The creative and knowledge class in Sofia

The managers' view

ACRE report 6.10

European Commission

CITIZENS AND GOVERNANCE IN A KNOWLEDGE-BASED SOCIETY

Evgenii Dainov
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Accommodating Creative Knowledge – Competitiveness of European Metropolitan Regions within the Enlarged Union

Amsterdam 2008
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ACRE

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EXECUTIVE SUMMARY

The more hands-on research we conduct under the ACRE project, the greater problems emerge with the simple transposition of prevailing “soft / hard factor” theory on to Sofia (and most other ACRE cities of Europe). The relative weight of these, in location decisions of creatives, does not seem to follow the expected trajectory. Nor are all, or even most location decisions to be explained by the interplay of these factors. There is, furthermore, a distinct difference between home location decisions of individuals and company location decisions taken by the managers of creative and knowledge companies.

We also find location-related phenomena that urgently require the elaboration of new scientific categories to supplement the “soft-hard” dichotomy.

To complicate matters further, we have discovered a problematic that is entirely new to the mainstream debate about creative cities, which problematic is to do with the history and positioning of the city, rather than with a particular interplay of “hard” and “soft” factors.

1 INTRODUCTION

1.1 Introduction to Sofia

Unlike most major cities in Europe, Sofia has no navigable river to attract human settlement. But its dozens of mineral water springs proved an attraction enough for a tribal alliance of Thracians, the Serdi, to settle there as far back as the 8th century B.C. when the area was taken over by Rome, the Romans established a town named after its natives – Serdika. During the 1st-4th century A.D. Serdika was a flourishing Roman city, the capital of the Inner Thracia region.

During the great migrations of the 5th and 6th centuries, Serdika was frequently sacked by Huns, Goths and other barbarians. From mid-6th century onward, under Justinian the Great the city, re-named into Triaditsa, recovered its status of regional capital of the Eastern Roman Empire.

In 809 the Bulgars, who had swept in from the shores of the Caspian Sea to establish a state to the north of the Balkan Mountains, added the city to their land, re-naming it into the Slavic "Sredets". It was later, as the rest of Bulgaria, re-absorbed into the Byzantine Empire, but recovered its independence and re-joined the resurgent Bulgarian state following a series of uprising in the 10th century.

Between the 14th century and the late 1870s the city, as the rest of the nation, was part of the Ottoman Empire. It was re-named "Sofia", after its oldest church, sometime in the 15th century.

The city went into decline with the rest of the Empire from the latter half of the 18th century, to meet Liberation (1879) as a large village. After Liberation, with Sofia declared Bulgaria's capital, the city's managers made a strenuous effort to turn the city into a European-style capital in the shortest time.

During the decades of forced industrialisation, undertaken by the Communists from the mid-1940s, Sofia grew more than two times in population, breaching one million by the end of the 1980s.

The tenor of the city's life became dominated by the incoming peasant-workers and Communist Party functionaries, while the skyline was crowded with factory chimneys and high-rise concrete blocks of flats. The economy of the city was severely skewed in the direction of heavy industry.

A revolution in Sofia led to the downfall of the communist regime in 1989. During the 1990s, Sofia's artificial Soviet-type industry collapsed, as it did all over the country. Unlike most others, however, Sofianites used the newly arisen opportunities for private initiative and so the capital avoided the severe economic depression, which drove into poverty the provincial cities and de-populated a good number of them. It re-invented itself away from heavy industry and embraced the new service sectors, which now form more than three-quarters of its GDP. Its population doubled again, but the city reached full employment by 2006-7 and since then skills shortages have been an increasing problem.

1.2 Development of the Bulgarian economy

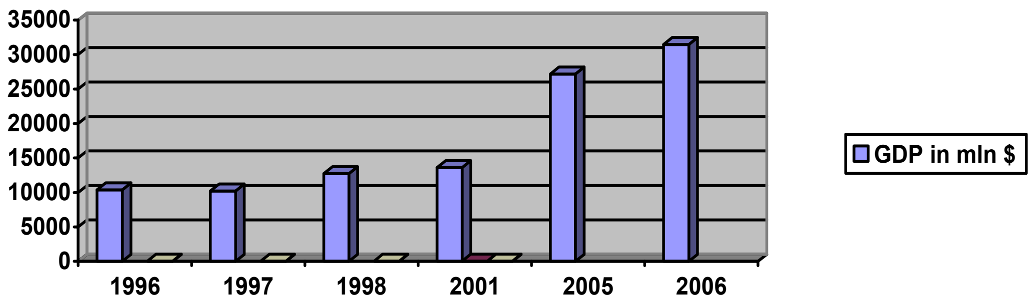
Bulgaria is the only European ex-Warsaw Pact country that failed to make the transition in one leap. It went through two economic collapses, caused by governments of ex-Communists, and consequently carried out two political revolutions – first in 1989-1990 and then in 1996-1997.

Only in 1997 did Bulgaria turn seriously to the business of reform, in a situation of virtually zero resources and complete economic exhaustion. Inflation was 2,000 per cent, monthly wages had sunk to around $ 10, the majority of banks had collapsed, the economy had shrunk more than after the disastrous defeats in the two World Wars (as an ally of Germany).

For most of the 1990s, Bulgarians avoided reforms toward a market economy because they were not convinced of its merits. This mind-set pre-dates the socialist period – latest research (Avramov, 2007) has demonstrated that the evasion of market economy began in the early 1920s and has proven a durable characteristic. As a result, until the end of the 1990s Bulgaria's economy was locked into a doomed effort to establish a socialist-capitalist synthesis, characteristic of most former Soviet Republics. Crony capitalism with predatory inclinations was the inevitable result, which still plagues Bulgaria's society today.

After the second economic collapse of 1997, which was yet again the result of an attempted centrally-run economy, Bulgarians entered the path of reform. The introduction of a Currency Board regimen, backed by IMF reserves, re-established the financial system, whereas determined privatisation, conducted at break-neck pace, re-established the economy on a market basis. Legislation harmonisation with the EU, as part of Bulgaria's accession effort, helped establish the legal basis for business and legality. Nevertheless, it took Bulgaria 11 years to reach its pre-collapse economic indicators of 1996, ensuring it remained the poorest nation in the EU.

Coming behind almost everyone else, Bulgarians joined the EU later than most, on 1 January 2007.



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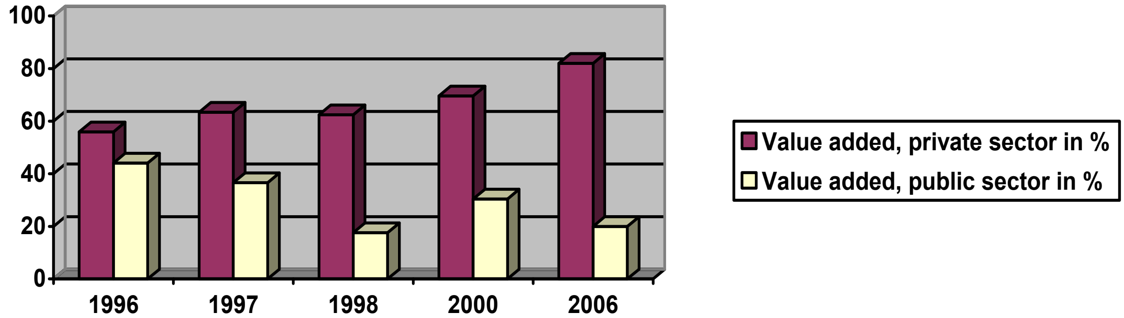

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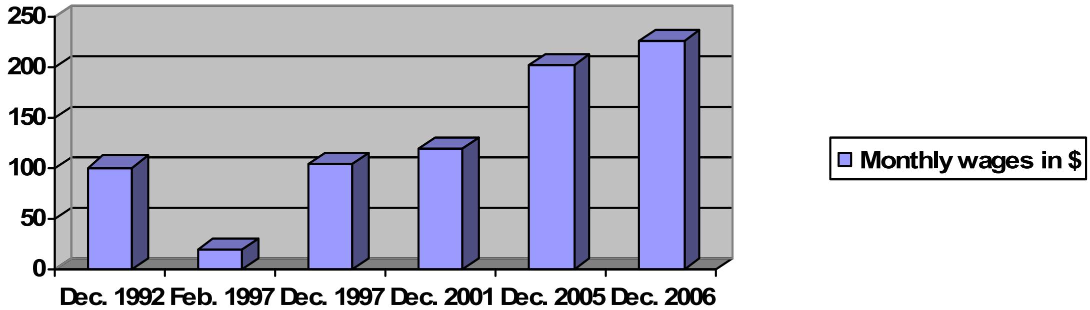

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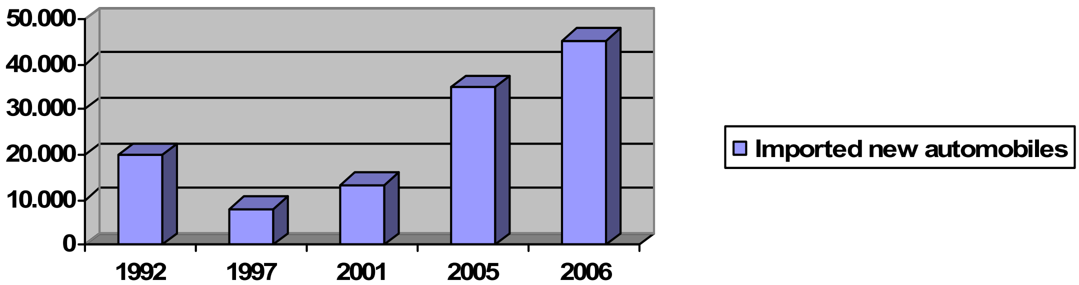

Source: National Statistics Institute

1.2.1 A city re-invented

Contemporary urban theory has some way to go, before truly making sense of the development and prospects of ex-socialist cities. Trying to imagine them as a sub-phenomenon of what is already known from Western cities is to stray away from their complex reality.

There are a handful of texts available (Musil, 2005; Petrovic, 2005; Ruoppila, 2004), which attempt to make serious sense of such cities in Europe. Such texts, as well as the work done on Sofia under the ACRE project, forcefully suggest that such cities are best grasped as a novel phenomenon, whose uniqueness stems from their participation in the unique process of post-socialist transformations. Mina Petrovic (Petrovic, 2005) lists three types of transformation, directly impacting on ex-socialist cities:

1. From totalitarian to democratic society, from the planned to market based economy.

2. Developmental: from an industrial to post-industrial (service) economy and society.

3. Transformation from an isolated to an integrated position in the world economy, which is itself transformed from an international to global type.

To this list, a *fourth* point must be added: the societal aspects of the difficult emergence from a deformed, imitative industrialisation. While it produced the outer trappings of modernity – urban life, industrial factories, Fordist methods of production – communist modernisation did not produce the basis of modernity: the autonomous, resourceful individual. The outcome was that none of the Development Plans placed at their centre the life of the individual. Post-socialist cities, as a consequence, do not provide a benevolent enabling environment for the 'creative (free, resourceful, multi-cultural) class'.

Based on the experience of Sofia, furthermore, at some future date an entirely *new category* of city would have to be added to existing theoretical models: that of the revolutionary city. Being the arena of two successful revolutions (1990 and 1997), Sofia inevitably differs from most cities, inasmuch as its citizens have an entirely different level of self-confidence, civic awareness, initiative and organisational capacity.

For the purposes of this research, the fundamental theoretical point can be narrowed down. Since 1990, Sofia has re-invented itself without help or hindrance from strategies or urban development plans. Rather, the energies of its citizens have managed to utilise objective factors for development, such as the city's gateway function, its established role of political, economic and cultural leader, as well as the clustering of different types of workers associated with this. All of these were successfully harnessed, from 1991 on, by the introduction of market mechanisms that freed individual and group initiative.

Insofar as any 'path dependency' can be discerned, it is the sustained failure, from 1945 to 2008, of all attempts to plan or limit the development of the city.

Sofia is entirely – for good and evil – the product of the 'invisible hand' of the market. As such, it falls neatly into Petrovic's category of unregulated capitalist city, with some elements of Third World development. The results have been mixed. The city produced more than one-third of the national GDP and attracts almost 70 per cent of all direct foreign investment, while at the same time its aged infrastructure, designed for under one million inhabitants, is unable to service the current 2.5-plus million inhabitants.

1.2.2 Economic development

No planning supported Sofia's emergence from socialism after 1990. Until the end of the 1990s, the administration was engulfed by the problematic of privatisation and had no capacity to spare. As a result, stuck with the 1961 Development Plan, long since irrelevant, administrators found little motivation for enforcing existing regulations. This in turn created the typical 1990s atmosphere of a corrupt boomtown. A deluge of unregulated construction was one outcome.

Sofia's "creation out of chaos' trajectory neatly illustrates Törnqvist (1983) and Andersson's (1985) major prerequisite for a creative milieu – "structural instability' (i.e. uncertainty about the future). Such uncertainty contains the freedom to fashion the future and this is what Sofianites did.

Since 1990, Sofia has re-invented itself without help or hindrance from strategies or urban development plans. Rather, the energies of its citizens have managed to utilise objective factors for development, such as the city's gateway function, its established role of political, economic and cultural leader, as well as the clustering of different types of workers associated with this. All of these were successfully harnessed, from 1991 on, by the introduction of market mechanisms that freed individual and group initiative.

Objective factors ensured that Sofia became the nation's creative city by default – for lack of other cities similarly placed. But such factors could have remained an unrealised potential only. What unlocked it was not conscious policy, but local initiative. Initiative produced successes and investor trust, attracting the bulk of domestic and foreign investment, as well as outside human talent, all of which fuelled further development in a virtuous spiral.

The communist takeover of 1944 found in place a self-confident European city with a no less self-confident elite, which the new regime promptly annihilated. Sofia was to become a socialist city, populated by functionaries and a new working class, engaged in Soviet-built heavy industry. In 1989, Sofia housed three-quarters of Bulgaria's metal production, fourteen per cent of machine construction, a fifth of construction materials production, a fifth of rubber and plastics production – a socialist industrial-Fordist city.

From the end of 1989 and to January 1991 Sofia was the arena of the anti-communist revolution, in which thousands took part over more than a year. The end of communism was seen and felt as a Sofia-driven process, which raised the confidence level of Sofianites in the teeth of economic collapse. A reforming government, appearing in 1991, met the demands of the revolutionary crowds and lifted limitations on private initiative. The government also returned nationalised real estate to its owners, providing citizens with a start-up capital. By 1992, Sofia was transforming from a city of shortages into a place of shops and services. These sucked in the workforce freed from the collapsing state industry.

With hindsight, the "creation out of chaos" developmental trajectory was evident even then. No government or municipal development plan or policy defined Sofia's re-intenviton as a post-Fordist city. The path had less to do with planning and almost everything to do with an Aristotelian-Habermasian model, under which civic energies and habits, once awoken, spread beyond issues of governance (the ending of communism, in this case) and infuse the daily lives of citizens. Political initiative turned into economic entrepreneurship and established Sofia as the locomotive of the new national economy.

By 1996, Sofia established a reputation of being capable of providing jobs for all comers, with an unemployment rate under six per cent (reaching two per cent by 2007, signifying full employment), compared to a national decline in employment of almost twenty-five per cent between 1990 and 1996. When other cities went into steep decline, following the disintegration of the Soviet-style economy, their most dynamic inhabitants flocked to Sofia, supplying it with the nation's most enterprising, dynamic and creative labour force. Inevitably, this influx dynamised the city, as the (predominantly young) newcomers formed lifestyle sub-cultures, which contrasted with the drab officiousness of the capital in decades past.

By 2002, Sofia was producing thirty per cent of Bulgaria's GDP, employing a quarter of the entire Bulgarian workforce. During its economic leap, from 1998 to 2002, Sofia's GDP increased by over eighty per cent. By 2007, some three-quarters of that GDP came from services, with the share of (the once dominant) industrial production shrinking to under one-fifth. Profit generated increased more than three-fold between 1998 and 2003. Over the same period, investment increased more than two-fold. GDP per head in Sofia reached double the national average.

The percentage of the employed in the private sector increased from under four per cent in 1990 to over seventy in 2003.Since the advent of foreign investment into Bulgaria, Sofia has never attracted less than half of it, and continues to pull some sixty-five per cent of it today.

