

# Uncertainty in Small Family Enterprises in Bulgaria: Socio-cultural Strategies for Stabilisation and Economic Development

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For more than thirty years, Bulgarian society has experienced continuous processes related to uncertainty in economic, social, spiritual and even existential spheres. One of the attempts to overcome the risks of social exclusion and marginalisation can be considered the creation of small enterprises, many of which are family businesses. In these, family relations are intertwined with professional roles and a specific notion of work–kinship relations emerges for the needs of entrepreneurial practice. The article presents an anthropological study of the social impact of economic uncertainty on owners of Bulgarian family enterprises in various economic areas. The main research questions relate to how to define crisis and uncertainty in family entrepreneurship, the subjective level of perception and evaluation of instability, and the main factors for enhancing uncertainty. Based on ethnographic research of three family businesses, I define the socio-cultural strategies for dealing with the consequences of uncertainty, exploring them in the course of their development, and outline some issues related to business and family planning. My main thesis is that the search for means to control economic uncertainty leads to various approaches aimed at increasing social security in the field of family entrepreneurship. Fear of threats and risks in the public sphere which cannot or can barely be controlled by small entrepreneurs is compensated for by investing attention and care in the private sphere and the professional field.

**Keywords:** small family enterprises, economic crises, uncertainty, socio-cultural strategies, public and private sphere

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## Introduction

More than thirty years have passed since the change of the political regime in Bulgaria, which caused radical transformations in the economic sphere and in public life. During this relatively short period of time, Bulgarian society experienced continuous processes related to uncertainty in the economic, social, spiritual and even existential spheres. For ordinary people, these years were saturated with dynamic changes in the structures of their worlds of life and everyday culture. One of the spheres of everyday life of Bulgarians subject to comprehensive changes and influenced by numerous crises after 1989 was the sphere of professional work. The causes for this should be sought in the way that the socialist economy and the planned economy system were done away with, to be replaced with the principles of the market economy, as well as the subsequent introduction of globalisation and international economic competition.

Researchers note that over the last four-to-five decades, Western European societies have witnessed a number of transformations, crises and uncertainties in the labour sphere in relation to a number of global transitions: from Fordism to post-Fordism; from national to global economies; in the aftermath of the global financial crisis (2008–2010); and, in the last four years, from the COVID-19 pandemic and the war in Ukraine. In the social sciences, concepts such as precarity, labour mobility, collapsing boundaries between work and private life, and flexible labour biographies have been established and used by scientists to describe these processes in recent decades (Huber, 2006; König, Schmidt, Sicking, 2009; Narotzky, Besnier, 2014; Han, 2018; D'Andrea, 2023). However, for the European countries of the former Eastern Bloc, in particular for Bulgaria, these years meant very big ruptures and major crises in the labour sphere. For the former socialist societies this was the time of the great “leap”, requiring a radical change in attitudes and in the way of thinking and behaving in order to adapt to the new conditions. This “leap” – from the realm of labour dominated by socialist social and economic relations and the associated characteristic economic ways of thinking and behaving, to the postmodern world of labour of the late twentieth century – has proved extremely challenging and has been accompanied by numerous contradictions (cf. Buchowski, 2003). Literally in a matter of months, a large number of people experienced the drama of losing their previously relatively high professional and social status, finding themselves without paid work or a secure income. From a relatively peaceful life in a state-planned economy society, the transition was made to a precarious life in the world of a market economy dominated by neoliberal market principles.

Once it was no longer possible to think and talk about a relatively predictable working biography, defined by Peter Niedermüller as “normal” in the socialist period (Niedermüller, 2004), Bulgarians had to learn to accept and accustom themselves to an uncertain and unpredictable working life. This new way of working is characterised by constant changes of workplace, often low-paid and even lower-skilled work

compared to previous jobs, working at more than one workplace at the same time, combining (or even replacing) formal and informal employment, and alternating of years of salaried employment with months, or even years, of unemployment. These processes can quite reasonably be described by the term precarisation. From an anthropological point of view, economic uncertainty is seen not only as a feature of the labour market but much more broadly, as a social reality associated with risk and instability that affects every step of people's struggle to earn a livelihood.

