

*Galina Koleva*

## **How to be an Entrepreneur in a Village**

### **Business in Rural Bulgaria**

The private Bulgarian businessman came to the fore in the late 1980s. In the post-1989 period his status in society consolidated in both economic and social terms. The Bulgarian businessman epitomizes the emergence and development of a whole new social stratum. He is the very epitome of the present period of transition from a planned to a market-oriented economy, from a totalitarian to a democratic political system. The new brand of entrepreneurs personifies the re-emergence of business spirit in the country. Today's private business sector was brought to life more than a decade ago — in the aftermath of the perestroika era. The subsequent political and legislative changes added new impulse to the process. However, post-1989 developments have been marked by political and economic instability. As a result, private business which has evolved in Bulgaria is predominantly small-scale. Over 75% of the existing private firms employ up to 5 workers. Hence the low annual turnover. Most of our private business establishments nowadays are actually microbusinesses — their employees are mainly family members (SMS policy..., 1999: 12-14).

The village has traditionally been looked upon in terms of agricultural work specifics (Koleva, *Agricultural work...*, 1997). The village has also always been seen as a mere source of raw materials for urban industry. There are indeed many villages in Bulgaria that have been and will certainly continue to be tightly linked to the urban industrial sector. A new trend emerged in the post-1989 period, though — the consolidation of a small but vibrant processing and manufacturing sector in the village. Which is not much of a surprise, considering that agricultural and labour resources have always been there. Nobody took the chance at the time, though. Now that the economic system has changed, small private non-agricultural firms have been quick in grasping the opportunity. And that is no wonder, of course. Local people know the potential of their villages best

— in terms of infrastructure, labour resources, prevailing attitudes, raw materials, etc. The new tendency proved very positive indeed, considering the present unfortunate situation in local unemployment, growing rural depopulation, degrading local infrastructure, the slump in agricultural production, etc. A viable rural non-agricultural sector will undoubtedly contribute to the consolidation of rural communities with respect to the further development of the village as a specific social organism. Hence the importance of the newly emerged private rural non-agricultural sector. If the current economic, demographic and social crises are to be overcome the Bulgarian village and rural economy as a whole must take a new course.

The issue of the rural non-agricultural sector in Bulgaria will be considered in the context of a specific life history, i.e. from the perspective of the unique world of a rather remarkable personality. The man in question is a local businessman running a prosperous food processing business. The village itself is middle-sized with great potential in market gardening. In terms of its socio-demographic characteristics the village is quite typical of rural Bulgaria today — the bulk of its population are pensioners; half of the able-bodied are unemployed; and, finally, most of those with jobs do not work in the village (Koleva, *Rural Inequalities...*, 1999).

### **An Introduction to the Research Situation**

Semi-standardized (in-depth) interviews with typical representatives of major social categories (farmers, employers, employees, unemployed, etc.) were utilized in "The New Social Stratification in the Bulgarian Village" survey (1996–1998).<sup>1</sup> The survey aimed at receiving adequate information on the prevailing attitudes amongst the most important — in social stratification terms — groups of the rural population. Major stratification characteristics such as age, family background, role in the household, education, property, employment, previous professional career, patterns of behaviour and values, political connections and affiliations, power and authority, cultural preferences, etc. were taken into consideration. Not only mere observation but also the interviewees's own self-identification and personal memories were largely put to use. A lot of information was willingly supplied by the village administration. In a word, the research strategy was diversified and comprehensive. Or rather complex, indeed.

Valuable information was gathered, regarding people's subjective self-identification, their evaluation of the current political and economic situa-

---

<sup>1</sup> "The New Social Stratification in the Bulgarian Village" (1996–1998) survey was subsidized by the Bulgarian Ministry of Education. It was carried out by members of the Communities and Social Stratification Department of the Institute of Sociology, Bulgarian Academy of Sciences. The project was headed by senior research fellow Dr. Nikolai Tilkidjiev.

tion, including the increasingly intensive process of social differentiation and stratification. Villagers' personal stances towards social inequality, the haves and the have-nots, etc. were paid special attention. As was, of course, people's outlook on social conflict, between people from similar walks of life. Notions of one's own and other people's wealth, prestige, personal merits, economic and political influence, etc. have also been recorded. Ideas of one's own and other people's group affiliations were registered by means of Jonathan Kelly's figurative illustration of modern group differentiation in society. In short, special attention was paid to how typical representatives of major social groups stand on the issue of their own and other people's social status — in both a local and national perspective.

