market economies under certain legal conditions created by the country. As the experience of countries with advanced economies shows, small business is an essential component of the market economy. The effectiveness of any economic system can only be achieved if, in all major markets for goods and services, the expansion of large producers is balanced by the necessary number of small and medium-sized enterprises, which crucially ensures the formation and preservation of competition and prevents the monopolization of markets. But at the same time, one of the important reasons for the successful development of small and medium-sized enterprises in advanced economies is that big business not only does not oppose small enterprises, but also the principle of combining large and small enterprises, i.e. large and small enterprises do not oppose, but complement each other. Moreover, an inherent feature of the economy is the presence of small businesses operating simultaneously with large businesses.¹ “Participation in business units leads to benefits such as creating opportunities to improve production facilities, optimizing the distribution network, improving the competitive position resulting from the adaptation of leading management techniques and experience, reducing the risk in entering new markets, search for the most beneficial option in terms of production and sales of products related to the cost of resources and the size of the markets, and others.”² “In this regard, according to Atanasova, strategic networks are an effective form of business unification. They create prerequisites for studying the scope and scale of the economy, allowing companies to reach strategic solutions such as risk sharing and outsourcing in terms of different levels of the value chain and organizational functions.”³ Modeled by large companies, small and medium-sized enterprises are introducing more and more innovations and creating them.

Innovation contributes to the improvement of technology and technology, product and service characteristics, the organizational skills of the company and, ultimately, to the formation of its "distinctive competence" with regard to its main competitors, notes Filipova.⁴ Digitizing the organization is one of the key activities in the innovation process. The important role of small business is that it is flexible enough, provides a significant number of new jobs, saturation of the market with new goods and services, meets the many needs of enterprises, produces special goods and services, has economic freedom and is innovative.

Definition of small and medium-sized enterprises

Small and medium-sized businesses consist of a set of small and medium-sized enterprises, and the forms of their organization are very diverse. They differ in the form of ownership, in organizational and legal form, in size, in terms of territorial affiliation, in terms of law, by technology used by industry, etc., but one unites them - the fight to increase

¹ V. Kyurova, *Marketing v predpriemacheskata deiinost* (Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski, 2014), 23.

² R. Madgerova, V. Kyurova and A. Atanasova, “Integrative approaches for internationalization of small and medium-sized enterprises”, 15th International Conference: „Perspectives of Business and Entrepreneurship Development” (Brno: Brno University of Technology, Faculty of Business and Management, 2015), 221

https://www.konference.fbm.vutbr.cz/ic_2015/useruploads/files/SELECTED_PAPERS_2015.pdf

³ A. Atanasova, *Cluster integration to increase competitiveness of small and medium-sized enterprises* (Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski, 2020), 33.

⁴ M. Filipova and R. Yuleva, “Innovative management as competitiveness factor”, *Entrepreneurship Issue 2* (2018): 227.

competitive advantages, increase customers, increase the size of the enterprise, increase profit, etc. applied by undertakings. Filipova and Nedelcheva mention that, the state is a leading factor in the nature and type of business practices applied by enterprises.⁵

The evolutionary process of the enterprise, which Dobrev describes, has been the subject of detailed theoretical and experiential research by many authors of older and more recent times.⁶ Many have presented logical and reasoned conclusions and classifications, while others, in an effort to establish the previous phases and forms, have come to some infatuation and mixing, some of which lead to certain deviations from reality. "The first more systematic studies and ideas concerning the enterprise, then referred to as "private-economic" studies, date back to the Renaissance era and are mainly related to the development of Italian trade. They continued to dominate until the mid-18th century, when the concepts fell "under the influence of the chamber-based doctrine of state and lord's farm management", mark Dobrev.⁷ Micro, small and medium-sized enterprises are the engine of the European economy. According Kalajdzhieva, "they are a major source of jobs, create entrepreneurial spirit and innovation in Bulgaria and the EU and are therefore vital for promoting competition and employment. Research and innovation are essential for the sustainable success and growth of SME's in the EU."⁸

According to Scolev, "in order for society to exist, it must produce and use a certain amount of goods. At first, in the way of gathering, man satisfied his immediate elementary, mostly physiological needs. This process has been too slow and lengthy. However, at a certain point where the producer comes to market with an excess of the products produced, public production shall be initiated. From then until the present day, the production appears as an intermediate unit, a process that facilitates the exchange between man and nature. The proceedings are not a one-off, sporadic act, but a continuous, dynamic process that, for explainable reasons, can no longer be stopped, but will continue in the future to the existence of civilization."⁹

Each production takes place in a particular place. At the center of this place stands the man with his means of labor and the substances, materials and forces extracted from nature. Very accurately and correctly, Ford says, "nature has given man hands, legs and wit to show through them the gracious power of work that transforms "states" to receive the "values."¹⁰ However, the manufacturing forces concerned have mainly two aspects:

- First, some of them can be considered as production conditions (land, buildings, labor, etc.);
- Secondly, the other elements represent labor means. Such a distinction is only not devoid of meaning, but it is absolutely imperative, since the elements of each group have an appropriate impact on the production and management of the undertaking.