Concepts such as a "safe job" or "one job for the entire length of one's working life" were very rapidly consigned to the recent socialist past. Their loss brought about discontinuity and crises among numerous people of active working age (Thelen, 2006: 5). Finding themselves by-and-large unprepared for the drastic after-effects of the breakdown of state socialism and poorly versed in the principles and working methods under market economy conditions, people in Bulgaria sought out various strategies for their economic survival in the years directly following 1989. Some left the country for good and joined the stream of labour migrants; others fell in a deep crisis, putting an end to their working career; and others succeeded – with varying degrees of ease or hardship – to adapt to the new challenges of working in Bulgaria. The transition to everyday work in a society facing the daily challenges of a market economy has been particularly difficult. These challenges arose as a result of the decentralisation of the economy, the closure or privatisation of state-owned enterprises and the incorporation of enterprises into new international economic constellations. The result was the accumulation of large fortunes in the hands of a few people, and hence huge social disparities (Roth, 2015: 11). The institutionalisation of the new economic order took place in a situation of radical economic restructuring, accompanied by drastic unemployment, impoverishment and increasing socio-economic inequalities (Chavdarova, 2014: 144).

To the daily struggle and challenges to survive economically and to develop a stable economic activity in the conditions of fierce competition was added the need to assimilate the requirements the European economic area, as Bulgaria drew close to accession to the EU (which took place in 2007). Accession was almost immediately followed by the urgent challenges of the 2008 global financial crisis. The European market and the European Economic Community have become the new models and new markers of economic conduct in Bulgaria and other post-socialist countries, and "the West", as a scale and objective of the transformations, has replaced the co-ordinates familiar under socialism (cf. Thelen, 2006, Buchowski, 2003). In the case of Bulgaria, market institutions were implemented by the Bulgarian ruling elite in a socio-economic, political and cultural environment that was significantly different from that of Western capitalist countries. In view of the fundamental place which professional work occupies in human life these days, it is completely understandable why the change of paradigms in the spheres of economy and paid work has been so dramatic and fateful. The creation of small private enterprises in Bulgaria can be seen as an attempt to overcome the risks of instability and

precarisation and to deal with negative outcomes such as impoverishment, social exclusion and marginalisation. Many of these small private enterprises are set up as family businesses. Such enterprises have been established continuously since the beginning of the 1990s to the present day. According to data from the National Statistical Institute, there were 104,690 companies in Bulgaria defining themselves as family businesses at the end of 2022, employing a total of 384,372 people.<sup>1</sup>

In the modern economic world, family businesses are assigned a very important role. They are considered by economists to be the main engine of economic growth and creators of a significant number of jobs. Compared to larger enterprises, small firms are seen as being more flexible, quicker to adapt to changes in market conditions, and have lower levels of bureaucracy and regulation. According to an accepted definition, a “family enterprise” is an enterprise in which more than half of the capital is owned by more than one person who created the enterprise, and between whom there is a family relationship (based on marriage, kinship or adoption within the meaning of the Family Code) and at least one of them is involved in management.<sup>2</sup> Family businesses have become a major source of income for the family in Bulgaria. This type of business is created on the base of the intertwining of two systems with different character, function, interests and goals – social (family and kinship) and economic (business). The close interaction between kinship and business interest is a distinctive feature that makes family businesses an interesting object for anthropological research (Köllner, 2022). An essential characteristic of the family business is that it brings together three main elements – family, business and ownership (Madgerova, Kyurova, 2014: 100). In the frameworks of these organisations, family and economic roles intertwine in individual members of the family, whereby the economic relations become an important part of the family life world. The management, development, and control of new family-owned enterprises is conducted through the personal involvement and commitment of family members. With the establishment of family enterprises in Bulgaria, the conditions for successful functioning of the family as a social and economic unit are once again provided in a way that was not possible during the socialist period, when Bulgarian society experienced a 45-year gap in private entrepreneurship and family business ownership.