Our businessman's account of his success story couldn't merely be taken at face value. This led to a closer examination of his social and family background. We also took a closer look at the prevailing social practices and attitudes in the village — we had no doubt that wider social circumstances do always matter in a person's individual development.

It has already been mentioned that this article is to focus on the life story of a prosperous village businessman running his own food processing business. We were impressed by the fact that he sees his story of success within the context of local development as a whole. Mollov, our hero, sees his business as benefiting the entire rural community of Senitevo, the South Bulgarian village we studied for a year or so. Persistence and clarity of purpose have always been present in his life. This, combined with the newly emerged socio-economic circumstances and the availability of cheap local resources, led to a remarkable and generally recognized social position in the village today. As a matter of fact, Mollov is a typical representative of a whole new category of actors in the Bulgarian economy today. He has a dynamic and innovative personality and his plans and projects for the future always concern the village and its community. His attitudes towards relatives, neighbours and friends largely depend on business interest. Personal stances are to a great extent dominated by economic benefit. And vice versa, regional specifics have had a major impact on his business plans and practices (Koleva, *Private Village Business...*, 1997).

### **Professional and Occupational Status**

Mollov is quite representative in terms of the current social stratification dynamics — he embodies the post-1989 pro-market transformations in rural Bulgaria as a whole. He is 40 years old and has the professional status of private producer and trader. He has high school vocational education and is the owner of a small juice packaging enterprise. He employs some 30 workers, which makes him the biggest employer in the village. Most of his employees are women, paid well above the country average for similar

work. Workers' pay depends on the quantity and quality of their work. However, Mollov's employees do not have employment contracts. As a result, no national insurance payments are made by him on their behalf. This kind of relationship is embedded in the very legislative and social infrastructure of the country. As a matter of fact, our private business sector has to be somewhat hard-hearted if it is to survive in the present socio-economic circumstances. The owners of small businesses comprise the bulk of the new Bulgarian class of entrepreneurs, which makes them very vulnerable to any change in the business climate. Businesspersons usually both own and run their firms. In a nutshell, the newly emerged class of proprietors is overinvolved in the running of any particular business (Koleva, *The State of...*, 1997).

Mollov started his business at the beginning of 1989 by registering a food processing and trade firm. Initially the workshop packaged soaps and washing powder but turned to packaging fruit juices as it grew. A canner and a chocolate workshop are under construction. Thus the foundations of a food processing microempire in the village are to be laid. Mollov has the notion of being a local celebrity and an important economic agent in the village. He has indeed been very successful in terms of both economic accomplishments and personal wealth — not only is he a major driving force behind the village economy, but he is also the owner of a number of realties and other assets. The village mayor and other villagers see him as a "wealthy man", a "big entrepreneur", i.e. a symbol of the new market era. He does have all the attributes of a very successful person — his smart car, new house, mobile phone, etc. speak for themselves. His business career in particular is undoubtedly a story of success.

Within the village of Sinitevo Mollov is indeed something of a tycoon. This is how he sees himself and how his fellow villagers see him. But in the perspective of the country as a whole Mollov cannot really be seen as a representative of big business. Strictly speaking, his business is not big — some 30 workers are hired on a temporary, seasonal basis. In a word, he is a very rich man only in terms of the local rural stratification situation. He is a "tycoon" mostly in the eyes of his fellow villagers.

### **Business assets**

Mollov's life and professional biography have contributed considerably to his present social and professional status.

**The possession of ready money** at the start of the economic reform in Bulgaria played a crucial role in Mollov's decision to start his own business. He always avoided borrowing money and is still in possession of considerable free capital. He only worked for what he had studied for at high school for a year. He quit, took a course in bar-tending and spent the

rest of his pre-1989 years as an employee of the most splendid sea and mountain resorts in Bulgaria. As is the case of many of the newly emerged Bulgarian businessmen, work in the pre-1989 services sector turned out to be a valuable source of both business experience and capital.