⁵ M. Filipova and Y. Nedelcheva, "Competitiveness in Pharmaceutical Industry: Participants in Supply Side and Demand Side", *Revista Inclusiones* Vol: 7 (2020): 236.

⁶ D. Dobrev, *Vuvedenie v chastno-stopanskata nauka* (Sofia: Pechatnitsa Rila, 1936), 26.

⁷ D. Dobrev, *Vuvedenie v chastno-stopanskata nauka...* 17.

⁸ V. Kalajdzhieva, *Inovatsii, predpriemachestvo i konkurentosposobnost na predpriyatieto* (Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski, 2017), 218.

⁹ S. Kolev, *Kakvo vsushtnost e predpriyatieto* (2010), (01.11.2020). <https://skolev.wordpress.com/2010/07/03/kaka-e-predpriyatieto/>,

¹⁰ H. Ford, *My Life and Work* (Garden City: Garden City Publishing Company, 1922), 88.

The designation of an enterprise as small or medium is carried out using different indicators – which, in summary, can be divided into two large groups – quantitative and qualitative. Quantitative indicators provide a better basis for comparisons and analyses, allowing comparing the data in different regions of the country, as well as for different time periods in order to track changes in dynamics. The perception of an economic unit as an SME is directly linked to its independence.

Scolev identified several "more significant signs that characterize the essence of the modern enterprise" are as follows:¹¹

- business organizing;
- financial and economic and management autonomy, guaranteeing its economic freedom;
- market links;
- use of own and foreign funds as the capital of the enterprise;
- the existence of entrepreneurial (business) risk;
- striving for survival and profits, etc.

The main difficulty of SME's is the relatively high costs of complying with tax legislation and other forms of state regulation, especially if they are included in an inter-war activity or on an international market. Despite all this, the legislation is a necessary part for the protection of the business and its environment, the health and working conditions of employees, for determining the necessary social and social security standards, for the determination of the minimum wage and working hours, etc. The legislation aims to create the conditions for building a favorable and stable institutional and economic environment for the creation and development of competitive small and medium-sized enterprises. According to Kalajdzhieva, "the state and large businesses are pressuring SME's and not creating good enough conditions for its development and natural transition from micro to small and medium-sized business."¹²

Small and medium-sized enterprises are:¹³

- Micro-enterprises are small enterprises with an average list headcount of less than 10 people.
- Small enterprises are enterprises which: have an average list headcount of less than 50 people, and an annual turnover of up to BGN 5 000 000. or the value of their tangible fixed assets is up to BGN 1 000 000.
- Medium-sized enterprises are enterprises which: have an average list headcount of less than 250 people and have an annual turnover of up to BGN 15 000 000. or the value of their tangible fixed assets is up to BGN 8 000 000.

A report by the Institute for SME's summarizes that "small and medium-sized enterprises play a key role in building the economy of Bulgaria and across Europe, amounting to 99% of all enterprises, of which 92% are micro-enterprises. They account for

¹¹ S. Kolev, Kakvo vsushtnost e predpriyatieto (2010), (01.11.2020). <https://skolev.wordpress.com/2010/07/03/kaka-e-predpriyatieto/>

¹² V. Kalajdzhieva, Inovatsii, predpriemachestvo i konkurentosposobnost na predpriyatieto (Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski, 2017), 218.

¹³ Zakon za malkite i srednite predpriyatija (2020), (04.11.2020). <https://www.lex.bg/laws/ldoc/2134682112>,

more than two-thirds of private sector employment and play a key role in economic growth. They are crucial for the European economy in their role as employers and innovative sources."¹⁴

In a globally changing environment characterized by continuous structural changes and increased competitive pressures, SME's are becoming increasingly important in our society as providing employment opportunities and as key figures for the well-being of local and regional communities. Viable SME's will make Bulgaria more resilient to the uncertainty created in today's globalised world. This uncertainty will be eliminated more quickly and easily by digitizing the organization, as customers will be able to remotely monitor the prices and production of the enterprise, employees will be able to work at a faster pace, accounting will archive and process documents more easily, etc. The Bulgarian business is also making efforts to keep up with global trends. Digitalization and innovation imply the separation of investment budgets for their implementation. SME's are increasingly aware of the scale and impact of digital technologies in support of their business and are taking steps to implement them.