In terms of industrial structure, the figures clearly point to the emergence of a "creative city'. Sofia is home to: sixty per cent of all Bulgarian gardening and landscape companies; half of all design companies; half of all advertising companies; forty per cent of all printing companies; over forty per cent of all fashion design companies; half of all architectural bureaux; over half of all antique dealers; eighty-six per cent of all music companies; eighty per cent of all publishing companies; over half of all software companies; half of all radio companies; half of all TV companies; seventy per cent of all insurance companies; 100 per cent of all market research companies; seventy per cent of all human resources companies; 100 per cent of all information agencies.

Creative and knowledge companies form just over a fifth of all firms active in Sofia, not taking into account more traditional indicators, such as educational institutions.

The creative industries in Sofia comprise a large variety of fields, such as advertising, marketing, broadcasting, film, Internet and mobile content, music, print and electronic publishing, video and computer games, design, architecture, visual arts, performing arts, museums and library services. The pointers for 2007 are clear enough (data provided by MarketTest Ltd.):

Sofia has one-third more owners of businesses and is home to half the entire managerial force of Bulgaria. Half of all self-employed and free-lancing Bulgarians are in Sofia.

Sofia has one-fifth greater proportion of people involved with culture and science than is the national average, one-third more people working in tourism, double the proportion engaged in banking and finance, double the proportion of employment connected with the arts, and almost double the proportion engaged in trade and services; it also has fifty per cent more people involved in software than the national average.

More than sixty per cent of Sofianites get more than the minimum wage, compared to under forty as the national average; conversely, the minimal wage and under is admitted to by less than eleven per cent of Sofianites, compared to twenty-four for the country as a whole.

In terms of the industries themselves, the figures clearly point to the emergence of a "creative city'. Sofia is home to: sixty per cent of all Bulgarian gardening and landscape companies; half of all design companies; half of all advertising companies; forty per cent of all printing companies; over forty per cent of all fashion design companies; half of all architectural bureaus; over half of all antique dealers; eighty-six per cent of all music companies; eighty per cent of all publishing companies; over half of all software companies; half of all radio companies; half of all TV companies; seventy per cent of all insurance companies; 100 per cent of all market research companies; seventy per cent of all human resources companies; 100 per cent of all information agencies.

Creative and knowledge companies form just over a fifth of all firms active in Sofia, not taking into account more traditional indicators, such as educational institutions.

1.2.3 Quality of life

By 1914, the fundamental precept of city planners was to keep the city manageable in size, de-concentrated and green in ambience. Situated in a cusp of four mountain ranges, Sofia was laid out around a constellation of green spaces, linking the small city gardens of the centre, via big peripheral parks, to the surrounding mountains. Since then, planning has been plagued with failure.

After the post-war communist centralisation, planning and funding of Sofia became a state matter. Contrary to the perceived efficiency of totalitarian planning, this centralisation failed to define Sofia's development, which gradually took on an anarchic (unplanned and unplannable) aspect. This placed the authorities in the situation of continually dealing with unexpected events that looked like sudden crises. This in turn formed a culture of mistrust of all planning, and an attendant practice of engaging in isolated, piecemeal projects unconnected with the existing elements of the urban area and thereby leading to a chronic crisis of infrastructure.

Planning impotence has continued through to the 2000s, with the city planners unable to formulate or pursue policies related to the quality of life. While, however, infrastructure, transport, child care, air quality, and green spaces degraded due to administrative impotence, other elements related to the quality of life boomed as the result of private initiative and the influx of young, dynamic and modern migrants into the city.

The age structure in Sofia is more favourable than in the rest of the country. In 2003, people in active working age composed over sixty-five per cent of Sofia's population, compared to under fifty-eight the national average, and had increased by more than three per cent since 1998. With Sofia's negative birth-rate being roughly the same as the national average, these dynamics are clearly the result of young people migrating into the city.

The educational structure of the employed indicates that Sofia attracts the highly qualified and discourages the poorly educated. The biggest percentage in the labour force are working people with higher education. In 1998, these were thirty-eight per cent of the employed, and in 2002 – almost forty-five. This percentage is two times higher than in the rest of the country. The percentage of labour force with lower-than-secondary education level is under five per cent (2003), compared to seventeen as the national average.

In terms of lifestyle, Sofia's young and educated population is the reason the city has changed from a socialist agglomeration to a modern multi-cultural hub. On an average week, in the city proper more than 200 profiled restaurants advertise their existence, on top of several hundred neighbourhood establishments and further hundreds of pizza parlours and beer gardens. More than 200 profiled night-clubs advertise in the various guides, servicing every possible music and ambience taste. In an average week, some eighty live music acts perform in the 'live music' clubs. More than 60 art galleries attract visitors, as well as 23 drama theatres, 490 libraries, 29 museums and 31 movie theatres.

With religion running skin-deep, and with a history of living with other cultures and ethnicities spanning millennia, Bulgarians are tolerant, open-minded and easy-going as regards cultural diversity. Issues which usually form the basis of intolerance – abortion, homosexuality, religion, nationhood and ethnicity – have not produced sectarian divides or hostility.

The ethnic structure of the city has been greatly enriched by internal and external migrations. Fleeing economic crises, significant numbers of the Roma minority settled in Sofia since the mid-1990s. International migrants have also swelled. Sofia possesses 93,000 migrants from Asia, 77,000 migrants from the Arab world, 70,000 migrants from Balkan countries. Indigenous Turks are almost 50,000 in number. The Roma are more numerous, at almost 150,000. Sofia also has almost 40,000 migrants from other European countries, about half of these being Irish or British. Significantly, eighty per cent of all Jews and half of all Armenians in the country live in the Metropolitan municipality and more particularly in its centre.

A total of seventeen per cent of inhabitants of Sofia are of non-Bulgarian ethnicity or religion. This is close to figures for London and Paris and places Sofia in the league of Europe's multi-cultural metropolitan areas.

Sofia is also the place most likely to provide a better living standard, its GDP per head being double the national average, with incomes differing accordingly. Cross-tabulation of polling data reveals a virtual absence of Sofianites in the lower income brackets (i.e. under 100 Euro / month / head), where 44% of the nation are to be found; and a percentage three times the national average concentrating in the highest-income category polled for (over 300 Euro / month / head). One-third of Sofianites receive such income, compared to only 1/10th the national average.

The survey, conducted in Sofia under the previous stage (Work Package 5) of the ACRE project, of creative and knowledge workers clearly reveals that they are content with the (mostly 'soft') factors of their environment, over which they have some direct influence; and are extremely dissatisfied with the (mostly 'hard') factors that are beyond their control, falling under the provenance of urban planning.

Respondents show extreme levels of satisfaction with their jobs, over eighty per cent, which seems to be unrelated to income levels, while some eighty per cent are satisfied with their neighbourhood. But the city's infrastructure fares badly, with more than half dissatisfied with congestion, more than ninety per cent per cent – with public transport, and more than half – with the lack of facilities for bicycling.

Precisely in the fields where public authorities have to deliver, our sample is convinced that nothing is being done. No matter how inventive, energetic or creative Sofianites can be, their efforts can not compensate for city-wide managerial inefficiency.

1.2.4 Work package objectives

The previous work package of the ACRE project investigated the experiences (and degrees of satisfaction) of creative knowledge workers and higher educated graduates with their life and work in Sofia.

It was discovered that knowledge workers were quite sedentary, the vast majority of them being either born in Sofia, or remaining after graduation. The creatives were much more mercurial, with half being recent migrants into the city. Both groups were satisfied with the "soft" factors of their working and living environment, and extremely critical of the "hard" factors, such as transport, infrastructure and dilapidation of outdoor leisure facilities.

During the work on that package (Work Package 5), several unexpected theoretical outcomes appeared.

First was that this kind of research comes too early, in the case of a post-socialist city such as Sofia, to be easily linked to theoretical debates in literature. Quite simply, some crucial events have still not run their course, in order to be clearly analyzable. For example, residential differentiation in Sofia has still not appeared clearly enough, and location decisions still contain more factors to do with necessity, rather than individual choice. Therefore, it would be all but meaningless to theorise locations – eg. in the centre or in the suburbs? Where people live is still mostly accidental, rather than the outcome of some kind of urge to live with one's peers.

Second was the fact that capital cities are very different from other cities. They suck in talent almost by default – being the centres of politics, administration, skills, culture and amenities, as well as being gateway cities. This raises the problem of whether one and the same theoretical model can be seen to cover capital and non-capital cities. One hypothesis was that it would make more theoretical sense to concentrate on non-capital cities (i.e. which do not attract talent by default).

Third was the problematic of the post-socialist city itself. Such cities have suffered two major interruptions in their development path – the first when communised in the 1940s, and the second when de-communised in the 1990s. Their comparability with non-socialist cities is, therefore, by definition problematic.

Fourth was the increasing suspicion that location (as well as "staying-on") decisions are not to be analysed only by way of the "hard / soft" divide. In Europe, cultures are much less individualistic (and more group / community / family-centered) and individuals are less geographically mobile than in the USA, where these theories originate. Location decisions, therefore, include factors less visible in America, such as family, personal trajectories, tradition and so forth. New categories, to do with location decisions, would have to be added to the "hard-soft" pair.

Fifth was the increasing realisation of the Sofia team that their city demonstrates another theoretical weakness: the assumption that municipality-driven policy exists all the time, shaping events and choices. No such thing has been evident in Sofia for a very long time (arguably – since 1945) and therefore discussions of policy and its outcomes become difficult to maintain. Insofar as any policy shapes Sofia's trajectory, it is national-level, rather than local-level policy – something that has since then strongly come out in the Sofia team's work.

This work package (Work Package 6) focuses on managers/directors/owners in creative knowledge industry in an attempt to determine the factors behind company location in Sofia (as opposed to other cities) and in districts of Sofia. The relative weight of "hard" and "soft" factors was investigated, as well as the play of other factors. Also investigated was the role of government / municipal policy, networking and the image of the city / district.

The research was based on qualitative research methods (semi-structured interviews). A total of 18 (out of 24 attempted) interviews were undertaken with managers/directors/owners and key stakeholders in creative knowledge enterprises.

Given the direction of the inquiry, two overall research questions are ultimately addressed:

1. What kind of policy should Sofia pursue, if it wants to become a "creative city"? What relative weight should planners give, in the process of policy formation and implementation, to "hard" and "soft" factors, in order to attract and keep creatives? (Policy-related question)

2. What does the emerging picture of location decisions in Sofia tell us about the scientific value of existing academic literature on the "soft / hard" factor debate? (Scientific question)

2 TARGET SECTORS IN SOFIA

2.1 Overview of employment in creative knowledge industry

Although statistics are difficult to come by, a collation of independent data sources suggests that Sofia is by far and away Bulgaria's creative knowledge capital, containing the bulk of the nation's creative knowledge industries. Sofia is home to:

- 52% of all Bulgarian engineering companies
- 49% of all Bulgarian design companies
- almost 50% of all Bulgarian advertising companies
- 40% of all Bulgarian printing companies
- 42% of all Bulgarian fashion design companies
- 50% of all Bulgarian architectural bureaux
- 55% of all Bulgarian antique dealers
- 86% of all Bulgarian music companies (including shops)
- 80% of all Bulgarian publishing companies
- 57% of all Bulgarian software companies
- 65% of all Bulgarian hardware companies
- 49% of all Bulgarian radio companies
- 57% of all Bulgarian TV companies
- 54% of all Bulgarian computer service companies
- 70% of all Bulgarian insurance (and 78% of life insurance) companies
- 100% of all Bulgarian market research companies
- 69% of all Bulgarian human resources / training companies
- 100% of all Bulgarian information agency companies
- 98% of all Bulgarian magazines.

From both a practical and a research point of view it is crucial to understand the *differentia specifica* here. Ten-fifteen years ago, most of these industries and companies simply did not exist in any recognizable form, or at all, as in the case of advertising companies, market research companies, landscape etc. The ones that did exist under the communist regime, had little to do with today's economic landscape. For example, all publishing and broadcasting was a state monopoly. As a consequence, all decisions, taken in such industries, were in no way connected with current decision-making factors, such as market, audience, price structure, location, business planning and so forth.

We are dealing with a phenomenon in its infancy and, as is usual in these things, much in this phenomenon is still fragile, or unclear, or unsustainable, or difficult to quantify and project forward. In any case, any "historical development path" considerations are completely meaningless at this time. Historical perspective needs the passage of time and a settled reality. As such, it is still a thing for the future.

Having said this, some trends are clear. Forming at least one-fifth of the total employment in Sofia, the creative knowledge sectors have mushroomed in terms of numbers and increasingly influence the culture, politics and tenor of the city. This can be expected to continue, as domestic and foreign investors increasingly choose to locate manufacturing industry in cities other than Sofia. Industrial jobs continue to move elsewhere, leaving Sofia for jobs in administration, services and creative / knowledge industry. This is likely to be a self-perpetuating cycle, given that half of the creatives already in Sofia are recent migrants – and their example is more than likely, therefore, to influence new groups, coming onto the labour market, to locate in Sofia.

2.2 Overview of selected sectors

74.14 Knowledge intensive (business and management consultancy activities)

921 and 922 Creative sector (motion picture, video, radio and television activities)

722 Creative sector (computer games and web design)

As is to be expected (given the sorry state of statistics in this country), it is impossible to reconstruct the "map" of creative industries in Sofia out of government-related data. A collation of available data suggests the following picture (i.e. relevant to the target-groups of the ACRE project.

Table 2.1[1] - Information about number of firms, employees in Sofia

NACE	Branch	2006/partly 2007	
		Number of firms	Number of employees
7220	Consultancy and software supply	162	4,265
7221	Standard software publishing	391	2,084
7222	Other software development activities	149	1,146
7414	Consultancy and other services in economic activity and management	1,557	6,749
9211	Motion picture and video production	89	625
9212	Motion picture and video distribution	63	722
9213	Moving picture projection	3	22
9220	Radio and television activity	102	1,991
	Total	**2,516**	**17,604**

[1] Data source: Bulgarian Industrial Association, Capital Market, http://beis.bia-bg.com/

NACE	Branch	2005	
		Number of firms	Number of employees
7220	Consultancy and software supply	162	3,300
7221	Standard software publishing	418	2,024
7222	Other software development activities	109	691
7414	Consultancy and other services in economic activity and management	1,348	5,275
9211	Motion picture and video production	89	425
9212	Motion picture and video distribution	53	459
9213	Moving picture projection	3	182
9220	Radio and television activity	105	1,973
	Total	**2,287**	**14,329**

NACE	Branch	2004	
		Number of firms	Number of employees
7220	Consultancy and software supply	149	3,019
7221	Standard software publishing	263	1,335
7222	Other software development activities	36	294
7414	Consultancy and other services in economic activity and management	546	2,769
9211	Motion picture and video production	35	357
9212	Motion picture and video distribution	33	411
9213	Moving picture projection	3	225
9220	Radio and television activity	72	1,666
	Total	**1,137**	**10,076**

Table 2[2] Information about number of firms, employees and location

NACE	Branch	2007/2008		Location	
		Number of firms	Number of employees	Central	Periphery
722	Computer Games[a]	9	98	~56%	~44%
	Web Design[b]	105	856	~54%	~46
922	Radio Activity[c]	34	550	~76%	~23%
	TV Activity[d]	70	1500	~60%	~40%
921	Motion picture and video[e]	155/BIA data/	1369/BIA data/	~68	~32%
7414	Consultancy and other services in economic activity and management[f]	1,557 /BIA data/	6,749 /BIA data/	~67%	~33

[2] Expert estimation – GfK Bulgaria

[a] Data Source: http://www.google.com
Official firms' web sites
NSI, Statistical yearbook 2006
[b] Data Source: http://www.google.com
http://www.inbg.org/webdesign/
Official firms' web sites
NSI, Statistical yearbook 2006
[c] Data Source: http://www.predavatel.com/bg/radio
[d] Data Source: http://www.predavatel.com/bg/tv
[e] Data Source: http://www.google.com
Official firms' web sites
NSI, Statistical yearbook 2006
http://www.kafene.bg/?p=guide&aid=9
[f] Data Source: http://www.online.bg/BOL.asp?dID=22&sID=18&lang=1&dMode=3

The data above provides a glimpse of the dynamics of the creative knowledge sector of Sofia – the "boom" which is under way and which, we have no reason to doubt, is likely to continue for the foreseeable future. In just the period 2004-6, the number of companies in the target sectors of the research has more than doubled (from 1,137 to 2,516), and the number of employees has increased by three-quarters (from 10,076 to 17,604).