*The fact is that I was actually richer at the time than I am now. I used to earn 10,000 leva in 50 days. I was very rich indeed. I could buy a flat and a car with the money I earned in a couple of weeks. Something I'm unable to do today — how long do you think it now takes to earn a hundred million leva?!*

There was a thriving semi-legal private sector tolerated by the authorities in the pre-1989 period — Mollov's memories of the time are quite telling in this respect.

*I had no problems with my colleagues and bosses at the time — they didn't meddle in my affairs. It was nice doing business in the tourist and trade sector — everybody could scrounge from here and there. In short, my additional income was big. What we did was take what we were de facto entitled to. So we worked hard. If a comparison is to be made with workers in other sectors, we did a much better job — we did really tend to the needs of the clients. It was in our own interest to be obliging. We were not pushed to be market-oriented.*

With the start of economic liberalization ready money — if well invested — turned into a major stratification factor. Many employees in the services sector were clever enough to see the opportunity — they took the chance and started businesses of their own. As the process of privatization started many valuable assets came under the hammer. The former coops' property, in particular, was quickly chattered away. Moneyed people did the bidding. The disbanding of the coops turned out to be an important factor in the post-1989 economic development of the Bulgarian village. It was not only agricultural equipment, but also valuable realties that were put up to auction. Buildings and land were sold out — quite often at symbolic prices. Thus considerable wealth was accrued in the hands of the few. As our respondent puts it *it was only five or six people who actually took part in the bidding. I bought mostly land and buildings.* This was the way Mollov's business establishment came into being. In a way, he inherited a major part of the former coops' infrastructure — barns, the public baths, tobacco evaporation rooms, a truck, a van, etc. Many of the premises were later reconstructed — mainly for the needs of the newly established chocolate production. In a nutshell, Mollov proved to be an apt and sagacious investor. Hence his capital gains. He set up his business with a clear strategy in mind — to get into possession of certain means of production which were cheap at the time. As he saw it, *the means of production were the most important thing for the moment.* His current business success and family welfare proved him right.

**Social background** is yet another factor underlying the genesis of the Bulgarian business class. Nikolai Mollov himself has no doubts about his family's impact on his business career — in terms of both intellectual set-up and political vantage point. The business flair has always existed in his family — on Mollov's father's side in particular. Mollov's grandfather used to own some 60 decares<sup>2</sup> of land. This made him a relatively rich man at the time. Furthermore, he was one of the best viniculturists and tobacco-growers in the village. Mollov's father and mother, for their part, turned — at the end of the 60-ties — into skilful market-gardeners, as did many other families in the village. However, Mollov's mother's family used to be quite close to the communist regime — his mother comes from a family that used to be active in the communist movement long before the war. The communist background came in very useful when the family started running a de facto private market-oriented farm in the mid-sixties. In a word, connections with various communist officials were put to good use. Everything brought grist to the mill. Nothing could baffle the family's enterprising spirit. Mollov does realize that both his family's political connections and business flair were of crucial importance for him — the spirit of entrepreneurship and family wealth wasn't there for many other beginners. The role of the father in the story of success to come, in particular, is seen by the son as crucial.

*I really owe a lot to my father. His connections gave me the protection I needed, so that I could do certain things not risking much. Even if I had blown it up, he would have lent me a helping hand. He watched my back! And he gave me money when I needed it. His income now is not big, but at the time he was of real help. Say, when I started as a bar-tender, I made losses. It was my first year at the sea-side. I was broke. But I called my father and he sent me the money I needed.*

The people Mollov socializes with are mainly neighbours, friends, relatives and business partners. Most of those near and dear to him run businesses of their own. In a word, business is much in the background of Mollov's social life. For instance, the neighbour he is closest to is *a boy who works as a distributor* for him. Social networks and day-to-day socializing have been increasingly influenced by business interests. Self-confidence and self-identification have been more and more affected by business values too. Hence the new way of defining one's own place in the social stratification hierarchy. Furthermore, business interests determine one's stance towards both the local economy and the village as such. Local specifics, on their part, have become an integral part of business and career planning. The village has been turning into a mere object of business activity, thus losing much of its traditional meaning for the community. In a nut-

---

<sup>2</sup> 1 decare = 0.1 ha.

shell, the village has been increasingly looked upon in terms of profit and business potential.