The small business materialised the hope of restoring entrepreneurship after 45 years and became a solid foundation of the new market order in Bulgaria. New family entrepreneurs who did not have the necessary financial and other economic resources had to start as small businesses, risking their own capital (Chavdarova, 2014: 39). A lack of economic capital was combined with relatively limited cultural capital – such entrepreneurs had to accumulate professional knowledge of the field in which they worked, but did not have the necessary experience to work at their own economic risk as entrepreneurs or managers of private enterprises in a market economy.

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1 <https://www.nsi.bg/bg/content/17703/> (accessed 16 May 2024).

2 <https://evroprogrami.com/opredelenie-za-semejno-predpriyatie/> (accessed 16 May 2024).

In the last three decades in Bulgaria, small family entrepreneurs have been exposed to frequent crises and uncertainty affecting their economic actions. This has direct impact on the family and family relations, as such businesses provide the main bulk of the family's livelihood. Implications for the affected entrepreneurs when it comes to organising their economic and social life in situations of instability and crisis can be understood and analysed by taking into account the political and economic conditions, as well as the social and cultural characteristics of Bulgarian society in the relevant period. This article represents an attempt in that direction. It is based on the understanding that economic development also has an important social and cultural embeddedness: it is influenced by socio-cultural factors and in turn influences social life and culture (Chavdarova, 2014). Analysing the economic activities of individuals, small groups and communities, along with their strategies, motives and choices made in the context of their social and cultural environment, represents an important contribution to our knowledge of contemporary society.

## Research questions, objects and methods

The text presents an anthropological study of the social impact of economic uncertainty on owners of small Bulgarian family businesses in various economic areas. The main research questions are:

- How are crisis and uncertainty defined in family entrepreneurship?
- What is the subjective perception and evaluation of instability by entrepreneurs?
- What are the main factors that increase their uncertainty?

Based on empirical ethnographic fieldwork of three family businesses, I will analyse the socio-cultural strategies for coping with the consequences of uncertainty, presenting them in the course of their development, and outline some issues related to business and family planning. My main thesis is that the search for means to manage uncertainty in the economic sphere leads to the use of various social and cultural strategies aimed at increasing social security in the family business. The study will attempt to show how the fear of threats and risks in the public sphere which cannot or can barely be controlled by small family entrepreneurs is overcome by investing time, attention and care in the private sphere and in the narrow professional field.

My research objects are three Bulgarian family enterprises from different branches: metallurgy, bakery and trade, operating in three different settlements: one in the capital and two in small towns. What they have in common is that, in terms of number of employees and annual turnover, they belong to the category of Small and Medium Enterprises (SME),<sup>3</sup> and they are mainly oriented towards the Bulgarian market but have some experience of working with foreign business partners or clients.

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3 <https://eur-lex.europa.eu/legal-content/BG/TXT/?uri=LEGISSUM:sme> (accessed May 20, 2024).

While the metallurgy and trade businesses were established in the early 1990s, the bakery is a relatively new enterprise set up in 2018. I deliberately selected these three companies due to (i) the difference in the years of their creation and (ii) the differences in the starting position of their founders. The owners of the two older companies had previous experience working as civil servants in state-owned enterprises in the socialist era, while the entrepreneurs in the youngest enterprise previously worked as employees in a private enterprise. The methodology used includes biographical and semi-structured interviews, informal talks, and ethnographic observation of everyday working life. In the course of the research, I encountered difficulties due to the strong sensitivity of the respondents to some issues such as the risk of enterprise bankruptcy, fear of impoverishment and marginalisation, and threat of unfair competition. In my conversations with entrepreneurs, I found that the topics of uncertainty and crisis often evoked negative emotions in them and even caused traumatic memories. However, over time I was able to gain the trust of the respondents, to the extent that they even tried to seek advice from me as a researcher on ways to overcome some uncertain situations.