2.2.1 Business and management consultancy activities

In recent years the consultancy sector has undergone a headlong development. A large number of organisations offer information and consultancy services to business. Some of them function as multinational networks established within European programmes frames, others are national and international associations, third are consulting agencies with minute specialisation. Each one practices particular strategy for attraction of clients and promotion of services.

In the pre-accession period to the EU, information campaigns and trainings were conducted for administrators. Now the trained civil servants tend to leave service, because of bad pay and conditions, and flood into consultancy companies, conducting training in programmes under the European Structural Funds and the Cohesion Fund.

There are special departments dealing with pre-accession instruments and structural funds in 40% of Bulgarian municipalities. But the smaller municipalities, especially the ones with less than 10,000 population, still have limited possibilities concerning planning and absorption of European funds. That fact turns Sofia into the main centre of consultancy business development.

Another direction of consultancy development is the gradual professionalisation of political environment in Bulgaria and the emergence of political consultancy organisations. The approach of the organisations providing surveys and consulting focuses on the political recommendations and governmental intervention and is oriented towards specific practical objectives. The customers of such organisations are mainly from the public and social sector –

governmental departments and agencies, political parties and political leaders, politicians, social partners, local government and local development agencies, private companies.

The staff of such consultancy organisations has diverse academic qualification, including political PR, advertising, political behaviour, psychology, local and regional development, engineering, economics, sociology, political sciences, public governance, marketing, informatics and operational research.

Consulting services are oriented towards client support in defining the problems and identifying new business opportunities, suggesting of solutions and commitment for their implementation aimed at achieving competitive advantage, assuring their strategic market positioning.

Most of them propose planning, developing, and implementation of competitive projects for private businesses, NGOs, and municipalities, comprehensive searchable and comparable database of financing products, knowledge center of best-practice business templates and tools, access to in-depth consulting and business start-up services, comprehensive assistance for short-term project analysis, investment, acquisition and sale as well as long term project design, implementation, management and tailored solution, corporate finance advisory, including M&A, privatisation, finance-raising, balance-sheet restructuring, and licensing tenders. Management consulting and technology solutions company help to businesses become more productive in sales, marketing and customer service.

Even typically conservative institutions like commercial banks started quitting their role of a funding actor and began offering new and sometimes unusual services. To assist their clients in successful absorption of a quote of EU billions allotted to Bulgaria, some banks decided to close the cycle and to form their own consultancy units, others outsourced that responsibility to outside companies. In turn the clients are provided with a "three-in-one" type service – preparation or information for projects, credit certificate required under the "Competitiveness" programme (European Social Fund) and funding of projects approved.

Gradually IT-consultancy has also made its way in Bulgaria. Solutions available on the Bulgarian market are in fact applicable to every type and size of business and companies that need professional management of business processes and information on a daily basis. It is very important to consulting companies to be always flexible and to be able to deliver tailo-made solutions to particular clients.

2.2.2 Television and radio

Until the early 1990s, Bulgaria had only the state-run Bulgarian national television (BNT) and Bulgarian national radio (BNR). In spite of a rapid development in this sector, BNT and BNR continue to dominate the scene. They are funded both by the state budget and by advertising, thus enjoying a privileged position compared to private operators. Their weight and influence shapes the market, as well as the decisions of independent operators, including – their location decisions. The more ambitious an operator, the more inescapable the decision to locate in Sofia.

The first private TV station, Rodopi Television, appeared in 1993 and is still broadcasting in the town of Kurdjali. The first private TV in Sofia was Nova Television, which appeared half-a-decade later.

The real revolution in watching TV took place with the construction of TV cable networks in every big and small city and even in the villages. The Bulgarian spectator started watching a great number of foreign programmes while gradually some regional, national and specialised Bulgarian channels arose. After the year 2000, with the advent of foreign investments, most of the foreign channels had been translated and interpreted in Bulgarian. In recent years the quality of Bulgarian television productions is improving in this competitive environment.

For most of Bulgarians television is the main source of information, no matter how dynamic is the positioning of new technologies. There is no public media ownership registry to give light to the fact of possession of each media. Legal framework concerning ownership favours lack of media ownership transparency, capital and funding. Ownership in media is usually concealed by ordinary shares (to bearer) as alternative to personal shares, or through offshore companies, where ownership transparency is not required.

Self-regulative mechanisms are not well-known and developed in the Bulgarian media sector, despite many efforts for development and approval of codes of ethics and standards have been made.

Despite the series of important steps undertaken by the Parliament and the regulatory bodies, steps oriented towards definition of policies and legislation, the leading actors in the sector managed to evade the regulators, to assure steady financial rise, to avoid the presence of new operators on the market and to strengthen their positions before transition to digital broadcasting.

State-controlled Bulgarian National Television stabilised its positions, but did not reach great progress in the way of becoming a public operator. The public fund that had had to finance the public radio- and television production is slightly probable to function in the forthcoming future. This means that BNT will remain dependent on the increasing state subsidy. The amendments in the Radio and Television Act made in 2005 postponed the functioning of Radio and Television Fund for 2008, but so far there are no signs it will start functioning soon.

When Bulgaria became a member of the EU in 2007 the media legislation had already been transponed and in compliance with the Television without Frontiers Directive (TVwF) now Audio-Visual Media Services (AVMS) Directive. Later the Parliament voted the Electronic Communications Act that introduces the European provisions, governing the elctronic communications. This Act gives the legal framework of digital radio- and television broadcast. In a six-month term after its approval the Radio- and Television Act had had to be amended in line with the Electronic Communications Act in order to render a complete legal framework governing the transition process to digital broadcast of radio- and television signal. Until February 2008 it was not done and there is no draft for these amendments filed in the Parliament for putting forward to a discussion.

According to official data, at the moment in Bulgaria 203 TV stations broadcasting: seven wireless and 196 via cable or satellite. Wireless channels include national Channel 1 of the BNT and the commercial operators bTV and Nova Television.

Telecommunications operators broadcast in 42 Bulgarians cities on the basis of temporary licenses. Some of them produce their own programme, others are only technical distributors of signal. For example, in Sofia GTV, TV2 and 7 Dni television are wirelessly broadcast. These operators shall use their temporary licenses until an across-the-board licensing competition procedure is started.

Over 100 of television channels, distributed via cable or satellite have a poly-thematic profile and over 80 are thematical ones. Out of all these channels 169 television programmes are distributed by commercial operators, and 17 by public television broadcasters.

Because of the advent of digital television, the analogue frequency licensing has been stopped, but without starting a process of digital licensing. This has blocked all licensing, dislocated company business plans and led to serious television operator protests.

Strong competition played the key role for the media upsurge as it forced the operators to strive to more and new genres and to enlarge the programme portfolio. A conclusion can be drawn that today the television programmes provide a pluralistic platform of standpoints, but are towards entertainment, through reality format and games. Despite the fact that these formats do not influence the news and the current affairs programmes, current affairs time has further been shortened in favour of entertainment.

A positive trend in media development in Sofia is the fact that the access to the journalist profession is practically unlimited. A lot of research workers think that this fact can have also negative consequences, that can be traced in the insufficient programme quality of many operators, especially local and regional.

The payment of journalists is relatively high compared to most of the other occupations, but that is valid only for central press and electronic national media. The leading professionals working for them get several times more than the average income. The situation is completely different in small local stations and press editions, where the salaries are hardly more than the minimum for the country.

2.2.3 Computer games, web design and electronic publishing

The absence of history in this sector is striking. The first Bulgarian company producer of video games is opened in 2001 in Sofia. In fact the producers of computer games are concentrated in the capital city. On the market the sales of PC games (30%) and PlayStation 1 and 2 (70%) prevail.

The process of localisation of gamery software for the Bulgarian market progresses with difficulties because of the responsibility of selling of at least 3,000 copies that binds the companies.

So far the companies have applied the "one copy – one computer" system, used worldwide. Probably that is the reason for the high income growth of the game industry. The expectations for this year are that sales entertainment software and hardware will continue to increase apace.

The Internet is new environment where the advertising market and commerce as a whole are increasingly being transferred. An increasing number of clients are searching commodities on the Internet and an increasing number of traders offer commodities there. On the Internet as well as in real life commerce goes shoulder to shoulder with the marketing and web-design, market research, commodity positioning, establishment of marketing mix, advertising strategy, etc.

However, on the Internet all these marketing elements have a new character, different from the ones in the conventional commerce. Unknown marketing elements intervene, such as traffic development, optimisation of search engines, online promotions, etc.

For a really efficient marketing and web-design, companies offer commercial traders elaboration of an overall marketing strategy for the Internet – namely to deal with the overall web-marketing of the products on offer. This is the only way marketing and web design companies could ensure the efficiency of the investment made by the traders.

In Bulgaria, companies providing web-design appeared in the middle of 1990s. This period coincides with the new era of web space development in Bulgaria.

Web designers stress on the smart and functional development of web presentations (sites). Any product is produced after a thorough study of the rest internet sites leaders in the correspondent branch, be it commercial or cultural.

Software solutions market is advancing with extreme dynamics for it is directly bound with the overall business development and growth. Solution offers on the market are either internationally acknowledged software systems with tens of thousands of clients worldwide or R&Ds of Bulgarian companies. What will further be more important and will decide the client's choice will be the delivery of quality services and projects with clear criteria and return indicators.

Gradually IT-consultancy has made its way in Bulgaria. Solutions available on the Bulgarian market are in fact applicable to every type and size of business and companies that need professional management of business processes and information on a daily basis. It is very important to consulting companies to be always flexible and to be able to deliver tailo-made solutions to particular clients.

Small- and middle-sized businesses in Bulgaria are aware that to be competitive in fast changing market conditions within the European community they need an information system, ensuring an on-line access to company information and data. Employees' time and especially the time of companies' specialists is becoming more and more valuable. That is why the integrated system is of utmost importance, regarding company's time- and cost-saving and an option of key business priorities focussing.

Until now, according to unofficial data (and in the absence of reliable official statistics) 66% of sector companies deal with web developments, 58% with web design, 31% work in the field of IT (technical maintenance), 28% are graphic designers, 19% with software and design, 19% in the field of multimedia developments and design, 12% in the field of communication services and 11% in the field of security and data protection.

3 RESEARCH METHODOLOGY

The questionnaire was developed and led by members in the Munich team. The creation of the questionnaire entailed a number of different steps which involved collaboration both within the team as well as with members from the entire ACRE project. Below is an outline of the different steps followed in the formulation of the questionnaire, from its conception to the final version.

3.1 Qualitative research: Semi-structured interviews

The current work package uses qualitative research methods to gain information from company managers that would be difficult to collect if using quantitative techniques, as in the previous work packages of the project. Furthermore, new hypotheses can be developed and at the same time checked and existing hypotheses can be tested.

This research is based on semi-structured interviews, conducted on-site of the company-respondent by a Sofia Team member.

The objective of this particular section of the project and, more specifically, of the questionnaire, was to understand and to answer the following questions: which factors – "soft" or "hard" were decisive for managers in knowledge-intensive and creative companies in the decision to establish their enterprise at the Sofia location, or to keep their company in the Sofia city region? How do the companies rate Sofia as a location? For two of the chosen sectors of industry (the consultancy sector and the web design sector), to date there have been hardly any studies of the location requirements and location-change decisions of companies. For this reason, a qualitative and exploratory approach is most suitable here, since with this methodological approach, new and context-specific perspectives and explanatory approaches can be gained.

The empirical survey for this project began with a comprehensive search of the literature for the individual branches of industry.

Sofia team then pursued two routes. First came interviews with experts in the field at the start of the research process were above all important for obtaining initial general information about the individual branches of industry, and secondly for gaining a deeper insight into the structure of the respective branch of industry in the Sofia urban region, with its special features as well as problems that are specific to the research location. The industry experts include chairs, managers or members of industry associations, as well as representatives from the area of public administration and non government organisations close to research companies. The information from the expert discussions and the expert opinion was used above all for the description and analysis of the sectors. Furthermore, the information obtained from the industry experts was of great importance for evaluating the guided interviews.

Only then, second, came the interviews themselves. The core of this investigation is formed by 18 topic-centred guided (structured) interviews with managers of representative companies from knowledge-intensive and creative sectors from Sofia city region.

3.2 Selection of respondents

Respondents were selected on three bases: a/ geographical location of the company (i.e. centre-periphery); b/ size of the company (in terms of the number of permanent employees); c/ on the basis of the previously selected sectors

Three sectors were selected. The following sectors were chosen for the study by the ACRE coordination team:

- Knowledge-intensive sector: code number 74.14 (business and management consultancy activities)
- Creative sector: code numbers 921 and 922 (motion pictures, video, radio and television activities),
- and 722 (only computer games and electronic publishing; software is not included, but web design was included).

In the area of the knowledge-intensive sectors, the Sofia case study relates not only to the management consultancy sector, but in addition to straightforward with management consultancy firms for European projects, investment firms that offer management consultancy as part of their service were also included.

In the area of audiovisual media, the Sofia case study relates exclusively to radio and television production, with the choice of firms being concentrated on national broadcasting TV and Radio. Moreover, electronic publishing, in other words the multimedia sector, as well as the computer games sector and web design sector, were studied and analysed separately, because all of the firms are concentrated in Sofia, making impossible a meaningful analysis of location decision factors.

The cases were selected in a targeted manner, according to a grid of variables. The following criteria were decisive for the structure of the sample:

- Belonging to the sector
- Size of the company
- Numbers of the company, located in Sofia
- Location of the company, at the city level

First of all we selected companies, based in the Sofia region. Second we investigated the managers of these companies. And finally we selected those companies, which are representative the interview model – 3 from the Sofia city centre and 3 from the sub-centre area.

Those companies that fulfilled the selection criteria were identified based on trade directories, and contacted by means of an official letter from the Centre for Social Practices. Altogether, approximately 24 companies from the three sectors were contacted, of which 18 firms expressed their willingness to be interviewed.

The respondents for the guideline-based interviews were predominantly people who had a management function in the company (managers, members of the board). This selection ensured that the interviews could yield relevant information about the background to the location decisions, satisfaction with Sofia as capital of Bulgarian and as a location and general local requirements of the company.

Table 3.1 - Breakdown of interview responses by company size and geographic location

NACE 74.14: Business and Management Consultancy Activities		
	Inner City	Outer City
Freelance Company	N/A	N/A
2-5 Employees	1	1
6-200 Employees	2	2
NACE 921 & 922: Motion Picture and Video; Radio and Television Activities		
	Inner City	Outer City
Freelance Company	N/A	N/A
2-5 Employees	N/A	N/A
6-200 Employees	3	3
NACE 722: Computer Games and Electronic Publishing		
	Inner City	Outer City
Freelance Company	1	1
2-5 Employees	1	1
6-200 Employees	1	1

Table 3.2 - Business and Management Consultancy Activities

	Inner City	**Outer City**
Freelance Company	N/A	N/A
2-5 Employees	1	1
6-200 Employees	2	2

Table 3.3 - Motion Picture and Video; Radio and Television Activities

	Inner City	**Outer City**
Freelance Company	N/A	N/A
2-5 Employees	N/A	N/A
6-200 Employees	3	3

Table 3.4 - Computer Games and Electronic Publishing

	Inner City	**Outer City**
Freelance Company	1	1
2-5 Employees	1	1
6-200 Employees	1	1

3.3 Conduct of the interviews

The interviews were conducted based on a semi-standardised guideline which contains open questions on the most important topic complexes of the investigation. The guideline has been adapted in each case to the respective particularities of the various branches of industry, and the size of the company.

The guideline is divided into five thematic focus areas.

<u>Business model / production structures and work organisation:</u> The aim of this topic area was to obtain information about the services or products offered by this company, as well as about the usual work organisations in this branch of industry. In-depth knowledge about the work organisation (project work, project procedures, project partners, network labour market) in the sectors are important because a close connection between the work organisation of a company, the customer structure and employee structure, the role of networks and the significance of spatial proximity is supposed.

<u>Customer structure and employee structure:</u> The questions about customer structure, regional distribution or customer acquisition are intended to reveal the importance of the spatial proximity of companies and customers, and to clarify any possible decisions on location that are made by the firms. With regard to employees, we examine whether Sofia is attractive for employees in the knowledge-intensive and creative sector, whether the demand for qualified employees in Sofia can be covered, and how strongly the various branches of industry are dependent on the local labour market, or whether it is primarily a network labour market.

<u>Networks:</u> A distinction is made here between the formal and informal networks, and we examine their importance for obtaining orders and acquiring personnel, or generating new knowledge. A further central point in this topic section is the importance of spatial proximity for the development and maintenance of networks.