Influence of digitalization on Bulgarian small and medium enterprises

The digital transformation is a leading trend on a national, European and global scale. "Technological development daily challenges the entrepreneurial activity. It changed the look of modern business and forced a rapid transformation, reshaping the strategic views for timely adaptation to modern conditions."¹⁵ Society is being transformed, consumer needs are being transformed, and business, production and supply of goods and services are also being transformed. Modern business is increasingly investing resources and efforts in the digital environment. New forms of business are emerging, the number of communication tools is growing, and all this is a result of the integration of the information and communication industry. The new generation of users has new information habits.¹⁶ Some of the main trends in the development of the world are higher connectivity, faster analysis of large volumes of information in a dynamic environment, higher quality of products and services delivered to the end user, use of artificial intelligence in business support, implementation of high-tech solutions in new areas of industry and everyday life. "Generally speaking, digitalization is the integration of new digital technologies in all areas of business, leading to a fundamental change in the way the organization works."¹⁷ Business digitalization leads to accelerating business activities and processes by bringing new requirements to the managerial knowledge¹⁸.

¹⁴ Institut za politiki za malki i sredni predpriyatiya, MSP (05.11.2020). <http://www.e-sme.eu/%d0%bc%d1%81%d0%bf/>

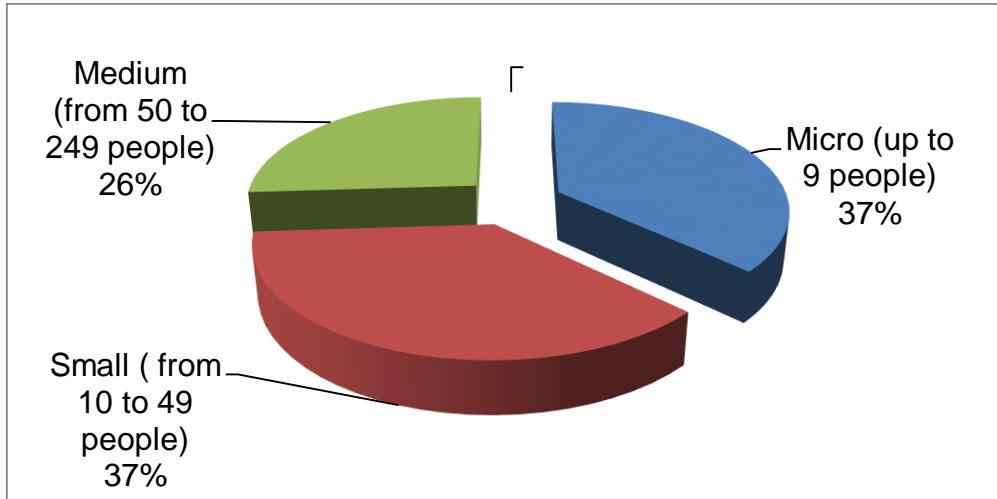
¹⁵ V. Kyurova, D. Yaneva and D. Zlateva, "Need of knowledge in digital marketing in entrepreneurial activity", Revista Inclusiones Vol: 6 num 2 (2019): 63.

¹⁶ D. Zlateva, "Digital transformation of marketing communications", Journal of Economics and Management Vol: 17 issue 1 (2020): 171.

¹⁷ Proekt "Digitalnata transformtsiya – sus ili bez grazhdanskoto obshtestvo". BG05SF0P001-1.009. (Sofia: 2019), 15. Prouchvaniya i analiz na dobri praktiki i inovativni resheniya za digitalnata transformtsiya na obshtestvoto, https://content.web-repository.com/s/31243528880301371/uploads/PDF_Files/%D0%90%D0%BD%D0%B0%D0%BB%D0%B8%D1%82%D0%B8%D1%87%D0%B5_____D_digital_53_Final-1068935.pdf