The metallurgy company was established in Sofia in 1991. It was established by Maria<sup>4</sup> (b. 1943) who in that same year had been dismissed from a commercial state metallurgy enterprise due to restructuring and staff reductions. She had no family of her own and lived with her disabled elderly mother. Falling into a situation of precarisation, Maria decided to establish her own small enterprise, while continuing her professional activities in the same economic sphere. She has two partners in the enterprise. One was her older sister, Liliana (b. 1935), an engineer and a widow of three years, who had just gone in retirement. The second partner was Maria's nephew and Liliana's son, Alex (b. 1962), an employee of a state-owned shipping company who had a low income and was financially supporting his pregnant wife and a small child. The newly founded company was a commercial intermediary enterprise, a direct importer of metal products, raw materials and materials for metallurgy produced in European factories. Besides being owner, Maria worked as the enterprise's manager until 2022. In the same year, Alex – who until then had worked on a basic contract in the shipping company (which had been privatised in 1995) as well as acting as a consultant for the family enterprise – became the manager. The main reason for this decision was that in 2020–2021, the shipping company was hit hard by the COVID-19 pandemic. Its operations were greatly reduced, then it was restructured and Alex's workplace was closed. Liliana completed computer courses in 1992 and actively worked in the enterprise until 1999, when she retired to take care of her other son's young children. However, her sister and son continue to seek her advice on running the firm. In the 1990s until the mid-2000s, the enterprise employed 10–11 people. In 2023, the enterprise had only four employees, with Maria continuing

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4 The names of the respondents have been changed to preserve anonymity according to the wishes of most of them.

to work despite her advanced age. Regardless of the wishes and hopes of Maria and Alex, Alex's two sons show no interest in the family enterprise, although they help by bringing their knowledge and skills to the creation and regular maintenance of its website, as well as its advertising activities.

The bakery company was founded in 2018 in the small town of Bansko, a famous winter resort with very good conditions for professional and amateur skiing. The activity of the enterprise is the production of handmade bread, pastries and confectionery products. The two founders and partners are brother and sister Alexandra (b. 1983) and Hristo (b. 1988). If necessary, Milena (b. 1986), Alexandra's younger sister, who works as an employee in a courier company, joins the work informally in her free time. Alexandra is the owner and manager, and at the beginning of 2023 there were two employees registered in the enterprise, Alexandra and Hristo. The firm has never hired staff from outside the family circle. Over the past seventeen years, the two sisters and brother have also carried out other economic activities. From 2006 to 2016, the three worked as employees in the small private company belonging to the entrepreneur Nikola selling produce in a grocery store which, however, did not develop successfully due to competition from similar stores in Bansko. The former grocery store was housed on the ground floor of a new building. The siblings purchased the space from Nikola and, in 2018, set up the bakery there. During the winter tourist season in the period 2006–2022, for about four months per year, the sisters and brother additionally undertook seasonal work in a ski storage facility also owned by Nikola and his partner, renting out ski equipment. In 2015, the siblings' parents left for Germany, where the mother still works as a nurse in a hospital. Their father, who retired early due to disability, accompanies her. Until then, the parents had helped take care of Alexandra, Milena's and Hristo's young children.