<u>Location factors:</u> Here, we distinguish two spatial reference units. We differentiated on the one hand according to hard and soft location factors for the whole urban region, and on the other hand according to hard and soft location factors for the company location at the level of the district of the city (city centre or in the suburban area). The aim here is to discover the significance of certain location factors, as well as the reasons for establishing the company at the Sofia location.

<u>Municipal policy and the policies in Sofia region</u>: Do we have a policy? What importance do policy measures have, and what policy measures could be taken to improve competitiveness? It was also a matter of discovering what support instruments the companies are aware of, which ones they make use of, and how they evaluate the measures.

Within the framework of a pre-test with management consultants and multimedia agencies, we examined whether the wording of the questions was comprehensible, and whether the choice of questions is consistent. The guideline was revised slightly following the pre-test. Over the course of the investigation, the guideline was repeatedly adapted, in the manner of a circular research process, to the current status of evaluation and knowledge.

The interviews mostly took place at the companies, and lasted on average 1 to 1.5 hours. Usually the discussions were conducted by one interviewer, in order to ensure that all aspects of the guideline were adequately dealt with, and new aspects were investigated further. For each interview, a memo of the most important statements and details about the interview situation was produced.

The discussions were recorded, and subsequently transcribed in full and anonymised. After transcription, an initial evaluation of the interviews was made, the results of which flowed into the further progress of the research.

The category scheme was developed in the present investigation, in a two-stage analysis process. First of all, three example interviews were selected from each sector of industry, and these were initially coded openly and thematically. In a further step, the codes that were produced in this way were further generalised and abstracted in a group discussion amongst the project team, and eventually a final coding scheme and initial hypotheses or guideline questions for the analysis of the text material were drafted.

Subsequently, the cases were studied according to the principle of minimum / maximum contrast in respect of the answers to the questions posed, and the differences and common features of the various companies were worked out according to sector, size, and company location at the city level.

3.4 Problems and limitations

Sofia team's efforts continued to be very severely hampered by a problem haunting the whole effort from the beginning – to wit, the catastrophic state of official statistics. There are virtually no statistics to be found on any of the issues of interest; and, although the Director of the National Statistical Institute was sacked and a new Director recently appointed, there has been no improvement as far as Sofia-related data is concerned.

A second problem, which runs through all interviews in the Work Packages, is the continuation of a culture of distrust and secretiveness. We found respondents almost entirely unwilling to discuss questions relating to turnover and wages.

A curious, but highly enlightening limitation emerged from the attempt of Sofia team to interview University departments relevant to the industries chosen, as well as industry associations and – for contextual purposes (as regards policy) – municipal departments dealing with development issue. In all three cases (except for one successful interview with a private radio operators' association), attempts at interview came to nothing. In all cases, preliminary agreement for interviews was reached, but then followed problems of logistics: dates for interviews kept being postponed, and institutions were unable to produce a person to be interviewed.

Ultimately, and there could be some considerable policy-relevant significance in this, the three types of respondent institutions were not interviewed for three different reasons. Industry associations dropped out of contact. Universities (state-owned) declared that they had no links with the relevant business sectors and could thus contribute no knowledge.

Officials of Sofia municipality refused to be interviewed on the grounds that the Municipality had no policies whatsoever, aimed at the knowledge intensive and creative industries.

These failures further illustrate conclusions, reached during the previous Work Packages of the ACRE project as regards Sofia (see also Conclusion).

First, there is no policy, produced by the Municipality, directed towards the development of the knowledge and creative sectors of the city. This is further illustrated (below) by responses to the survey, with all respondents reporting an absence of municipal-level policies for their sectors. The official Municipal declaration, to Sofia team, that the Municipality has no policies in the areas of interest of the ACRE project further demonstrates the applicability, to the development of Sofia as a creative city, of the concept "creation out of chaos". The only policies impacting on the creative and knowledge industries in general, and our respondents in particular, are national-level policies and legislation. There is no awareness of relevant policies at the level of Region (i.e. the mid-tier government between Municipality and central government).

Second, the experience of the Sofia team revealed in practice something that had been long discussed in the public arena: the isolation of Universities and industries from each other. This helps explain the universal complaint of respondents in this survey that University graduates come to them without any practical skills.

A further limitation, more generally speaking, on the applicability of the results of the current Work Package is the following. The number of interviews conducted in each sector was much too small to be able to make any kind on general conclusions about the sector. A fuller, and scientifically clearer picture would emerge sometime in the future, should such interviews be implemented on a larger scale, allowing for at least a measure of generalisation.

At some future date, more specifically, a targeted survey of government officials at the three relevant levels (municipality, region, government) must be conducted in order to asses the current state of play regarding policy, as well as policy capacity and likely future outcomes of this.

4 RESULTS

4.1 Introduction

The objective of this research is to attain insights, related both to policy-making and scientific research, regarding the location decisions of the respondent companies: Why Sofia? Why a particular district of Sofia?

The intention is to gain an impression of the relative weight of “hard” and “soft” factors in location decisions. “Location decisions” include both motivations for *coming in*, and for *staying on*, once located.

As part of this effort, questions were asked about the policy environment, the “image” of (and degree of satisfaction with) the city / district, and also about specific problems of companies, mostly related to quality of life, relations with administrations and workforce recruitment.

The future outlook of companies was linked to their evaluation of conditions in the city.

Generally speaking, the results, albeit limited in terms of numbers, serve to illustrate – and achieve further details in – previous conclusions during the work on this ACRE project. As the outcome of this Work Package, significant policy-related and scientific generalisations can be now attempted.

4.2 Business and management consultancy activities

4.2.1 Overview and historical development paths

The consultancy sector was born a decade ago, and its mushroom-like development is difficult to conceptualise as a “historical development paths“; there is, simply, not enough history as yet. What can be said is that in recent years consultancy sector has undergone a headlong development, indeed – a “boom”. A large number of organisations offer information and consultancy services to business.

The current situation – Bulgaria’s recent entry into the EU and the consequent release of the Structural Funds and the Cohesion Fund – gives advantage to companies providing consulting and management of European-funded projects, and business consultancy organisations.

The current situation in this sector encouraged us to interview 2 companies providing consulting and management of european funded projects, 1 from the city centre and 1 from the suburbs; 1 political consultancy organisation, 1 business consultancy, 1 financial consultancy and 1 IT consulting organisation. The principle of representativeness of 3 firms from the city centre and 3 from the suburbs was followed.

4.2.2 Location factors: The role of 'hard' and 'soft' Sofia location factors

Location decisions are dominated by "hard" factors (access, levels of rent, parking facilities, access to major thoroughfares) virtually to the exclusion of all other considerations.

An element of "personal trajectory" (i.e. of individuals situated in Sofia for biographical reasons un-connected with the business) is also in play.

> *The company is located in Sofia because that's where the CEO lives, as well as for reasons of access to a skilled labour pool and the concentration of potential corporate and political clients.*
>
> Political consulting company

> *Our company has three founders, and all of them are from Sofia.*
>
> Business and market consulting company

The most powerful location factor is the simple fact that Sofia is the capital city and as such concentrates resources to do with decision-making, government, skills and market.

Sofia is the capital city and state administrative authorities, ministries and agencies are concentrated here the. The greater part of the consultancy activity depend on these bodies in the current conditions. The localisation of companies consulting europroject management in Sofia ensures constant contacts with administration, which is crucial for their development and conduct strategies.

> *We are in Sofia, because Sofia is the capital of the country and it is here that we find the concentration of institutions of government, administration and government agencies, on whom we depend for a huge proportion of our orders.*
>
> Consultancy company on EU projects – 1

In Sofia are situated, furthermore, the headquarters of many Bulgarian and foreign companies and organisations.

> *Sofia presents a unique opportunity, inasmuch as here we find the headquarters of Bulgarian and international banking and financial institutions.*
>
> Financial consultancy company

Here consultants can more easily practice their activity as a great part of economy, scientific and cultural elite of the nation is concentrated here. All that facilitates practicing and development of their activity.

> *It is simple: more than 90 % of the market for our kind of services is in Sofia.*
>
> Financial consultancy company

The reasons they have not situated in other cities are just the opposite to the reasons why they have situated in Sofia. With company development and increase in staff numbers, most of them open sub-offices in the country to serve mostly the local business and partly the local government administration. We believe that most of the companies would shortly be exporting their experience in the neighbouring Balkan states that have just recently started work with European programmes.

Naturally, it is commonly stated that infrastructure impacts every business, including consultancy. In Sofia there is well-established public transport, a great quantity of taxis which facilitates getting around. The problem lies in the big traffic jams in rush hours and sometimes all day long and the lack of parking space downtown.

> *Sofia has a dense network of public transport, compared to other cities, and also – a multitude of taxis, all of which makes movement around much easier.*
>
> Consultancy company on EU projects - 2

Sofia is several times bigger than the next city. In spite of official statistics still insisting that there are 1.3 million people living and working in Sofia, it is now an agreed fact (based on polling, as well as on returns of municipal companies as regards clients serviced) that the population is in excess of 2 million, which means that every third Bulgarian lives in the capital.

This is also indicative for the size of the market. The bigger a market, the greater needs it generates and the better is the chance for development of business strategies. In the city there more companies and more need of such services offered by the business consultancy organisations, which enables a more intensive development than on a market with less opportunities.

Respondents report increasingly good relations with administration, in terms of "being understood" and the quality of services provided. But most point out that the point of satisfaction has not yet been reached, and quality of municipal services does not appear anywhere as a factor in location decisions.

The respondents determine quality of life of some (and sometimes – great) significance for the company development as it influences their personnel and the quality of their performance and keep it from being head-hunted and moving to another company or city.

> *Quality of life is of significance in motivating of staff in the company, who, given their high level of expertise, is well-situated on the jobs market and can easily be attracted by companies elsewhere in Bulgaria and, indeed, out-of-country.*
>
> Political consultancy company

The region is important to every business and that decided their positioning in the capital city. They define as important the different subcultures that entails the necessity of a tolerant urban environment and in this sense professional tolerance too.

For the political consultancy agencies infrastructure is important, but not a key issue for their activity because of its specificity.

Labour market has a main significance for recruitment.

The prices and the rents are of serious importance (having in mind that often company employees are not residents of the city and live in rented property) and it should be taken into consideration in salary package formation.

> *The levels of rent do play a serious role, because a proportion of the company's staff does not originate from Sofia and lives in rented accommodation.*
>
> Political consultancy company

Quality of life is important in motivating employees, who can easily be head-hunted and hired by competitors in the country or abroad.

The quality of life in Sofia should be dramatically improved, respondents say, in the sphere of security, transport and waste management.

Business consultancy companies outline the main reason for its localisation in the city: the generic activity of the company, bound mainly to clients from the city, as well as the unique potential the capital city offers – political, financial, economic and legal. They determine the role of infrastructure as insignificant for their activity, while the role of the market as very significant. They share the opinions of the rest of consultancy companies on the impact of soft factors and quality of life.

4.2.3 District location factors

Respondents generally prefer positioning in the centre of the city because of the proximity to executive and juridical authorities and everyday need of activity administration.

> *Our office is in the perfect centre of the city. This enables us to be in close proximity to the ministries, government agencies, the government and municipal administration generally speaking.*
>
> Consultancy company on EU projects

If, for a variety of "hard" factor reasons they are unable to be in the perfect centre, they find offices on the periphery of the centre (sub-centre area), in order to be as close as possible, usually also near a main thoroughfare to ensure rapid movement into the centre, as well as out of town.

> *We stay in the periphery of the centre, in order to use cheaper offices.*
>
> IT consultancy company

Companies consulting projects aimed at European funds prefer positioning in the centre of the city, which enables them to be in the vicinity of ministries, agencies, state and municipal administration in general. Thus communication with them is quicker.

Political consultancy agencies are influenced by the rent prices and conditions, the district's perceived prestige, transport infrastructure, access to downtown and to the headquarters of their clients and their servicing companies (banks, mobile operators offices, etc.), as well as communications availability concerning proximity to central road arteries, accessible public transport for employees and parking opportunities. The latter are very limited in the centre and that is why they prefer to position in the sub-centre area, but close to a central road.

Business consultancy companies are forced to position in the city centre because of their specific and special competence of given institutions and courts situated within the territory of the capital city.

Financial and IT consultancy companies share the opinions of the rest. However, due to the fact that very often such companies have a small number of personnel, most of them prefer positioning in the sub-centre area, near to central traffic roads, for rapid movement around the city and better access for clients from the rest of the country.

In the discussion of district location decisions we discover most clearly the great weakness of "soft" factors in location decisions of companies. Almost uniformly, companies do not see emblematic "soft" factors (amenities, leisure and night life, diversity, water, ethnic and cultural diversity, Florida, 2002) as having any significance on their location decision. Here is a composite of typical answers, as regards "soft" considerations, from consulting companies:

<u>Amenities</u>: no relevant significance

<u>Leisure</u>: no relevant significance

<u>Cultural diversity</u>: no relevant significance

<u>Levels of tolerance</u>: no significance

In almost the sole exception, one company reported that they are at the periphery of the centre not because it is cheaper, but because it is a nicer place than the centre. This is the only case we found, in which "soft" factors outweigh "hard" considerations, when it comes to company location decision.

> *We are very pleased with the periphery of the centre and we like the area. The prices are as high as in the centre, but we have a better district, more parking spaces, we are on a main road that takes us into the centre quickly, and we are near a University campus, which means a nicer area in general, as well as access to fresh recruits to train in the company and then possibly stay on.*
>
> Business and market consulting company

4.2.4 The image of Sofia: Sectoral, national and international positioning

It is commonly reported that the city has a decisive role in the positioning of consultancy companies, as quick communication with administration is sometimes crucial for the completion of a given task. The advantages of Sofia are many and crucial compared to other cities in the country. Concentration of many private and state administrative structures is an invaluable advantage.

The city plays a key role in the consultancy business, as the urbanised environment attracts a lot of companies and corporation to settle in it and be potential clients. In most of the cases, the capital city gives the advantage of near proximity to the main national institutions (government, banks, key media).

Compared to other Bulgarian cities, Sofia has a leading position in all aspects.

> *In comparison with the other Bulgarian cities, Sofia has an absolute advantage in all aspects.*
>
> Political consultancy company

Compared to other similar in parameters European countries, respondents report that Sofia has significant disadvantages: bad infrastructure and public services, as well as insufficient cultural events.

The city's image, when not compared to other cities, is «mixed» for the respondents: bad infrastructure, but at the same time – limitless opportunities for personal development and also opportunities for diversification and improvement of services offered.

According to the respondents, the main disadvantage of Sofia is in logistics – the positioning of different administrations within a large perimeter around the city.

> *Sofia's disadvantage is a logistical deficiency. The administrations we deal with are dispersed all around the city, including outside the centre, without any obvious logic. We do waste quite significant amounts of time, going from institution to institution.*
>
> Business consultancy company

But generally, the consultancy sector is convinced that Sofia offers the best possible conditions and opportunities on the territory of Bulgaria.

At the level of district location discussions a peculiar feature of Bulgarian consultancy comes up: its over-reliance on the institutions and structures of government. Most companies seem to be dependent on government clients and it is proximity to those that are a powerful "hard" factor consideration.

4.2.5 Labour and labour processes

Consulting companies are convinced that Sofia is the only place with a deep enough pool of talent relevant for their recruitment purposes.

> *We are very much helped by the availability of a big talent pool. I would imagine that it would be a nightmare to try and recruit decent economists in a place like Smolyan, for example.*
>
> Business consultancy company

Most of the interviewed report as the basic means of staff recruitment individual references (via informal systems – friends, colleagues), followed by a thorough validation of the career development and personal merits of applicants.

All report that to find qualified personnel is becoming increasingly difficult, but are aware that this problem has reached epidemic proportions throughout the economy, not only in the consultancy sector.

> *Recruitment of qualified staff is a rapidly growing problem, reaching epidemic proportions, and not only for us.*
>
> Political consultancy company

Some companies report that increasingly they recruit through open competitions with specified educational and competences requirements. Employees have also been recruited through universities, but without formal cooperation with the city universities. The problems of recruiting highly-qualified staff leads to intense competition among companies for attracting the small number of specialists available. This, firms report, leads to knock-on problems, such as unreasonably high wages and a lack of response capacity when activities expand and new clients appear.

Most of the companies define as a key problem the insufficient practical qualification of university graduates.

> *We find that University graduates in law do not have the skills and knowledge that we need. They are not familiar with Bulgarian legislation, with EU Directives and European secondary-level legislation.*
>
> Business consultancy company

This supports other research, which points to the abstract and un-practical nature of Bulgarian University education as a whole.