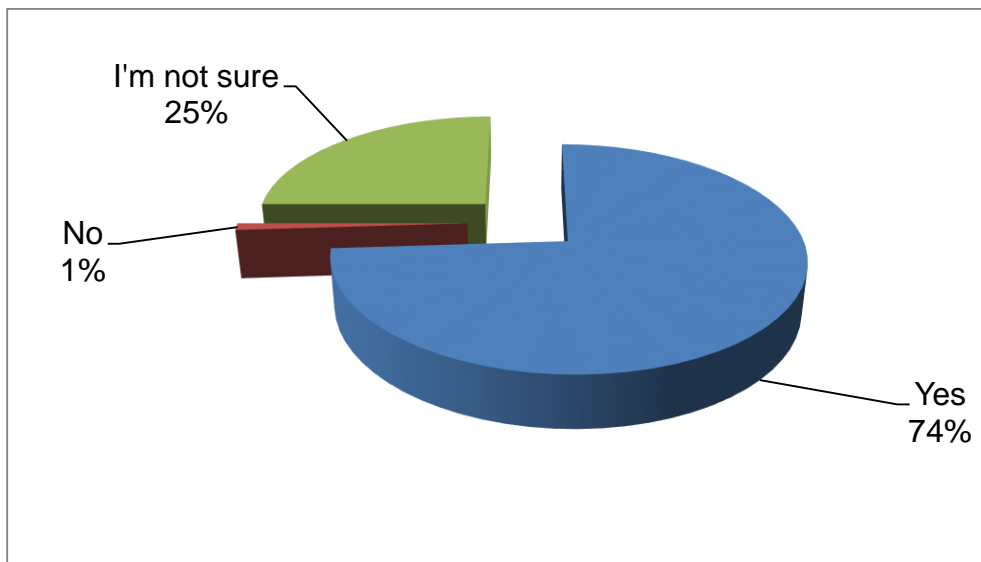
¹⁸ V. Kyurova, D. Yaneva and D. Zlateva, "Need of knowledge in digital marketing in entrepreneurial activity", Revista Inclusiones Vol: 6, No. 2 (2019): 63.

In order to establish the impact of digitalization on SME's and it's link to innovation, the author conducted a survey of 59 SME's in Bulgaria, in the field of tourism services, trade and finance. The survey consisted of 10 questions, using a software product – Microsoft Word and Google forms – to create a database and process the information. The results of the study are illustrated and analyzed in the following several graphs.



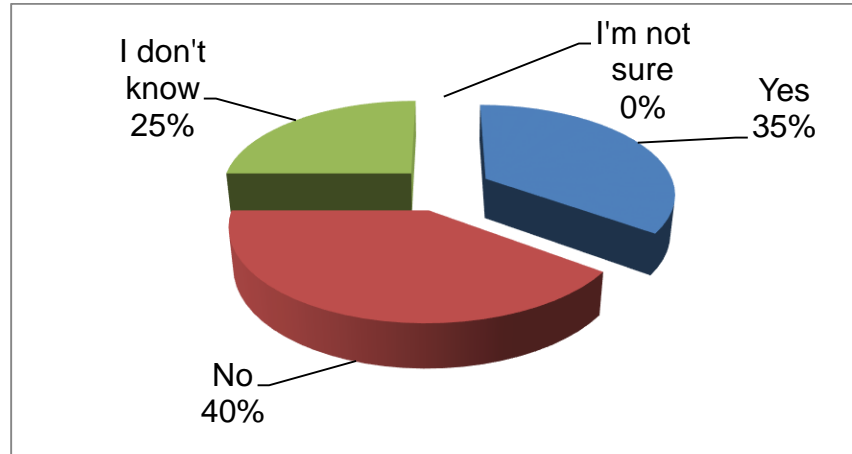
Graph 1
Size of the enterprise participating in the survey
Source: Own research

Graph No.1 presents the answers to the question relating to the size of the enterprises participating in the survey. The data shows that micro and small enterprises have the highest percentages by 37%. The remaining 25% are medium-sized enterprises that take part. It is important to note that there are no registered large enterprises in the survey, as the survey is aimed at small and medium-sized enterprises in the Republic of Bulgaria.



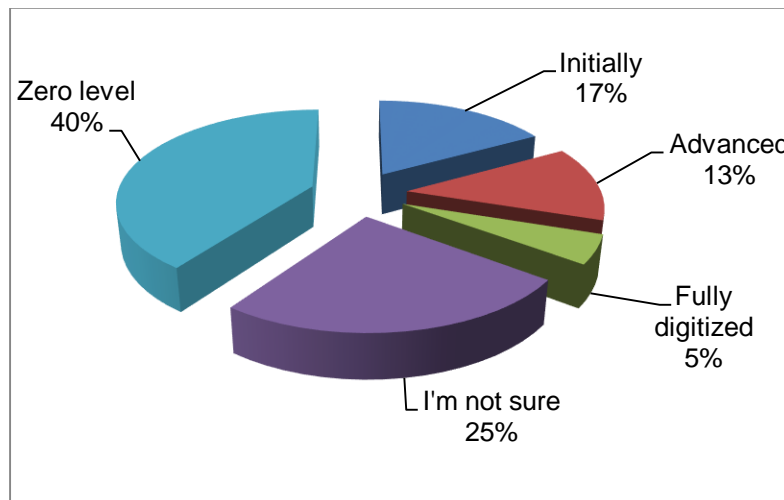
Graph 2
Popularity of the term "digitization" among SME's
Source: Own research

It is clear from the data presented in the Graph No. 2 that 75% of SME's participating in the survey know and are aware of the meaning of the term "digitization". 25% are unsure of the meaning, and only 1% has no information about the term. From the registered data, it can be concluded that most SME's are aware of the definition, nature and process of digitization, which is a good prerequisite for its implementation in organizations in the future.