*Sinitevo does have a future in the food industry. The raw material is here — quality tomatoes and cucumbers. The food processing capacity is here too. There's a railway station nearby. Phone links are good. Heat and electricity supply are ok. In terms of market gardening, food processing and export Sinitevo does have potential.*

Mollov sees his business not only in terms of proceeds and prestige — he is quite aware of the importance his work has for the community itself. Private initiative does play an important role in the recent economic revival of the village — new jobs have been created and many people have tried to excel those that have already had some success in private business. Local firms are looked upon both as a potential work place and as a business success to be emulated. Mollov's firm, in particular, is highly respected. Not only are his workers well paid, but, moreover, a lot of money has been spent by him on local projects — in co-operation with other businessmen. The organization of an annual village fair, the reconstruction of the village church building, sponsorship of the village soccer club, etc. are projects benefiting the whole community. It is Mollov's intention to increase his number of employees to approximately 120 and he has no doubt that people will be quite happy to work for him.

**Power resources and personal connections** have contributed to Mollov's success story. His close links with people in key positions at both national and local level rather than formal political affiliations have created a favourable environment for his business. Mollov happened to be related to an adviser to the first democratically elected Bulgarian president and was a close friend of the adviser's son. The latter was a business partner of Mollov's at the start of the post-communist economic reform in Bulgaria. It was with his help *that a number of protégés were appointed in the Liquidation council of the former coop, which speeded up the sale of the coop's property.* A few high-ranking ministry officials and two or three bank managers were very helpful too. It is no wonder that Mollov has been very successful in cutting corners — he has never had any problems with the Bulgarian bureaucratic system. Connections in the banking sector, in particular, have been very handy indeed — quite unlike most ordinary investors, Mollov proved able to withdraw his money from insolvent private banks just before they declared bankruptcy. Relations with racketeers as a group with a powerful position are no exception to his unconventional style of business. Private business has been the prime target for all sorts of racketeers, but those have never bothered Mollov — *all these racketeers are friends of mine.*

In short, personal interest, as expected, has played a dominant role in the formation of Mollov's attitude towards power in all its forms. Other busi-

nessmen in the private sector, including small-time traders and manufacturers, are no exception to the rule.

**Idiosyncrasies and life philosophy** have a hand in our fortunes too. Mollov is no exception to the rule. His worldview is characterized by a liberal outlook on the economy and life in general. A former bar-tender turned businessman, Mollov is in favour of economic deregulation. He sees his success as a natural result of his own persistence, perspicacity, flexibility, etc. He has a specific business code of his own, embracing a number of "rules" he sticks to, whatever the circumstances. Those rules reflect his way of thinking and are indicative of the socio-economic climate in the country. *US dollars are the hottest business now; banks cannot be trusted — I wouldn't place my money in a bank account now; I owe no money and I borrow no money — loans can ruin you now; I've always avoided the shadow sector and I do no business with criminals.* These principles have motivated a man who has become very successful indeed. There is no doubt that they have contributed to his success in the new and risky post-1989 environment — *I've come onto something really big two or three times and I've never missed the chance — I did my best and the results were there soon.* Mollov is a very sober-minded man — he wouldn't run a risk unless the business opportunity was really there. He considers ambitions, ingenuity and sociability as well as education and good family background as indispensable for a business career. Mollov sees his own achievements as optimal in the present conditions. Hence the man's self-confidence and feeling of satisfaction. As far as Mollov's self-evaluation is concerned, his view on the status he has within the local business community is clear — *those that have made it here have done it following my example.*

Mollov has liberal business and welfare related values. Not only is he a typical verbal exponent of free-market attitudes — his very functioning as an economic and social agent is also guided by liberal economic values. Hence his clear-cut notion of the criteria underlying one's status in the community —

*It is wealth and the potential to create jobs that people are given credit for. Nothing else can gain you respect. Villagers can be polite and deferential even if you have nothing, but this is not genuine respect.*

**Perceptions of social inequality: The haves — the have-nots differentiation** — Mollov's notion of the existent social stratification in society is couched in terms of ownership and economic activity. According to him, there are rich people in Bulgaria. *In terms of percentage, the number of the really well-off is comparable with the number of American business tycoons. The middle class is bigger. Then comes the working class — the hirelings, those incapable of starting a business of their own. Those who are nearly dead.* Mollov identifies with the middle class — he does not see himself as belonging to the upper class.