4.2.6 Role of policy

The common assessment of the consultancy companies is that local authorities can assist in the fields of infrastructure, transportation, access to social and educational centres such as kindergartens and schools; security and also in initiating events and happenings in the cultural life of the capital. Some of them see the need of improvement in the organisation of administrations of the municipality and its sub-divisions.

In terms of policy, however, respondents do not discern any policy at the municipal level that is aimed at supporting their sector. Policies they find helpful are at the national level, such as the government's package of policies lowering taxation and improving the business environment nationally. Savings are used, by the companies, for human capital development, new office equipment and improvement of working environment.

At the moment I am unable to point to any targeted policies in support of our sector, outside of the national-level fiscal policies, which do create a good business environment for the indigenous and international business generally.

Political consultancy company

There is no awareness of relevant policies at the level of Region (i.e. the mid-tier government between Municipality and central government).

It is to be noted that the lack of policy is so entrenched that respondents are sometimes at a loss as to how exactly to interpret the question regarding policy. Generally speaking, they tend to voice their hopes that administrative services would continue to improve, or that a better organisation should be put into place in administrative institutions and the courts.

I believe that improvements are necessary in the way that the administration is organised in the municipality and the courts.

Business consultancy company

4.2.7 The role of networks and networking

The typology of networks consists of a few components – the level of representativeness and offer of services, necessity of cooperation in service delivery, necessity of access to central and local authorities.

Of consultancy companies concentrating their potential on the EU funds absorption, the following conclusion can be drawn: such companies prefer their localisation in the central parts of the city in order to cooperate with others such from the sector. Project development strongly necessitates cooperation with different organisations such as financial and accounting companies, auditors, NGOs and private companies, public organisations.

Strong competition has led to a certain type of behaviour, based on adherence to professional standards and loyalty to clients.

To a great extent the availability of well-prepared staff is crucial, in order to gain the trust of clients on a one-to-one personal contact basis.

The number of projects funded and managed prepares the ground for establishing of different types of networks based on strategic planning and subcontracting.

In the course of time, the market-successful companies have managed to expand the scope of their clients and form countrywide partnerships.

Some of the consulting organisations put efforts into cooperation with clients from neighbouring Balkan states such as Greece, Serbia, Macedonia, Turkey and Romania, where transborder cooperation projects are developed. Companies often transact with partners from Italy, which has steady interests in European funded project implementation.

When subcontracting, consulting companies often rely on firms with which they have already worked and trust on the basis of results attained.

The presence of a large number of companies in the sector creates competition, and that in turn helps the improvement of the product offered. Very often competition is not regarded as a threat, but is highly favoured by respondents. It is not seen as an impediment to networking.

Firms consulting and managing European projects prefer collaborating with similar companies, sharing experience and information with the sole goal of serving the client and satisfying client expectations to the highest level possible. Thus very often with the assistance of potential competitors companies in the consultancy sector produce together better products and are more competitive on the market. This kind of cooperation is an option of implementing projects by a team of consultancy companies where each one manages the scope of the project where it is most experienced.

On the other hand the future availability of such a significant financial resource coming to the country with the European funds can create the illusive impression that any company offering business consultancy can also consult European projects and that new companies can endlessly appear on the market. The number of projects funded and implemented is crucial for the choice of consulting company on behalf of future beneficiaries, respondents conclude.

In most of the cases, companies enjoy well-established contacts with representatives of various leading universities and scientific organisations. Similar contacts are kept with different structures of state administration. On the one hand, in this way well-qualified people can be identified and attracted for project development and consulting in different fields (regional development, environment and agriculture). On the other hand, such contacts provide opportunities for lobbying in different institutions.

Consulting companies partner extremely well with some members of the business branch organisations and regional business organisations, as well as with the administrations of the branch organisations in general.

This kind of networking meets the needs of the private sector in general. A lot of company managers do not have qualified staff for working on development and management of European projects, which can contribute to the improvement of the working environment, staff qualification and the purchase of new equipment. Owning to the networking of consulting companies with business associations, a good number of firms have access to consulting and, therefore – to utilising EU funds. This is a profitable cooperation which positively impacts the economy of the country.

In their everyday activities, consultancy companies have to often contact state and local authorities. It should be pointed out that in the last years the capacity of administrations has increased, which facilitates the activity of the companies.

The general assessment of the respondents is that these relations are deepening on the principle of mutual trust and equality. This encourages companies to not only keep the relationship, but to intensify it. Participants interviewed believe such contacts are satisfactory to both parties.

For political consultancy agencies can be summarised the following: their clients are represented in some different levels – national (central) – political parties, institutions and individual politicians; regional clients from different regions of the country and representatives of various local political elites.

The activity of such agencies requires cooperation with PR-companies when implementing assignments and conducting campaigns, with polling agencies for conducting political research, and with lobbying organisations and university structures.

Clients of business consultancy companies are mainly from Bulgaria and they are not only from Sofia, but also from other cities. Such companies also have clients from Austria, Spain, Greece, Turkey and Italy, which are big investors in the Bulgarian economy. Offering a wide range of consulting services requires joint work with other companies (from the same or other sectors) in Sofia. On one hand, this enhances performance (in practice, when their own capacity and resources are not sufficient, competitor-companies are uniting for achieving a common goal and rights and responsibilities are duly distributed). On the other hand, however, this creates the conditions for intense migration of staff and head hunting.

Business consulting companies collaborate with different university units for staff recruitment. Regretfully, in the country there is not a common practice for companies to invest in training of students that will further go on traineeship or full-time occupation in the correspondent sponsor organisation.

In general, business consulting companies reckon cooperation useful concerning specific expertise required for the tasks undertaken.

Along with, on the business consultancy, market financial consulting companies appeared. Beside the above mentioned activities practised by firms close to commercial banks, a series of companies offer financial analysis of operations of firms and structures at different levels that includes preparation and work-out of complete financial reports in formats tailored to different needs, assessment of any economic activity and financial control. They provide an overall multioptional design, analysis, estimation, management and optimisation of monetary flows, critical business ratios, key management indicators, corporative value and financial return of investments.

The objective of this activity is the comprehensive solution of clients' problems. The services provided by such companies are based on maintaining high professionalism, loyal partnership, confidentiality and specific approach to each partner.

It is very important to consulting companies to be always flexible and to be able to deliver tailor-made solutions to particular clients. Combining the experience of company management and development of information systems, they create series of products and services which cover the whole process of realisation of an integrated system for management of business processes and business information. This includes business analysis, identification of processes, their automatisation and integration into the existing information structure.

4.2.8 Future trajectories

In general, all the companies' managers interviewed think they will continue their development as it was up to now. A change could take place if most of the administrative buildings of the state are moved farther from the centre or in another city.

There is a great potential in the development of sectoral consulting. As institutions find it unexpectedly difficult to access the Structural and Cohesion funds of the EU, consulting services will increase in demand.

Most of the companies associate their development with the city of Sofia which is not an obstacle for searching opportunities of development through establishment of branches in other places.

The IT branch has greatest expectations of government institutions as it tries to move into public services. Not only are institutions expected to be more efficient (and less time-consuming) with calls for proposals and bidding procedures, but they are also expected to change the way such procedures are conducted – away from the systemic corruption now prevailing, and towards open and fair process.

The managers think that communications will continue to be the most dynamically developing IT segment in autumn. There is a series of preconditions for such development, such as the spreading understanding, by government and the public, of e-government and IT in general.

Another IT sphere expected to develop is applied software. This is due to the fact that Bulgaria is retarded in this respect and the new market conditions after accession will impose the rapid development of this segment.

Recently there is a trend a small group of the largest IT distributors on the domestic market to mark significantly a more serious development than the rest. According to the respondents, this group of less than 10 companies will accelerate and continue its march ahead of others. These are expected to feel the need for further networking among themselves as pressure from EU-based companies increases.

4.3 Motion picture and video; radio and television activities

4.3.1 Overview and historical development paths

For most of Bulgarians television is the main source of information, no matter how dynamic is the positioning of new technologies.

For decades, the state-run BNT (television) and BNR (radio) held a monopoly and today continue to dominate the broadcasting scene. At the same time, most of the population has access to dozens of private operators via satellite and cable technology. Increasingly, TV- and radio-stations offering programmes on politics and current affairs have become closely aligned with given political parties, or with the political agenda of their owners. This has led international evaluators (Freedom House) to down-grade Bulgarian media from "free" to "partly free". The sheer number of operators is, however, some guarantee that pluralism continues to exist.

For the reasons above, the Sofia team decided to interview 4 televisions and 2 radios, situated as follows – 2 televisions in the centre and 2 – in the suburbs; and 1 radio in the centre and 1 – in the suburbs; respectively 1 state television and 1 state radio.

Bulgarian National Television – BNT - has a special place in the current media environment compared to the others, at least because of the different principles of funding (from the state budget and advertising) and ownership.

BNT is a television with established traditions, that in its 45-year-old history of existence has played an important role in the formation of Bulgarian psyche and it is indispensibly bound to the national traditions and awareness.

The future of BNT is oriented to the development of its functions as a national public operator (broadcaster). BNT experiences a heavy polythematic portfolio because of its assigned functions as a public television station. While competing with private operators in the field of entertainment, it is bound to carry low-viewership, but socially important programmes in the public interest, following the development of EU media policy.

The television keeps efficient exchange with public European and world televisions. It also runs programmes through its regional stations in the cities of Plovdid, Ruse, Varna and Blagoevgrad.

BNT satellite broadcast enables active communication with Bulgarians worldwide.

Private televisions, located in Sofia, illustrate the principle that a private owner can give journalists the freedom, which is an effect of the owner's good-will and the non-dependence on the state subsidy. In this respect, the 3 selected private televisions represent a different type of media orientation – one with a national broadcasting, two with wireless broadcasting, one is polythematic and the other a current affairs and news reporting television.

According to the managers of private televisions, they are generically good because they do not burden the tax-payer, while public media are generically bad because they are both a drain on the taxpayer and compete with private media on the advertisement media, while ultimately being very boring.

Bulgarian National Radio (BNR) is a national autonomous institute of information and culture, according the provisions of the Radio and Televion Act, promulgated on September 10th 1996. Although the presence of strong competition on behalf of the many private radio stations, the programmes of the BNR still have the leading positions in rating countrywide. In 1998 a live on-line radio broadcast was started on the Internet. As BNT, the BNR is funded both from public funds and advertising, and is seen in the same negative light by managers of private radio operators.

As with private TV operators, private radio operators find that the location decision of Sofia is in effect inescapable, if they are to compete with the Sofia-located public operators. This is particularly the case with operators, who carry current affairs and information programmes. In one particularly apposite case, a major private TV operator of this type, originally located in the second-largest city Plovdiv, found itself inevitably moving to Sofia, in spite of the personal disinclination of the owners and the management to re-locate. Simply, they found that their company can not efficiently compete with the public operators in terms of news and current affairs programmes, unless they are in the capital city and within easy reach of national institutions. Had they stayed outside the capital, their impact, audience and advertising revenue would have remained strictly regional in scope.

4.3.2 Location factors: The role of 'hard' and 'soft' Sofia location factors

Location decisions are dominated by "hard" factors. The most powerful location factor is the simple fact that Sofia is the capital city and as such concentrates resources to do with decision-making, government, skills and market. A further stimulus to be in Sofia is provided by the gravitational pull of the two state-owned broadcasting giants, BNR and BNT, located in Sofia.

The public operators' seasons for positioning in Sofia are mainly historical. They have always been situated in Sofia, while also having regional centres that cover local topics and issues.

> *We have always been based in Sofia for historical reasons – we have always been here, from the very beginning. We are the biggest in the country, broadcasting to its entire territory.*
>
> State-owned operator

As with consultancy companies, we found that decisions to locate in Sofia are influenced above all by the city's status of national capital, as well as the concentration, in Sofia, of the country's cultural, political and economic life. Here the companies can more easily practice their activity as great part of economy, scientific and cultural elite of the nation is concentrated here.

> *The city, quite simply, is absolutely central to television work, because of the heavy concentration of political power and decision-making in Sofia. From the point of view of the information arena, most news happens in Sofia.*
>
> Private TV operator

> *If you are serious about starting up a nationwide chain of private radio operators, you have to be in the place where "things happen" and where you have access to qualified labour pool to recruit from. And the only place in Bulgaria for this is Sofia.*
>
> Private radio operator

Not least, the intensive development of different economic sectors is unthinkable if there is not a developed infrastructure. In this sense, national radio and television operators, localising in Sofia, rely on the different types of infrastructure – roads, transport corridors, governmental, educational infrastructure that are not available elsewhere.

Sometimes respondents determine the role of infrastructure as insignificant for their activity. This applies to those that are positioned in or very near the centre, close to the political institutions; and the role of the labour market as very significant. They share the opinions of the consultancy companies concerning the impact of soft factors and quality of life. They prefer positioning in the centre of the city because of the proximity to the executive and juridical authorities and everyday need of activity administrating.

With the development of the advertising market in the Bulgarian society after the beginning of the transition period, electronic media have settled in the capital city to have a close eye on the development of political processes. The ones producing informational and political shows prefer being closer to the centre of events – political news is made in the capital city. At the same time, private televisions are trying to open offices around the country, thus supporting the development of local business and partly local government administration. Most of the televisions express the opinion that positioning on the regional market can help broader presentation of local problems at national levels and to strengthen the process of democratisation of municipalities.

Naturally, it is commonly asserted that infrastructure impacts every business including radio and television one. In Sofia there is well-established public transport, a great quantity of taxis which facilitates getting around. The problem lies in the big traffic jams in rush hours and sometimes all day long and the lack of parking lots within the downtown.

Sofia, besides, with its two million-plus population in a country of seven million, is a huge market in itself. This fact alone generates the kind of advertising revenue and public influence that is unattainable outside the city.

> *The bulk of our audience, although we are broadcast across the country, happens to be here, in Sofia. Let's not forget that one-third of the entire population of the country lives in Sofia.*
>
> Private TV operator

At the same time. this sector is experiencing increasing problems in finding terrains and buildings to host the operators. The nature of operations requires special premises answering the modern requirements of producing radio and television programmes. Our respondent companies fall clearly into two groups: operators who own their premises and operators who hire. There is a clear trend toward ownership, mainly on the periphery of the city centre, but within easy access, as companies grow and prosper. Mostly it is the newcomers, or the companies with stagnating growth, who work from hired premises.

The respondents identify quality of life of great significance for the development of the services they deliver, as it influences their personnel and the quality of their performance. On the other hand, the rise in quality of life in the city impacts the expectations of consumers of radio and television shows. That strengthens the competition in the search for audiences and market strategies.

Among broadcasting companies are to be found the only respondents in this Work Package, who have some sensitivity to "soft" factors and include them into their location decisions. While consultants and computer-related businesses are almost entirely oblivious to this problematic, the broadcasters are capable of discussing and evaluating it.

One of the reasons behind this discrepancy could be simply to do with the maturity of the companies involved. Compared to broadcasters, even private ones, consultancies and computer-related businesses are still in the age of infancy. It may well be that what we know of individual companies applies to whole sectors: that when you start a business, "hard" factors dominate your horizon. And that only when your business matures and stabilises, do you develop the sensitivity for "soft" factors. Of course, much more research needs to be done in order to verify such assumptions.

> *The mature urban environment in Sofia creates the pre-conditions for the appearance of different groups of radio listeners. The existence of a plethora of sub-cultures means that a radio can evolve a flexible programme structure, in order to target different audiences more fully.*
>
> Private radio operator

The quality of life in Sofia can be crucially improved in the sphere of security, transport and waste management, most of which are, however, seen as deficient.

> *The quality of life in Sofia must be drastically improved in the fields of citizen security, public transport and in general cleanliness. We live in one of the filthiest cities in this country.*
>
> Private TV operator

The availability of a relatively large pool of skills for staff recruitment is also a significant consideration for locating in Sofia. At the same time, TV and radio operators share the universal complaint of the knowledge and creative industries, that mushrooming employment has led to a dearth of talent, low-skill entrants and intense competition for qualified and experienced staff.

The prices and the rents are of serious importance (having in mind that often television and radio operators employees are not residents of the city and live in rented property) and it should be taken into consideration in salary package formation. Up to now specific policies supporting this kind of business besides national fisc policy and the Radio and Television Act cannot be cited.

A significant advantage of location in Sofia, respondents point out, is the positioning of the capital city as regards the regional, national and European aspect.