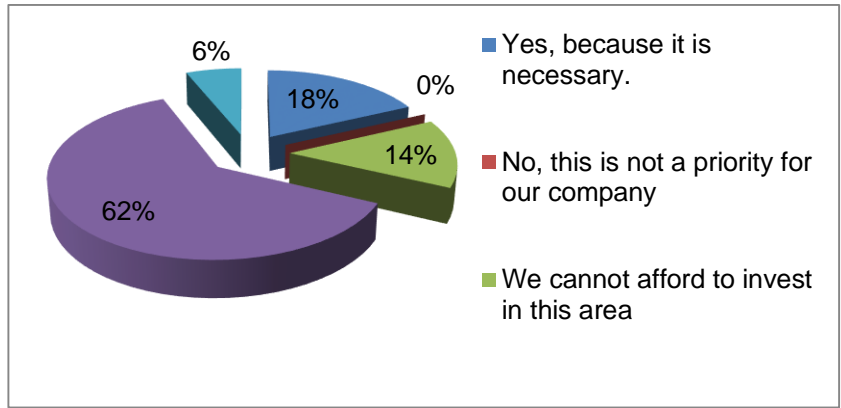
Graph 3
Implementation of digitalization in SME's
Source: Own research

The data presented in the Graph No. 3, related to the issue of implementation of digitalization in SME's shows that 40% of respondents do not apply digitization in the enterprise. 35% digitized and 25% were unaware and chose a "don't know" answer. It can be concluded that there is a trend of growth of SME's introducing digitization, but the majority still do not take these measures, as there is insufficient awareness and funding in the Bulgarian economy. The managers of Bulgarian small and medium-sized enterprises are aware that the development of the organizations is focused on the digital environment and automation, but the lack of funding and assistance from the state for the implementation of the process is a key and inevitable factor.



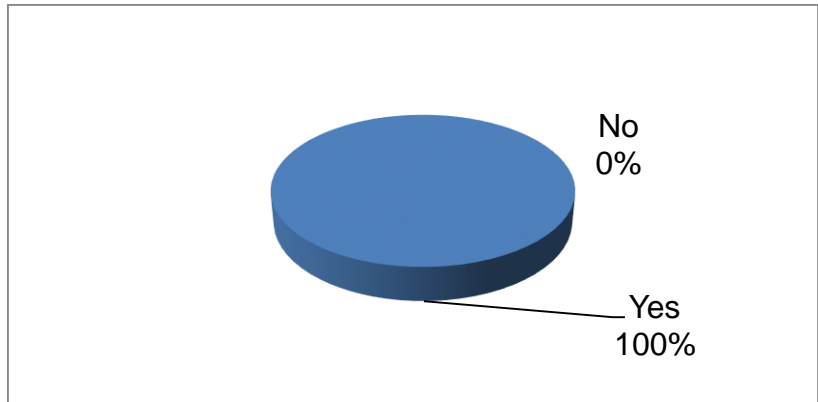
Graph 4
Level of digitalization in small and medium enterprises in Bulgaria
Source: Own research

Graph No. 4 presents the answers of the respondents in the survey on the issue related to determining the level of digitalization in SME's. The data presented in the graph show that 40% have zero level, 25% are not sure in determining the level of digitalization in the enterprise, 17% define the level as initial, and 13% as advanced digitalization. Only 5% of respondents identify themselves as fully digitalized. From the data it can be concluded that a very small part of Bulgarian SME's are partially or fully digitalized, as this is a result of insufficient popularity in Bulgaria, lack of qualified staff and the presence of outdated technology in enterprises.