His social identity stems from both his previous and present vocational and family background. In Mollov's eyes his 1996 well-being has not changed a bit since 1989 — *in 1989 my family was by far the most prosperous one*. The household did quite well in 1996 but so it did in 1989. This would not have been possible if the spirit of enterprise had not been in the family long before the start of economic reform. The 1989 situation is evaluated mostly in terms of leva — it was only money that mattered in 1989. The 1996 situation was more complex — it is rather good investments that count. As Mollov puts it, *I can see only one or two winners in the village — those are people who work on a large scale. Considering the realties I own and the place I run my business in, I am probably doing best in the village.*

Mollov's stance towards the newly emerged social inequality and "the haves — the have-nots" differentiation is couched in terms of what he sees as the importance of work in life. Those with a business of their own who save no pains to fulfil their endeavours do well in comparison with the rest of the population — *the one at pains will always make it — he may have difficulties for a month or two, he may not even eke out a livelihood for a time, but in the end he'll be ok*. Mollov's stand on the existing inequalities of wealth is rather an unemotional one. Wealth is created through hard work — *the wealthy are well-off because of doing their best to get rich; you can't inherit wealth here*. And vice versa, poverty is associated with laziness, indecision and lack of enterprise — *only non-entities have never wished to do something on their own; gypsies, for instance, wouldn't be so poor if they were less reliant on the state*. As far as "the haves — the have-nots" differentiation in Senitevo is concerned, Mollov does not see it in dramatic terms. Inequality of wealth in the village is not seen as too significant. Some 40 households can be classified as well-off — those are families involved in market gardening. Much of the crop is sold in the market-place by the producers themselves. Few of them are in really needy circumstances — mostly destitute gypsies. As Mollov sees it, popular attitudes towards the better-off, including himself, are characterized by mere envy. The have-nots are looked upon with indifference — *there's no empathy they can rely on*. When it comes to the division of labour within the family, the pensioner is seen as the driving force behind both the daily functioning of the household and the village economy as a whole — *you won't see too many busy young people nowadays*.

In a nutshell, Mollov's outlook on social stratification and the differentiation between "the haves and the have-nots" is rather subjective. It is based on his meritocratic ideas of positive and negative idiosyncrasies, which is not unexpected considering his own success story.

However specific, Mollov's life and business career are quite telling of the profile of the average Bulgarian businessman today. Economic interests

have had a fundamental impact on both everyday life and personal attitudes among the Bulgarian business community. Aspiration for personal success and the striving for prosperity have been the underlying motive in business decision-making. However, it is another matter, whether he will move further up in the social stratification hierarchy of the village. He may also slump in the opposite direction. Everything depends on how successful the planned future growth of Mollov's business will be.

Mollov's story of success reveals the potential of the private business sector in rural Bulgaria. The Bulgarian village has both considerable natural resources and skilled workers. These are necessary for running and developing a prosperous private enterprise — a conjuncture both the rural business community and the village as a whole can benefit from. This is something that augurs well with regard to the current economic stagnation in the Bulgarian village today.

### References

- Koleva, G. (1999), *Neravenstvoto po ikonomičeska aktivnost i trudova zaetost v seloto* (Rural Inequalities: Employment Rates and Forms of Economic Activity), Sociologičeski problemi, No. 1–2, Sofia.
- SMS policy in Bulgaria* (1999), Foundation for entrepreneurship development, Sofia.
- Koleva, G. (1998), *Biznest v Bălgaria — institucionalizaciia i predstavitelstvo na interesi* (Business-making in Bulgaria: Institutionalization and Interests Representation), Sociologičeski problemi, No. 1–2, Sofia.
- The State of SMS in Bulgaria* (1997), Union of private economic enterprizing, Sofia.
- Koleva, G. (1997), *Zemedelskiam trud — cydba ili poprišče. "Seloto, zemiata i zemedelkiiat trud — problemi i nadeždi v kraia na XX vek". Trilogiia* (Agricultural work — a destiny and a career. "The village, the land and agricultural work — problems and hopes at the end of the 20<sup>th</sup> century". A trilogy), Bulgaria Rusticana, Sofia.
- Koleva G. (1997), *Private Village Business: A Positive Example*, [in:] *The Bulgarian Village and Globalization Processes*, Bulgaria Rusticana 2, Sofia.