There is an almost universal, among broadcasting companies, opinion that infrastructure is not a prime location consideration, because the core business does not depend on a good infrastructure as such.

4.3.3 District location factors

State radio and televisions are positioned in the centre of the city for historical reasons. Private radio and television operators also prefer positioning in the centre of the city. That enables their proximity to all ministries, agencies, state and local government administration. This helps their quick communication and assists their performance.

The ones that do not own premises are influenced by the rent prices and rent terms and conditions, the residential quarter prestige, transport infrastructure, proximity to the downtown and the headquarters of their clients and their servicing companies (banks, mobile operators offices, etc.) and communications availability concerning proximity to central arteries, as well as accessible public transport for employees and parking opportunities.

> *District location is to do with levels of rent. We rent all our premises and this is why we are located in the periphery of the city. At the same time, we are near a main thoroughfare, which helps our reporters get rapidly to the centre of town and the different institutions they cover in their work. Parking is also much easier outside of the centre.*
>
> Private TV operator

At the same time, centre positioning leads to dislocation of management structures of radio and television operators as they use a number of premises in different parts of the centre. The rest of the radio and television operators, with their own premises, have situated in the sub-centre area, but close to a central traffic artery. In this way, they are able to keep under one roof production and managerial functions, while being within easy reach of the centre, and the outgoing major transport arteries to the rest of the country, as well as the major international airport, linking them to the world.

Very often private radio and television operators who work from hired premises have a limited number of staff. This enables them to keep production and management under one roof, but that roof tends to be not in the ideal centre, for reasons of rent. Such companies prefer to locate on the periphery of the centre, paying lower rent but being able to access the centre rapidly when needed.

4.3.4 The image of Sofia: Sectoral, national and international positioning

Compared to other Bulgarian cities, Sofia has the absolute leading position in all aspects, and this is firmly stated by all respondents. Compared to other similar in parameters European countries Sofia has disadvantages from the perspective of infrastructure, cultural events diversity. In combination with the better payment they are a strong «magnet» to the most perspective employees.

To this sector also, the city image is «mixed» - bad infrastructure and at the same time an open field for personal development and opportunities for diversification and improvement of radio and television services offered.

According to the interviewed the main disadvantage of Sofia is on the plain of logistics – the situation of different relevant administrations within a large perimeter.

The city's image is more mixed, in the eyes of broadcasters, than in the other two sectors investigated. Whereas consultants and computer-related businesses are uniformly convinced that for their work Sofia is completely the best place, broadcasters tend to be more restrained and voice clearer criticisms of the city and its image. Broadcasting companies would be much more likely to talk of Sofia as Europe's dirtiest city, badly run, shabby and dirty.

4.3.5 Labour and labour processes

Most of the managers of radio and television operators interviewed report as basic means of staff recruitment mostly through interaction with educational institutions preparing such kind of specialists. The main universities offering professional qualification in journalism, linguistics, political and economic sciences are situated in Sofia.

Besides, in the process of recruitment, due to the nature of the business creativity, career development and personal merits of applicants are appreciated. To find qualified personnel is becoming more and more difficult, as it is through the entire economy in a situation of rapid growth and full employment.

Part of the managers point that up to now employees have been recruited through open competitions with predefined educational and competences requirements. Up to now the employees are recruited through universities on the basis of a formal cooperation. Radio and television media offer a large scope of traineeships which gives the opportunity of reaching potential employees at an earlier stage before their graduation.

The problems of recruiting highly-qualified staff are very serious – there is a lack of cadres, which entails the effect of competition among private televisions in the branch for attracting the small number of specialists, increase in payment as well as it brings difficulties when specialists change the operators-employers.

> *There is a severe shortage of cadres, which leads to a whole series of problems: all-out competition for staff between operators; very high wages that do not necessarily correspond to the quality of the work; built-in limits for expansion. Let's say your audience and revenue grows quickly, and you want to expand your programme and enhance quality. How do you do this, if there is nobody left to hire? Or if they command wages based only on market scarcity, and completely out of proportion with their actual output?*
>
> Private TV operator

Most of the companies define as a main problem the insufficient practical qualification of university graduates.

One major private radio operator reported that the open process of competitive recruitment was discontinued, due to the falling quality of candidates. Recruitment policy has shifted to personal recommendations by colleagues and head-hunting:

In 2006 we stopped competitive recruitment due to the dramatic collapse in the levels of the candidates. We now rely on head-hunting and recommendations from people whom we trust.

Private radio operator

4.3.6 Role of policy

The standard response of companies interviewed was that local authorities can significantly assist with infrastructure, transportation, access to social and educational centres such as kindergartens and schools; security and also in initiating events and happenings in the cultural life of the capital. In this they do not differ from the other surveyed sectors.

At the same time, as is to be expected, broadcasting CEOs are much more articulate than consultants or computer-based managers as regards policy. They not only fully understand the question, but are capable of envisaging a targeted policy and formulating lucid responses. Most find that there is no policy in place, although there should be.

While the administrative services in Sofia municipality are better delivered than anywhere else in the country, they have no policies on anything. We constantly communicate with the municipal policy departments, i.e. with those parts of the administration that are paid to produce targeted policy. But at this stage they produce no such thing.

Private broadcasters' association

Some respondents see the need of improvement in the operational organisation of administrations of Sofia municipality, communities and quarters, although most report some improvements in the quality of work of the administration over recent years.

To the media, the strengthening of regional and local government is a precondition for improved coordination between central, regional and local governance in Bulgaria. A proper balance between central government and subsidiary levels of authority can be established only if regional and local authorities are in a strong position i.e. if central governance delegates more competences vertically downwards to the local governments. In this field, television and radio operators place themselves clearly in the ongoing national debate over decentralisation, subsidiarity and the devolvement of decision-making closer to the citizens.

In recent years, public-private partnership is winning recognition as a significant factor of development and prosperity. Public-private partnerships favour the strengthening of socio-public functions of radio and television business. Along with they are the means of direct introducing of good business practices into the public sphere.

Respondents support such developments. At the same time, respondents universally report the complete absence of development policies at the municipal level. The only policies that they see as having a positive income on their development are national-level policies and legislation, such as lowering of taxation, the promotion of public-private partnerships and so forth. All respondents, as in the other sectors of the survey, universally support the existing national policies in support of the business environment and want more of them in the future.

All the respondents pointed to the reduction of local taxes and fees in Sofia as something that the municipality could do to help the development of the sector. That would free a financial resource that could be invested in their own operations as well as in the implementation of small infrastructure projects for improvement of urban environment, such as landscaping the areas surrounding television or other forms of public-private partnerships.

However, if one is to collate the responses of broadcasters as a group, a picture of realistic pessimism emerges, as regards municipal policy capacity. At best, respondents express hopes for the various administrations to stop getting in the way of businesses and citizens, for example by simplifying all procedures and running them through internet.

In this sense, the results of this Work Package support the outcomes of the previous WP: knowledge and creative industries are prepared to invest themselves in the “soft” factors of the quality of life, given that the public authorities are doing no such thing.

The interaction of media with the institutions of local government is directed to higher efficiency and effectiveness of public governance. Favourable effects of such an interaction are associated with the intensification of the processes of transparency in the local government administration, support for the recognition of a community of law and creating a public image of open to citizens city administration.

There is no awareness of relevant policies at the level of Region (i.e. the mid-tier government between Municipality and central government).

4.3.7 The role of networks and networking

Most companies are members of the Bulgarian Association of Radio and Television Operators – BARTO, representing 60 Bulgarian electronic media, representing nearly 160 licensed radio and television operators countrywide. In this, the industry follows the pattern of most other professions, organised in guild-like structures for problem resolution, as well as influence over the legislative process.

Because of the nature of operations of national public media, BNT and BNR keep a large range of contacts with state institutions, local government, political parties and social organisations, universities, etc.

Private televisions cooperate with various kinds of organisations, local authorities and others, aiming at producing more and diverse shows with less resources. The high level of competition with the private televisions enhances the fluctuation of manpower and headhunting from one television to another, giving an element of acerbity to networking.

The basic trend of contact-establishment in private televisions is cooperation with advertisers. A private television has about 270 minutes of advertisements per twenty-four hours. State television has 15 minutes and legal prime-time limit. Certainly, it does not do if the public television has the same amount of advertising as the private ones. They enjoy a better number of spectators and respectively a greater advertisers’ interests.

Most often cooperation is developed with the bank system because of the need of advertising banks. They dominate TV advertising. They are particularly popular with the private televisions. On the BNT a bank advert is vary rare.

As private televisions do not use public funds for "a public television" (redistributed through taxes), only advertisement (and sponsorship) cover their expenses. They are not pure operational costs but also state-implosed such as license taxes, fees for licensing or non-licensing, fines sanctioned by the Council for Electronic Media in numerous cases.

Besides, provided with assured subsidy, it is logical BNT to be in the most favoured position on the market of advertising i.e. it can afford more attractive (and low) advertising prices. If BNT even with the subsidy available cannot ensure income from advertising, the blame should lie in the television management.

In serious competition for revenue, in a very ambitious manner, hindered by a comparatively small advertisement market Bulgarian televisions are searching for their identity.

BARTO maintains contacts with the Bulgarian Association of Advertisers. Among the objectives of the Association are the rise in efficiency in the field of advertising and introduction and elaboration of standards of responsible and ethic communication with consumers.

The BARTO has developed a programme for establishing mechanisms for the implementation of principles of fair competition and responsible and ethic communication with consumers.

4.3.8 Future trajectories

As assessed by the private TV channels, falling numbers watch BNT and at the same time there is a lack of transparency in the way of spending the state budget funds allotted for its financing. Polling and tracking data suggest that the audience of BNT in general has halved – from 25% of the audience in 2006 to 13.3% in 2007. At the same time the state subsidy for this Media for the current year has increased sharply, to reach 66.7 mln. The analysis shows that the funds are allotted on the basis of "an hour of programme", without clear requirements as to content or market share.

According to the data for the year 2007, private televisions are being watched by an average of 40% of spectators. In Bulgaria elderly people over 70, retired or unemployed people mostly watch television.

Private operators argue that in order to attain a "level field", one of two things should happen. Either the public operators should be barred from access to advertising revenue, or alternatively private operators working in the public interest should have access to public funding.

For the future, respondents from the private sector also report the need to elevate the quality of the content of local-level programming, as well as the fusing together of the two state regulators – the Communications Regulation Commission (CRC) and the Council for Electronic Media.

Private television and radio operators support the opinion that legislation should guarantee journalists the freedom of speech, editorial independence, the freedom of foreign programmes re-transmittance.

Commercial speech should be clearly separated from the basic programme content, respondents say. Advertising, sponsorship and TV shopping should be clearly labelled to avoid corruption, lobbying and undue influence. Sponsors can interfere and impact the content of the sponsored show. Some kinds of programmes (for example the news) should not be interrupted by advertising.

Operators agree that legislation should guarantee audience access to events with important public significance, mainly sports or cultural events – Olympic Games, world championships etc. For the purpose, measures should be approved against exercising exclusive broadcasting rights in a way that would deprive large part of audience from access to such events reflecting.

Private operators reckon as necessary the right of answer to be legally provisioned to any person who has felt affected by information announced concerning the individual. If the television strives to be socially committed it should schedule programme time for news and informational, educative, minority and inequality issues events and culture.

4.4 Computer and related activities

4.4.1 Overview and historical development paths

As consultancy and private broadcasting, Bulgaria's computer industry is in its early stages of development. The computer games market is very new. The first Bulgarian company producer of video games is opened in 2001 in Sofia. In fact the producers of computer games are concentrated in the capital city.

In Bulgaria, companies providing web-design appeared in the middle of 1990s. This period coincides with the new era of web space development in Bulgaria. In recent years web design is developing and hosts more and more complimentary elements. Most of the companies offer at the same time web designing, internet page development, internet advertising, graphic design etc.

In our understanding, the analysis direction includes information and communication technologies and computer equipment, that are relevant to the production, formatting, sending, receiving and reacting to messages for different consumer categories. In this sense a particular attention is paid on the web-design companies as a media between consumers and producers. The need of increasing market quotas necessitates provision of each company's own web site where potential clients are presented the services and commodities the company offers and end consumer can be provided. In practise, this leads to a rapid and dynamic development of the companies providing web-designing.

Companies selected for the enquiry are divided into two groups – with a staff up to 5 employees and the other – more than 5. This approach is based on the average number of sector employed.

4.4.2 Location factors: The role of 'hard' and 'soft' Sofia location factors

Location decisions are dominated by "hard" factors (access, levels of rent, parking facilities, access to major thoroughfares) virtually to the exclusion of all other considerations.

The most powerful location factor is the simple fact that Sofia is the capital city and as such concentrates resources to do with decision-making, government, skills and market.

As it is with the rest of the sectors researched here the concentration of economic, governmental structures, educational bodies and presentations of foreign companies in Sofia and the region impact the concentration of companies producing computer games and offering web-design. Here also are the headquarters of many Bulgarian and foreign companies and organisations that need professionally elaborated and developing internet strategies for communication and offer of commodities and services.

Here they can more easily practice their activity as great part of the economy, scientific and cultural elite of the nation is concentrated here. All that facilitates practising and expanding of their activity.

With the change of growth dynamics of the Bulgarian economy, it is getting more and more important that an infrastructure network of Internet- provided options to be developed. The two things are interrelated. An economy cannot be defined as «developed» if there is no modern internet structure. Moreover, intensive development of different economic sectors is unthinkable if there is not a developed internet structure. In this sense, companies offering such kind of services, in their localisation in Sofia, rely on the different types of infrastructure – roads, transport corridors, governmental, educational infrastructure etc.

Reasons for positioning in Sofia are mostly old-style economic ones. With the development of computer systems and computer technologies in the Bulgarian market, companies dealing with development and introduction of such kind of technologies have settled in the capital city to have a close eye on the development of economic and technological processes.

> *Simple: considerably more than 90 per cent of the market for our services is in Sofia. Sofia is the one city, in which are concentrated the companies who are likely to be our clients.*
>
> Computer software company

The ones providing electronic publishing and web design prefer being closer to the centre – economic news are most often made in the capital city. Some are trying to open offices in the country, but the lack of well-trained people in the country results in the great concentration of this kind of services in the capital city.

As all the others, companies from this sector, while critical of the performance of Sofia's infrastructure, value its existence and performance as much higher than any competing city possible. The problem, as always, lies in the big traffic jams the lack of parking facilities within the downtown.

Most companies are small in size and see rent as a crucial location factor. For this reason, many continue to be situated in hired private apartments in the centre of the city, rather than in office space on the centre's periphery. Most companies in this very young sector are still far from the point, at which they would be thinking about owning their own premises. Once that point is reached, it can be expected that further location-related considerations would come into play, such as positioning away from the ideal centre (for cost purposes and parking facilities), but near major roads for better access.

Respondents do not have much to say on the quality of life as a location factor. No questions related to "soft factors" elicited meaningful responses, indicating that, at this stage in their development, computer-related companies' location decisions are almost exclusively dependent on the play of "hard" factors.

As in the other industries in the survey, for computer-related companies prices and rents are of serious importance, because often company employees are not residents of the city and live in rented property. Most companies also rent their premises.

The role of infrastructure in the "hard" sense (roads, electricity etc) is not significant for their activity, while the role of labour market and commodity market is of high significance.

4.4.3 District location factors

Because they are mostly small enough to work under one roof, companies of this sector tend to rent private premises in the ideal city centre, for easier access to clients and institutions. The bigger companies follow the general trend of the survey and tend to rent office space on the centre's edge, where rents are lower, but access is easy due to the presence of major roads running into the centre, and out into the rest of the country.

Quality of life considerations, as well as other "soft" factors, do not play a role in the choice of district.

4.4.4 The image of Sofia: Sectoral, national and international positioning

It is commonly assessed that the city has a decisive role in the positioning of computer companies as the quick reaction, communication with potential clients and various economic and political structures is sometimes crucial for the achievement of their mission – a Bulgarian society better informed on the economic structures, presentation of alternative business strategies, trade of commodities and services etc.

The advantages of Sofia for the development of computer companies are many and crucial compared to other cities in the country. Concentration of many presentations of foreign companies and Bulgarian competitive companies in the field of software and computer technologies is an invaluable advantage. Another advantage is the presence of a large number of clients for this kind of services.

The city plays a key role in the development of the country's economy as the urbanised environment attracts a lot of companies and corporation to settle in it and be potential clients. On the other hand Sofia is an attractive centre for foreign investments.