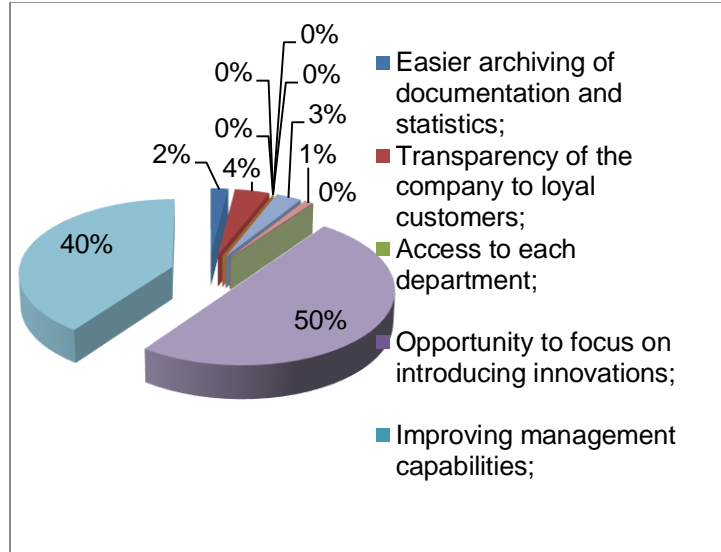
Graph 5
 Motives for investing funds for digitalization in the period 2018-2020
 Source: Own research

The data presented in Graph No. 5 shows that 35% of the SME's surveyed have invested funds for digitization in the last 3 years of activity because they think this is necessary for business. 27% of SME's surveyed cannot afford to invest in the digitization of the organization. The percentage of enterprises that do not have the skills and the necessary qualified staff to introduce digitization or innovation is also high – 26%. Only 12% of respondents could not provide certain information on the matter. It is good to stress that there is not a single enterprise that has chosen a "no, this is not a priority for our enterprise". In summary, it can be concluded from the registered data that SME's are willing to digitize the organization, but the reasons are not a priority, but rather related financially, technologically and insufficiently trained staff.



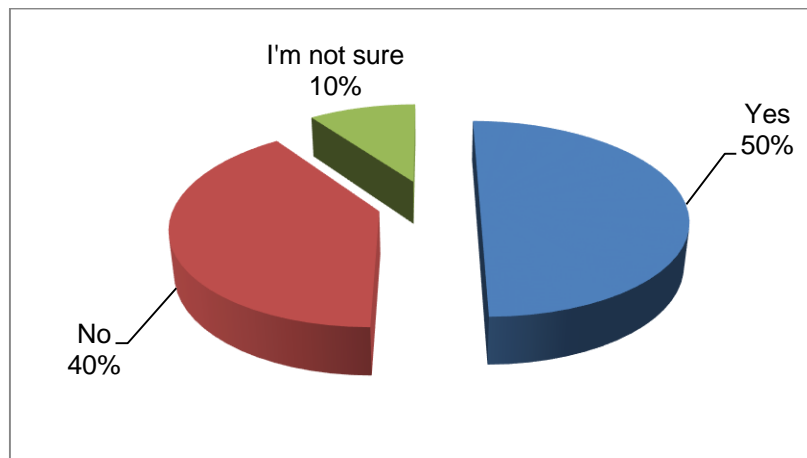
Graph 6
 Benefits of digitalization of SME's in Bulgaria
 Source: Own research

The data presented in Graph No.6 shows that 100% of the SME managers surveyed confirm the benefit of digitization of the company. Any manager of an enterprise that is not digitized or is partially or completely digitized sees only benefits from the process, whether it is facilitating the workflow, raising finances, an easier management process, etc.



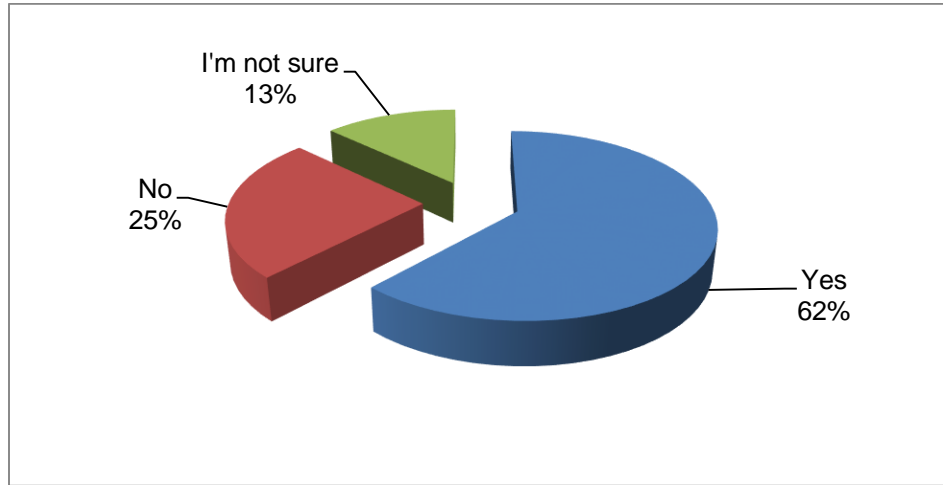
Graph 7
Types of benefits expressed by the digitalization of SME's
Source: Own research

The data showed in the Graph No. 7 shows that 50% of respondents believe that the benefits of digitization consist in easier archiving, transparency, accessibility, opportunity for innovation, improvement of the management system, technical and production process, advertising, increase in sales, opportunity for cooperation. 40% of respondents replied that they did not have digitization in the enterprise. 4% believe that digitalization benefits only in the transparency of the enterprise to its customers. 3% are improving the marketing of the enterprise. Only 2% believe that digitalization benefits in easier data archiving, only 1% believe that the benefit is expressed in increasing sales of the enterprise.