Compared to other Bulgarian cities Sofia has the absolute leading position in all aspects for the development of computer business. Compared to other similar in parameters European countries Sofia has disadvantages from the perspective of infrastructure, cultural events diversity.

To this sector also, the city image is «mixed» - bad infrastructure and at the same time an open field for personal development and opportunities for diversification and improvement of computer services offered.

The city image concerning computer sector is the "best possible" within the territory of Bulgaria. Not least, the fact that most Sofia workers are highly educated suggests to IT companies that in Sofia people are on-line, and that their workplaces and homes increasingly require IT-related products and services.

4.4.5 Labour and labour processes

Most of the managers of IT and communications companies interviewed report as basic means of staff recruitment mostly through interaction with educational institutions preparing such kind of specialists. The main universities offering this professional qualification are situated in Sofia. Besides, in the process of recruitment business appreciates creativity, career development and personal merits of applicants.

There is little formal inter-institutional cooperation between companies and Universities, although some of the managers are also University lecturers.

Companies do not offer a large scope of traineeships, but the contact with students provides the opportunity of potential employee selection at an earlier stage before graduation.

On the labour market, women employed in the field of maintenance of information and communications techniques, production of computer games and computer technologies and web-design specialists are not equally treated with men employed in the field. Women are given a more limited access. Reasons that could be listed are – insufficient or improper professional orientation; widely-known attitude that men are better and preferred specialists in the field of IT and communications.

To find qualified personnel is becoming more and more difficult but this is a kind of epidemic throughout the economy not only the researched sector. The problems of recruiting highly-qualified staff are very serious – there is a lack of cadres, which entails the effect of competition among companies in the branch for attracting the small number of specialists, increase in payment as well as it brings to difficulties when specialists change the company-employers.

Most of the companies define as a main problem the insufficient practical qualification of university graduates, which prevents them from hiring a big number of personnel.

4.4.6 Role of policy

Computer-related companies are even less inclined to discuss policy than the other industries in the sample. When asked, they tend to mention government policies, such as tax cuts. On the Sofia level, all the interviewed pointed reduction of local taxes and fees as a basic mechanism of impact on the development of IT and communications business in Sofia.

In terms of targeted national policies, respondents discuss the government's National Computer Training Programme as a way of improving the occupational capability, economic growth and human resources development. It is an important issue in the governmental strategy for country's accession to the global network.

Some respondents expect government policy in favour of expanding the various forms of e-government to dramatically increase the market for their products and services in the near future. Again, these expectations are concentrated on Sofia, which is the seat of government.

There is no awareness of relevant policies at the level of Region (i.e. the mid-tier government between Municipality and central government).

4.4.7 The role of networks and networking

In practise because of the almost total concentration of consumers and providers of such services in Sofia, better part of relations can be defined as formal and informal, bilateral and multilateral, direct and indirect, can be contacts, joint events, development of common platforms, formats of cooperation, relations of training etc.

Factors defining the need of such kind of relations can be described as materialistic, financial, knowledge-based, traditional etc, and serve for information exchange, generating of ideas, market invasion and other functions, indispensable from the process of innovations. The typology of innovation factors and relations by their functions and parametres is a necessary precondition for implementation of activities and defining the economic and political activities for their activation.

The objective of this cooperation is to outline the possible types of hinders – structural, functional, infrastructural, socio-cultural and political – for the implementation and activation of innovative relations and networks in Sofia and the region. This a necessary precondition for undertaking adequate management strategies at national and regional level. Examples of such obstacles can be the deep-seated branch structure, poorly developed financial system, especially the lack or insufficiency of risk capital, retarded market development, rather centralised innovation policy, remoteness of R&D activity from the international research centres. In the elaboration of this assignment the specifics of regional innovation system and position and role of web-design companies in it can most clearly be seen.

There is no guild-like association structured by the companies in this sector and they do not have a collective voice in their dealings with other economic and institutional actors.

Regretfully, more than 99% of the business software in Bulgaria is designed in such a way that one should sit in front of the computer and put in data. This is a serious obstacle for introducing the real proper business management systems.

In general, the IT branch has a bad image among the businesses in Bulgaria. Most of the clients are not satisfied with the interaction with people introducing such systems. A lot of expenses, a lot of time and finally they do not receive what they want. Specific supplementary works for each business software enslave the client to a subcontractor in a way, while modern architectures, based on services bringing this specifics out, enable more independence.

4.4.8 Future trajectories

The development of quick and efficient Web applications opens endless perspectives for human communications. Internet development shows further impact of world business. A lot of companies are transitting to e-commerce or deliver services on the Internet. The knowledge of WEB-design basics became useful for everyone.

An increasing number of companies, economic and political structures, national and local administrations, as well as different private initiatives and individuals share the opinion that the optimal web-design on an internet site can significantly help good short-listing of the search engines results. The main search engines on the Internet are the basic means of information "search and found". So if a web-site is in the head positions of the search results it can be quoted huge increase in traffic and in the demand of information, commodities and serviced on offer.

The changes in labour market, new technologies and working place organisation require new knowledge and skills meeting the standards of coming of knowledge-based economy.

Considerations such as the above, plus fundamental market considerations, shared by respondents, lead them to a very optimistic view of their future prospects as an industry, and as situated in Sofia in particular. The capital city, respondents report, is the prime national arena of IT services, industries and potential. None expect to see any reason to re-locate out of Sofia, which is their main market.

Respondents expect that the development of information and computer technologies and their application in every branch of industry, state and public administration, public organisations and individual companies will turn the requirement for computer competence and mastering other electronic information and communication techniques into a basic requirement for doing business and working.

Meanwhile the labour market experiences lack of specialists in the field of high-techs, in particular specialists on maintenance of computer networks and production of computer games and internet pages.

Some respondents expect a further increase in the market, as various forms of e-government develop as the result of both market forces and declared government policy.

4.5 Key actors/ stakeholder in Sofia's creative knowledge economy

Generally speaking, the outcomes of this survey re-affirm that the main actors in Sofia's creative and knowledge economy are the people involved in these sectors, placed in a competitive market situation and relying on their own initiative and the dynamics of their markets.

It is the leadership of companies that leads companies to success or failure, without help or hindrance from policy-making at the municipal or regional level. The only policies which companies find impacting on them (in the positive sense mainly) are the national-level policies of tax cuts for businesses and some targeted government initiatives, such as the attainment of popular computer literacy and the implementation of the various forms of e-government.

Major institutions, who do not appear in this research as actors in Sofia's creative and knowledge industries, are the capital's *Universities* and the capital's municipal *authorities*. These do not act in the arena of creative and knowledge industries; they are *non-actors*, conspicuous by their absence.

Universities are mentioned by our respondents only in connection of providing a too-abstract, non-practical education. There are, however, obvious deficiencies emerging from the companies' own admission that they do not have structured, institutional relations with Universities – and therefore have no sustainable influence over the curriculum taught. In this way, companies fail to utilise an instrument, the use of which would ultimately ensure that the graduates they recruit would be better trained and have more relevant skills.

Municipal authorities are mentioned only inasmuch as they are criticised for not doing enough to maintain and improve the "hard" factors of infrastructure. No respondent mentioned any existing municipal policies, although three respondents from various industries mentioned that the policy they would expect from Sofia municipality would not be policy specifically targeted at the creative and knowledge industries, but rather – more mundane across-the-board policies, such as decreasing taxes and various fees.

Of *regional* authorities and their policies, there was not a single mention. This surely indicates that the various regional-level development strategies and policies have remained on the paper they were written on, without producing any practical results impacting on the creative and knowledge industries of Sofia.

This situation presents planners with a significant problem, given that Sofia is both a Regional centre and the centre of one of Bulgaria's 6 Planning Regions – and therefore there are a plethora of policies and strategies spawned, all of them in some way connected to the city's role of economic engine. But the results of this survey, taken in a package with the previous research work under the ACRE project, strongly suggest that all of these policy documents have remained on the paper they were written on, failing to have a noticeable impact on their target-groups.

On the level of science, this picture underpins the previous conclusions that Sofia's development, generally and in the field of the creative and knowledge industries, is not influenced by any policy. It is a boomtown-like, explosive development, due to entrepreneurial energies and market conditions, rather than a relevant policy environment of any sort.

This raises the serious scientific point whether, and to what extent, cities could evolve purely due to the "invisible hand of the market", rather than enjoy policy-driven development.

On the level of policy-making, it is clear that Sofia's development illustrates a catastrophic absence of policy. Insofar as policy is, in principle, "everywhere and all the time", it is to be asked: given the policy vacuum in Sofia, what is filling that vacuum? Is it just entrepreneurial energy? Or are agents of corruption and undue influence also filling the vacuum, left by the absence of policy?

It is to be reasonably expected that, given Sofia's track record in policies, any future policy would be coming from central government, rather than the regional or municipal level. However, the complete lack of impact of Sofia-targeted national-level policies signifies that the across-the-board, generic and horizontal policies of the classic type (taxation levels, ease of licensing of activities) are more likely to have an impact.

The actors in, the young creative sector, in particular, are yet to demonstrate the concern for "soft" factors that is expected of them in the literature. Thus far, their location decisions are overwhelmingly dominated by "hard" factors (infrastructure, access, rent levels, market location), or by factors relating exclusively to the status of the city as the national capital. In the case of the more established actors, such as national radio and television, location decisions are purely historical: the national operators have been in Sofia from the start. It is highly unlikely that they will be evolving a sensibility for "soft" factors in the coming years.

Respondents from state-owned institutions in the survey (BNT, BNR) differ markedly from the private companies, insofar that as a rule individuals in position of responsibility are over 45 years old, whereas managers in the private sector tend to be significantly under 40. This re-inforces the findings of the previous Work Package, in which we found that knowledge workers are considerably older than creatives; the sample of knowledge workers including almost exclusively respondents from state-owned institutions.

In the current survey, a gender differentiation seems to be emerging, although much more representative polling would need to be done to confirm this. In the consultancy sector, individuals with managerial responsibilities seem to be entirely male. The media-related and computer-related sectors are much more balanced in terms of gender, but with males still in a dominant position at managerial levels.

Macroeconomic trends, as well as the mushrooming growth of Sofia's service and creative economy suggest that, as the city continues to suck in dynamic newcomers, and as more and more individuals and companies begin operating in the fields of the creative and knowledge industries, Sofia will continue to increase its share of creativity in its economic structure, as well as preserve its dominant position vis-à-vis the other cities in Bulgaria. In the mid-term, this will continue to ensure that the actors in the knowledge and creative sector will be consistently increasing their relative economic weight and political importance in the city.

This development could be helped along if the municipal authorities, while bereft of targeted policy, at least resume to discharge their responsibilities for the basic hard factors, such as roads, transport, sewage, rubbish disposal and so forth. This would be an invaluable back-up to the efforts of the creatives to bring about a new quality of life not only for themselves, but for the citizens of Sofia generally.

Creatives would also be significantly helped by a resurgence of national-level policies aimed at improving the business environment generally.

5 CONCLUSIONS

5.1 General conclusions and scientific considerations

The more hands-on research we conduct under the ACRE project, the greater problems emerge with the simple transposition of prevailing "soft / hard factor" theory on to Sofia (and most other ACRE cities of Europe). The relative weight of these, in location decisions of creatives, does not seem to follow the expected trajectory. Nor are all, or even most location decisions to be explained by the interplay of these factors. There is, furthermore, a distinct difference between home location decisions of individuals and company location decisions taken by the managers of creative and knowledge companies.

We also find location-related phenomena that urgently require the elaboration of new scientific categories to supplement the "soft-hard" dichotomy.

To complicate matters further, we have discovered a problematic that is entirely new to the mainstream debate about creative cities, which problematic is to do with the history and positioning of the city, rather than with a particular interplay of "hard" and "soft" factors.

a/ The hard-soft dichotomy

a.i./ Less of the soft, more of the hard

A very simplified (but not untrue, for all that) version of the Florida thesis would sound something like this. Creative types pack their bags and move to a city when they discover that that particular city has good amenities and outdoor leisure opportunities, a diverse ethnic and cultural background (and the cuisine that comes with it), is tolerant of diversity, has leisure-related expanses of water, is well maintained environmentally and has a cultural "buzz" all of its own.

The basic point of this thesis is that finding work is no longer, with the "creative class", a matter of wages, career prospects and retirement plans – but rather is associated with factors that bear on the quality of life outside the working environment as such.

Any travelled European has come across such a type of creative person, light-hearted and easy-minded, geographically mobile, following the "buzz": Paris this year, Barcelona the next. On anecdotal evidence, however, these kinds of people tend to be the hardcore of Florida's "super-creative" class – artists, actors, musicians, film directors, artisans, designers and the like. This group is obviously so small in number, that it is not captured by the surveys under the ACRE project.

On the contrary, what we find of the creative class and (especially) of the knowledge workers is that they are highly unlikely to pack up and re-locate to a different city just because they've heard that there is good Thai cuisine, jazz clubs and a lake over there. "Hard" factors, such as wages, rents, market considerations and outlook clearly outweigh "soft" factors when it comes to location decisions.

This is not to say that in Europe "soft" factors have no impact. The creatives in particular demonstrate levels of awareness of "soft" factors way above the average, and much greater than the sensitivity of knowledge workers. But "hard" factors still dominate.

a.ii/ Softer at home, harder at work

Another theoretical complication arises out of the clear divergence of the nature of location decisions when it comes to locating companies and locating one's home. In the previous ACRE research we found that the creatives in particular base the location decisions of their homes on a mix of factors, among which mix "soft" factors are clearly evident.

In this Work Package, however, we have dealt with the location decisions of companies. And here "soft" factors are virtually non-existent. We have found only one respondent who reported that quality of life in a district of Sofia explains the company location decision, rather than considerations of rent levels. Most of the respondents either failed to understand questions relating to "soft" factors in location decisions, or reported that such factors had no bearing on the location decision.

Company location decisions are almost exclusively (with some possible exceptions in broadcasting) under the sway of "hard" factor considerations. Where the creative company is situated, and where the creative employee of this company is located, seem to be two markedly different phenomena.

There is a curious difference, however, between consultancy and computer-related companies on one hand, and broadcasting companies on the other. The latter do understand the role of "soft" factors in general, and are capable of applying them to their own company in particular. Consultancies and computer-related companies demonstrate no such understanding.

One hypothesis here would be that what applies to new companies applies to whole sectors and industries: at the start, "hard" considerations (costs, markets) are paramount and only when companies stabilise do "soft" considerations enter into the decision-making process. In the case of Sofia, broadcasting is a very much more mature industry than consulting or computer-related services. Therefore broadcasters have developed a sensitivity to "soft" factors, and the other sectors, still in their infancy, have not.

This, of course, requires much more research – and time for observation – to become more than an initial hypothesis.

b/ New categories to supplement the "soft-hard" dichotomy

In the previous ACRE survey, we found that there are a number of cases, in which the dichotomy "soft-hard" is simply inapplicable. The knowledge workers in the sample were, by and large, either born in Sofia, or had stayed after graduation. Unlike the creatives, half of whom had made the conscious decision to move to Sofia from some other place. In the case of the knowledge workers, therefore, a new category needs to be added, along the lines of "personal trajectory" or "factor of biography" to explain their case.

There also seems to be a difference between decisions to locate and decisions to stay on. Whereas decisions to locate may be dominated by "hard" considerations, in the case of many creatives the decision to stay on is increasingly dependent on the influence of "soft" factors.

The theoretical model that may result from future work on this may look something like the following; and it is much more complicated than the soft-hard duality.

A person may say not two things ("I came because of the money / the night-life"), but up to *eight* different things, reflecting different combinations of "hard", "soft" and "personal":

1. "I came because of the money" (hard-factor location decision)
2. "I came because of the night life" (soft-factor location decision)
3. "I am here because I've always been here" (personal trajectory)
4. "I came because of the money, but stayed because of the night life" (hard-factor location decision, soft-factor staying-on decision)
5. "I came because of the money, and stayed because of the money" (hard-factor location decision, hard-factor staying-on decision)
6. "I've always been here, but I choose to stay because of the money" (personal trajectory location decision, hard-factor staying-on decision)
7. "I've always been here, but I choose to stay because of the night life" (personal trajectory location decision, soft-factor staying-on decision)
8. "I've always been here, and I am not re-locating because I am too lazy to move" (personal trajectory location decision, personal trajectory staying-on decision).

This could be the complicated picture that emerges, when looking at personal (home) location decisions. Things become vastly more complicated when taking into account company location decisions.

c/ History and positioning of cities

c.i./ Capital v. provincial

When it comes to company location decisions investigated in this survey, there seems to be an air of inevitability to them. They are all contingent on the fact that Sofia is the capital, the biggest city, and the centre of the economy, the population, power and decision-making.

On the strength of the capital city of the country status, here superior and «vanguard» functions are concentrated. The capital is the first administrative, economic, political and cultural, commercial and tourist centre of the country. Institutional infrastructure is concentrated here, exercising governance functions of international, national, local and city importance and influence in all spheres of social-economic life. The presence of the biggest educational institutions, scientific and research institutions, financial services, development of service sector and infrastructure, contributes to enlarging the governance and intellectual capacity of the capital city. The capital's status is due to the already established trade contacts; it catalyses and activates the options of easier revival of some traditional markets and outlet to new market positions. Concentration of governance functions, respectively of information, is an extremely important precondition for the dynamic development of the correspondent territorial unit according to the modern theory of urban and regional development.

Sofia is becoming a creative city by default – for lack of an alternative. No other city qualifies as an arena, where creative and knowledge companies could profitably be based. In a way, this is a "hard" factor consideration (it is certainly not a "soft-factor" consideration). But this is not good enough. An entirely new theoretical concept is needed, clearly differentiating between capital cities and provincial cities. It may well turn out that, scientifically speaking, it is not possible to analyse these two kinds of cities within the scope of the same theoretical framework.

c.ii./ Western v. post-communist

During the ACRE project, a clear divide has emerged between the participating cities of "Old Europe" and the post-communist cities in the project. The difference is crucial insofar as, unlike Western cities, the post-communist cities of Europe have, within the life of one generation, undergone two radical breaks (discontinuities) in their development path: once when being dragged into communism (after 1945) and again when exiting from communism (1990s).

Such discontinuities change everything, starting with the city-scape and ending with the mentality and attitudes of the city's inhabitants. This would obviously necessitate, at some future date, the formation of theoretical sub-models to fit the two different categories of cities.

In the case of Sofia, we have sensed, rather than managed to research, another *differentia specifica*. The development of a city, particularly a creative city, seems dependent on the "spirit" of its inhabitants. If, like Sofia, these inhabitants have conducted two successful political revolutions, their level of self-confidence and initiative is very different from cities that have not gone the affirming experience of a successful revolution.

Brimming with political and civic pride in revolutionary achievement, citizens of revolutionary cities are much more likely to dive head-long into the waters of private initiative and the kind of exuberant experimentation that leads to a creative city. In this sense, the theoretical model would have to expand beyond the usual urban development limits and find a way to include the "polity" models dating back to Aristotle and recently re-stated by Jurgen Habermas (2004).

5.2 Implications for city competitiveness

The results of this research have resoundingly confirmed something that we have been discovering all along during the ACRE project. Policy has not played a role in Sofia's economic development in the 1990s, nor has any policy propelled the city towards the status of an emergent "creative city". The astonishing economic achievements of the city can be traced to one source: the energy and gusto of its inhabitants, placed in a situation of "the invisible hand of the market". Hence our claim that Sofia is a "creation out of chaos" event.

All respondents, including the very articulate broadcasters we interviewed, uniformly report that they neither see, nor feel, nor have been told of any municipal-level policy existing to help the creative sphere. One broadcasting CEO went into more detail, reporting that he is in constant touch with municipal departments supposed to be in charge of such targeted development policies, but that these people produce no policy whatsoever.

The absence of municipal-level policy is so blatant that respondents are at a loss when asked what kind of policies they would like to see developed. Three groups of answers emerge, neither of them doing credit to Sofia's planners:

- the municipality should simply to its job and maintain and develop infrastructure
- the municipality should imitate national policies and cut taxes and rates
- no policy can be expected of the municipality, and policy that impacts the sector can only be the generic, horizontal national policy favouring the business climate in general.

We also stumbled on the researcher's dream: a direct admission of guilt. When attempting to interview municipal officers (for context), ultimately our fieldworkers were refused, by the municipality, with the argument that "the municipality has no policies in your field of interest".

We can now take it as proven that Sofia develop with neither help, nor hindrance from policy.

Respondents did identify policies at the national level that they found helpful, and expressed hopes that such policies would continue and even expand in the future.

It has been pointed out to Sofia's ACRE team, by various officials, that Sofia needs no development policies at the municipal level, because it gets all the policies it needs at the o0ther levels of its existence: once as a Regional centre, and again – as the centre of one of the six National Planning Regions.

The results of the survey do not bear this out. None of our respondents had ever heard of targeted policies at these levels, let alone – being impacted by them. At the same time, it is a fact that at both Region level and National Planning level a wealth of policy documents (strategies, action plans and the like) has been produced. All of this, judging by the results of the survey, has remained on the paper it was written on.

The outcome is simple. Nobody expects the municipality to get involved in policy, but everybody wants it to do its core job better. Everybody expects national-level policies to impact their business and prospects. Therefore, it seems that the general expectation is that Sofia would best continue to develop without municipal policy, but helped along by favourable national policies.

It should not be under-estimated that our most articulate respondents, from the broadcasting sector, were also the clearest when expressing their hopes of the municipality: that it should reorganise its work in such a way so as not to interfere with individuals and businesses.

Inasmuch as respondents think of the policy problematic in the future, they demand to be consulted. This is clearly in line with EU directives and approaches regarding the "stakeholder" approach to policy making: i.e. that the beneficiaries / target groups of policies and legislation should be part of the design, implementation and evaluation process.

But, in order to get to this stage of decision-making, Bulgaria's authorities at all levels would need to first undergo a cultural revolution. And they have proven very resilient, since 1989, in avoiding this. An interim conclusion here is that, should anyone want to develop policies to support the "creative city", they should first tackle the long-dormant reform of administration, so as to instill into that administration the capacity for shared decision-making and shared policy.

The removal of obstacles, rather than the implementation of policy-level support, is the best that the creative industry expects of Sofia's planners and managers.

If Sofia wants to continue on its creative path, there should be a clear division of labour:

- the municipality should do efficiently its core business to help the environment generally, such as providing public transport, a cleaner city, parking spaces, green spaces; and should stay away from grander efforts, such as policy
- Sofia's entrepreneurs and citizens should be placed, by the authorities, in an environment that has been cleared of all administrative and other obstacles.

Sofianites and migrants into the city have demonstrated, over the past decade-and-a-half, that what they need is freedom from impediment, rather than a leg-up. And freedom is all the policy they need.

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APPENDIX

Interview guidelines (English)

Before you start, for the researcher's memory: the key questions for WP 6:

What are the drivers behind the decisions of the managers of selected knowledge intensive and creative industries to settle at a certain location in the case study region?
What is the relative importance of the location factors that played a role in their decision making process ('classic' factors, such as the presence of adequate and specialised labour, accessibility, tax incentives, and also 'soft' factors, such as the quality of space; atmosphere of the city and region, available high-quality residential space, etc.)?
What is the role of the urban and/or regional government: did specific strategies to stimulate or create 'clusters of creative and/or knowledge-intensive activities influence the company's location decision?

Structure of the interview (Firms)

Short introduction of the interviewer and ACRE (2 minutes)

Warm-up question to start the interview

- Position / description of daily work and tasks in the firm / current responsibility
- Short career history of interviewee (if founder)

Possible opening questions:

Origin of the Firm and Activities

- History of firm development
- Type of firm – start-up, buy out etc.

Activities

- Account of core and other activities (What does your company produce? / What services does your company provide?)
- Can you explain this to me? (*come to various focus areas which are mentioned in the guidelines: see below*)

Or: start with any other focus area if you think this is more suited to your local situation

Be sure that the following issues will get attention during the interviews:

Business Models and Markets

- How many/what type of clients/customers? (Who are your customers/clients?)
- Where are your customers located? (rough estimate of the *relative share* of origin of customers: inner city, region, state/country, abroad)
- Orientation to the local / national / international market (scale of activity)

Labour process and Recruitment

- How is the labour process organised in your company?
- What types of people with what skills/knowledge do you employ?
- Role of freelancers / people with permanent contracts / subcontracting of work?
- How do you recruit your employees?
- Where do you recruit them?
  - Regional /national / international scale
  - Universities / Fairs
  - Problems

Networks

- How important are informal links to your firm? (in terms of competitiveness, innovation?)
  - What informal networks are in place in the city or region?
  - What types of knowledge /information are exchanged in informal meetings?
- Who do you collaborate with?
  - Firms same sector other sector
  - Universities / research institutions
  - Member of business organisations?
  - Administration / organisations of public authorities

Location Factors (soft and hard)

- Why was the company founded in the city of…?
- Alternatively: why did the company move to this city?
- Why not in another city in … (your country)?
- Can you describe the role of (your city) for your sector? Is the city or region an important location for your sector in the national / international context?
- What advantages or disadvantages did the city offer in comparison with others for the firm's location?
- Role of factors like
  - Infrastructure (transport, IT infrastructure) /Labour market /city administration / Costs (rent/living/personnel) / Policies / support by the city/region government /Tax climate
  - …..
  - Social ties / family / quality of life / leisure activities /region/ sub cultural scene / tolerance – acceptance of diversity
  - …
- Why did the company settle in this neighbourhood/quarter/part of the city? (Depending on where the company is located: why in the inner city / urban fringe / suburbia? Why not in inner city / urban fringe / suburbia?)
- Overall satisfaction with the location? Advantages / Disadvantages

- View on the city: sites / property, transport, image…(e.g. Did the image of the city influence location decisions?)

Public Support

- Is public support relevant for your company?
- Types of support received?
- What could be done better by the public authorities (municipality, region, etc.)? Wishes? What conditions can be improved? (e.g. fiscal policies, subsidies for education, incentives for investment…)

Prospects

- prospects of the company at the location
- Does your company plan to move away? Why / why not?

Comments

- Did important points concerning your firm and the sector of your firm at the location of (your city/region) not come up? Do you want to add something?
- Any other comments about what the most important local conditions are that led to the attachment of your firm to this place?

Questionnaire (to be filled in after the interview)

Name and position in the firm	
Name of the firm	
Sector of the firm	
Number of employees	
Detailed location of the firm	
Turnover	

Sofia questionnaire

Забележка към провеждащият изследването: ключови въпроси за WP 6

На какво се дължи решението на мениджърите на селектираните knowledge-intensive и креативни индустрии да се установят на определеното място в района на изследването?

Каква е приблизителната важност на местните фактори, играещи роля в процеса на взимане на решения ("класически" фактори, като присъствието на адекватни и специализирани условия на труд, достъпност, данъчни облекчения, както и "меки" фактори като атмосферата на града и региона, наличието на висококачествени жилищни пространства)?

Каква е ролята на местната власт: дали решението компанията да се установи на това място е повлияно от наличието на определени стратегии, стимулиращи развитието на креативните и/или knowledge-intensive дейности?

Структура на интервю (Фирми)

Кратко представяне на интервюто и ACRE (2 минути)

Подгряващи въпроси за стартиране на интервюто

Позиция / описание на ежедневните задължения / отговорности

Кратко представяне на кариерата на интервюирания (ако е основател)

Възможни откриващи въпроси:

Произход на фирмата и дейности

История на развитието на фирмата

Какъв тип фирма е това – дали е започнала самостоятелно, или се появява след изкупуване…

Дейности

Основни и други (какво произвежда компанията? Какви услуги предоставя?)

Разяснете ми по-подробно? (достига се до различни фокус групи, описани по-надолу в наръчника:)

Или: започнете с други фокус групи ако смятате, че са по-подходящи спрямо обстоятелствата

Уверете се, че следният проблем ще бъде засегнат по време на интервюто:

Бизнес модели и пазари

Колко/какъв тип клиенти? (Кои са вашите клиенти?)

Къде се намират те? (Приблизителна оценка на местоположението на по-големия дял клиенти -: в коя част на града живеят, в коя част на страната, в чужбина)

Ориентиране на местния / националния / международния пазар (скала на дейностите)

Работни процеси и набиране на персонал

Как е организиран работтния процес в компанията?

Какъв тип хора, с какви умения/познания наемате?

Роля на наемниците / хората с постоянни договори / подизпълнителите по отношение на работата?

Как наемате нови работници?

Къде ги намирате?

Местна /национална / международна скала

Университети / изложения

Проблеми

Мрежи

До колко неформалните връзки са важни за фирмата ви? (по отношение на конкурентноспособност, иновативност?)

Какви неформални мрежи са установени във вашия град/регион?

Какъв тип познание /информация обменяте на неформални срещи?

С кого си сътрудничите?

Фирми от същия/друг сектор

Университети / изследователски институти

Членове на бизнес организации?

Администрация / властови организации

Местни фактори (меки и твърди)

Защо основахте компанията в град…?

Алтернативи: защо компанията се премести в този град?

Защо не в град … (вашата държава)?

Каква е ролята на (вашия град) за вашия сектор? В национален или международен контекст - това важен град/регион ли е за вашия сектор?

Какви са предимствата и недостатъците на града спрямо вашата фирма в сравнение с други градове?

Ролята на фактори като:

Инфрасктуктура (транспорт) /пазар на труда/градска администрация/ цени (наеми/живот/персонал) /политики/подкрепа от местната власт/данъчна политика

…..

Социлани връзки / семейство / качество на живота / възможности за отдих /регионална сцена/субкултура/ толерантност – приемственост или отхвърляне

…

Защо компанията се е установила в този квартал/част от града? В зависимост от това къде се намира: защо в центъра / периферията / предградията? Защо не в центъра / периферията / предградията?)

Цялостно удовлетворение от мястото? Предимства/недостатъци?

Облик на града: места / собственост, транспорт…(дали облика на града е повлиял на избора на място?)

Обществена подкрепа

Компанията ви получава ли релеванта обществена подкрепа?

Какъв тип подкрепа получавате?

Какво може да се подобри от страна на властите (общината) Желания? Кои условия могат да бъдат подобрени? (финансови политики, субсидии за образование, стимулиране на инвестициите…)

Перспективи

Перспективи за компанията на съответното място

Планирате ли преместване? Защо / защо не?

Коментари

Пропуснахме ли някакви важни въпроси по отношение на местоположението на фирмата/компанията? Искате ли да добавите нещо?

Допълнителни коментари (ако искате да добавите) относно най-важните местни условия, довели до решението компанията/фирмата да се установи на това място?

Въпросник (Да се попълни след интервюто)

Име и позиция във фирмата	
Име на фирмата	
Сектор	
Брой служители	
Точно местоположение	
Оборот	

Структура на интервюто (Бизнес организация / администрация)

1. Кратко презентиране на интервюто и ACRE (2 мин)

2. Подгряващи въпроси

Позиция / описание на дневните задължения

Институция и сектор: Какво прави вашата институция за сектора?

Сектор в региона

Можете ли да опишете ролята на (град) за вашия сектор? Града има ли важна роля за вашия сектор в национален / международен мащаб?

Какви предимства и недостатъци има града по отношение на вашия сектор в сравнение с други градове?

Образа на града по отношение на този сектор / Имидж

Фактори (меки и твърди)

Защо компанията се е установила в…?

Защи не в друг град …(държава)?

Ролята на

Инфраструктурата (транспорт…)

Пазара

Градската администрация ….

Цени (наеми / живот / персонал) …

Политики / подкрепа от градската/регионалната власт

Данъци

…

Качеството на живота

Развлечения

Регион

Субкултури

Толерантност – приемственост към разнообразието

…

Структурни модели:

Наблюдава ли се определен структурен модел на фирми в района на …?

Има ли прилив или отлив на фирми в района на …?

Можете ли да дадете приблизителна оценка на броя на започващите да се занимават с бизнес в …?

Какъв тип подкрепа получават те?

Пазар

Опишете ми пазара в …? Успяват ли фирмите да открият / наберът нужния им персонал? Как го постигат?

Мрежи / Връзки

Какъв тип връзки съществуват в района?

Опишете ги: сътрудничество / конкуренция

Сътрудничество с други "актьори": Има ли институция, която да свързва различни "актьори" в региона?

Университети / изследователски институции

Представители на бизнес организации?

Администрация / властови организации

Оценка на връзките (дали са доволни от тях)

Перспективи

Перспективите на сектора на това място

Какво може да се подобри в работата на властите? Препоръки? Кои условия могат да се подобрят?

Коментари

Имате ли други коментари относно най-важните местни условия / фактори, довели до установяването на фирмата ви на това място?

Въпросник (попълва се след интервюто)

Име и позиция	Име на институцията