Graph 8
Introduction of innovations accompanied by digitization in SME's
Source: Own research

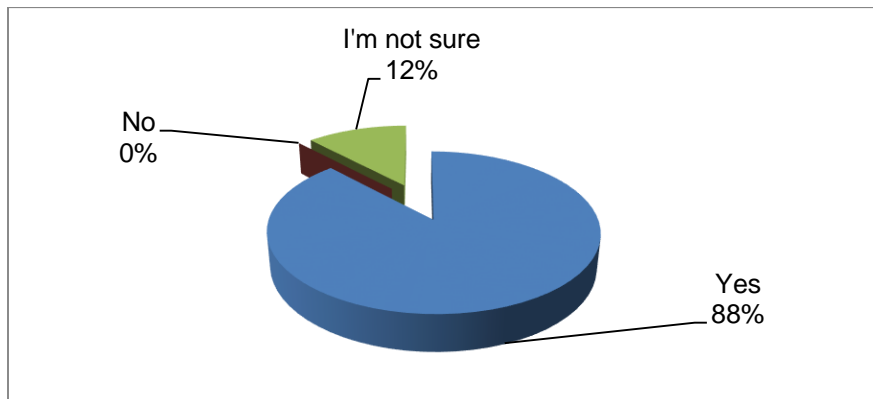
The data shown in Graph No. 8 shows that half of respondents innovate with digitization in enterprises. 40% do not introduce this type of innovation and 10% are not sure in the answer to the question. From the registered data, it can be concluded that SME's in Bulgaria are still hesitant in introducing innovations accompanied by digitization. This may be linked to insufficient awareness of the process and relevant innovation in the field.



Graph 9

Impact of digitalization on the implementation of innovation in SME's in Bulgaria
Source: Own research

From the data presented in Graph No. 9, it can be concluded that the majority of SME's (62% of respondents) understand that digitalization has an impact on innovation. The digitalization process positively influences innovation as it promotes innovation faster, faster and cheaper advertising, faster revenue and more effective feedback. 13% are not sure about the impact of digitalization on the implementation of innovation, and 25% of the managers who have been targeted believe that digitalization does not affect the process of innovating.



Graph 10

Link between competitiveness and digitization of SME's
Source: Own research

The data, presented in the Graph No. 10, shows that 88% of respondents believe that digitization can increase the competitiveness of the enterprise, and only 12% are not sure in the answer to the question. No registrant answer "No" from response data has been

recorded. Based on the registered data, it can be summarized that competitiveness is influenced by the digitization of the enterprise, and consumers on the market will choose more affordable and diverse products in terms of price, quality, speed of delivery, etc.

On the basis of what has been set out so far and the results of the survey, we can summarize, that the managers of small and medium-sized enterprises realize that the process of digitization is necessary and inevitable, understand and establish its benefits. They are also aware that digitalisation has an impact on innovation and the level of competitiveness of enterprises, but in order to accelerate their development in this regard, state support is needed, additional EUR funds under operational programmes, large financial reserves, qualified staff ready to develop and operate such digital systems, etc. Digitalisation processes make it possible to ensure real transparency and follow-up of all administrative actions. Digitalization is the only cost-effective way to overcome the challenges associated with the possibility of human error, while also being characterized by a great economic effect. The digitalization process aims to increase the competitiveness of the services offered by SME's and forms new behavioral approaches aimed at how to decide on the purchase and consumption of products or services.

Conclusion

Small and medium-sized enterprises are the biggest source of new jobs and economic growth. To promote their development, it is of particular importance to improve the regulatory environment and remove bureaucratic obstacles to entrepreneurship. Compared to large enterprises, small and medium-sized businesses are much more affected by excessive regulation because it incurs much higher administrative costs, calculated according to the number of employees. It is the aspiration of small and medium-sized enterprises to fight and occupy more market inferiority, to survive in the market and to allocate funds, introduce and innovate, gradually transform the organization into digital and respect the qualification skills of the staff. Since digitalization is more than just a set of technologies in which funds, time and resources are invested. It is in the capabilities and skills that these technologies create.

Based on the literary overview of the nature and specificities of SME's and digitization, as well as the research done on the impact of digitalization on small and medium-sized enterprises, we can mark the following main conclusions:

First, small and medium-sized enterprises (SME's) play a significant role in market development in the country. They are a major source of entrepreneurial skills, innovation and labor. Small and medium-sized enterprises are determined by the headcount and turnover accumulated during the accounting year. Although small in size, small and medium-sized enterprises play an important role in the economy of Bulgaria.

Secondly, SME's in Bulgaria are at different stages of the introduction of digital technologies in their business operations. Most of them are still present in the initial or intermediate phase, and only one small part is pressed at an advanced stage. The reason for the low digitization of small business lies in the low financial reserves of SME's, insufficient qualification staff, availability of ageing technology in the organization, etc. At the same time, according to the results of the survey, more and more companies in Bulgaria are aware of the potential of digitalization for business growth, but as far as they have strategies, they are mainly short-term and medium-term and centrally managed at top management level.

Thirdly, Bulgarian small and medium-sized enterprises have a clear vision of what benefits they can expect from the deployment of digital technologies. Digitalization is mainly seen as a way to optimize the use of resources to automate production, improve inter-family with customers and suppliers, as well as to integrate processes, improve advertising campaign, increase customers and increase financial reserves.

Fourthly, the motives related to the digitization of the enterprise can be related to improved consumer service, higher quality of production and supply, resource optimization, improved planning, increased competitiveness and competitive advantages, increasing the possibility of innovation, improved data collection and processing.

References

Atanasova, A. Cluster integration to increase competitiveness of small and medium-sized enterprises. Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski. 2020.

Dobrev, D. Vvedenie v chastno-stopanskata nauka. Sofia: Pechatnitsa Rila. 1936.

Institut za politiki za malki i sredni predpriyatiya, MSP. <http://www.e-sme.eu/%d0%bc%d1%81%d0%bf/>

Filipova, M. and Y. Nedelcheva. "Competitiveness in Pharmaceutical Industry: Participants in Supply Side and Demand Side". Revista Inclusiones Vol: 7 (2020): 227-243.

Filipova, M. and R. Yuleva. "Innovative management as competitiveness factor". Entrepreneurship Issue: 2 (2018): 215-228.

Ford, H. My Life and Work. Garden City: Garden City Publishing Company. 1922.

Kalaijdzhieva, V. Inovatsii, predpriemachestvo i konkurentosposobnost na predpriyatieto. Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski. 2017.

Kolev S., Kakvo vsushtnost e predpriyatieto. 2010. <https://skolev.wordpress.com/2010/07/03/kaka-e-predpriyatieto/>

Kyurova, V. Marketing v predpriemacheskata deinost. Blagoevgrad: Universitetsko izdatelstvo Neofit Rilski. 2014.

Kyurova, V., D. Yaneva and D. Zlateva. "Need of knowledge in digital marketing in entrepreneurial activity". Revista Inclusiones Vol: 6 num 2 (2019): 61-72.

Madgerova, R., V. Kyurova and A. Atanasova. "Integrative approaches for internationalization of small and medium-sized enterprises". 15th International Conference: "Perspectives of Business and Entrepreneurship Development". Brno: Brno University of Technology. 2015. 217-228
https://www.konference.fbm.vutbr.cz/ic_2015/useruploads/files/SELECTED_PAPERS_2015.pdf

Proekt "Digitalnata transformtsiya – sus ili bez grazhdanskoto obshtestvo". BG05SF0P001-1.009. Sofia: 2019. Prouchvaniya i analiz na dobri praktiki i inovativni resheniya za digitalnata transformtsiya na obshtestvoto. https://content.web-repository.com/s/31243528880301371/uploads/PDF_Files/%D0%90%D0%BD%D0%B0%D0%BB%D0%B8%D1%82%D0%B8%D1%87%D0%B5_____D_igital_53_Final-1068935.pdf

Zakon za malkite i srednite predpriyatiya. 2020. <https://www.lex.bg/laws/ldoc/2134682112>

Zlateva, D. "Digital transformation of marketing communications", Journal of Economics and Management Vol: 17 issue 1 (2020): 171 - 181.

REVISTA
INCLUSIONES M.R.
REVISTA DE HUMANIDADES
Y CIENCIAS SOCIALES

CUADERNOS DE SOFÍA
EDITORIAL

Las opiniones, análisis y conclusiones del autor son de su responsabilidad y no necesariamente reflejan el pensamiento de la **Revista Inclusiones**.

La reproducción parcial y/o total de este artículo debe hacerse con permiso de **Revista Inclusiones**.