At the beginning of 2018, after suffering from a serious bout of cancer requiring a two-year treatment programme, Alexandra decided to develop her skills in the production of handmade bread. She underwent specialised training with a master-baker from Plovdiv who, through a production franchise, gave her the right to prepare bread and bakery products using the business experience, "know-how" and trademark provided by him. Alexandra trained her brother Hristo in the production of, patties, crackers, biscuits and confectionery products. The above-mentioned entrepreneur, Nikola (born 1966), with whom Alexandra has lived as a partner (unmarried) since 2007, helps free of charge in the enterprise by carrying out auxiliary activities in the bakery – minor repairs, selling bread, etc. He mainly takes care of their four children and the household, and since 2019 has also been the president of a sports club in Bansko. Nikola is a former professional athlete; in 2005, after the end of his sports career, he set up and ran a one-man non-specialist retail business; however, this has been frozen since 2016 due to business setbacks. Together with a business partner, he ran a ski school for children during the winter season for a relatively short time (seven seasons). Two of Alexandra and Nikola's older children are interested in working in the bakery and are often involved in sales in their spare time. Their son

is also makes salted crackers and a type of bread. At the end of February 2023, Hristo unexpectedly went to Germany to stay with his parents and in April started working at a local factory as an electrician. His decision caused dissatisfaction and quite a lot of tension in Alexandra's family and in the work of the bakery.

The trade company was founded in the Black Sea resort town of Tsarevo in 1991 by the married couple Toma (b. 1954) and Vanya (b. 1956). At the beginning of 1991, Toma lost his job after the privatisation of a state catering enterprise. Vanya had for two years engaged in low-skilled and low-paid work only during the summer seasons in tourism. The family established one of the first privately owned grocery stores in the town, which developed quite successfully in the 1990s. Gradually, the enterprise expanded its activity in the trade of building materials, hardware and household goods. The entrepreneurs employed staff, which increased in the first decade of the twenty-first century. In 2005, the company concentrated its activities in its own newly built commercial complex and expanded the range of goods and services offered. Its main activity remained trade in construction materials, and in addition it offered food and household goods, a public laundry and a car wash. After graduating from a language high school in Burgas, the daughter Milena (b. 1983) went to study at a university in Germany, but in 2005, in her third year, her father went to Germany and managed to convince her to interrupt her studies and return to Tsarevo to quickly join the family business. The son Georgi (b. 1985) has worked in the company continuously since his school years, at first hourly and unpaid in his spare time; after graduating from high school he worked full time. He completed his degree in economics in the nearby regional city of Burgas. At the beginning of 2016, the couple decided to make their daughter and son partners in the company, and this change was implemented in 2018. In May 2022, Toma died suddenly after a short illness. Since then, Milena and Georgi have taken over as managers along with their mother Vanya. During the period 2010–2019, there was a degree of stagnation and even a decrease in the enterprise's activity and the number of staff employed. Since 2019, however, these setbacks have been overcome; in 2023 the company was developing successfully and employed a total of forty-three staff members.

## Factors for the economic uncertainty of family businesses

By examining the factors that have an impact on the uncertainty of small family businesses, I found that they can be distinguished into two main groups: external – independent of the will and efforts of the entrepreneurs and difficult for them to control, and internal – those which can to some extent (but not completely) be controlled and influenced by the firm owners. External factors identified by entrepreneurs as threats to the stability of their enterprises include global economic crises, such as the global financial crisis of 2008–2010, the global crisis triggered by the COVID-19 pandemic from 2020 to mid-2022, and the crisis caused by the war

in Ukraine from February 2022 to the present. Other external factors leading to uncertainty and instability in economic activities are local in nature; respondents identified factors such as Bulgarian state policies pertaining to small entrepreneurs, as well as policies and conditions at regional and local level which are perceived as threatening the development and even survival of small businesses. Another factor is competition from medium and large companies. Among the internal factors leading to economic uncertainty within family businesses are those related to the internal development of the enterprise – the economic decisions of family members, turnover of hired staff, and problems in the transfer and succession of power.

The cumulative impacts of these factors can be seen in the phases of development of the enterprises studied: from the date of their establishment, their development is characterised by some years of relative stability alternated with several crisis periods. The economic and social logic of small family businesses is to be flexible and to find new niches for their activities, manoeuvring between limiting their economic activities and seeking other means of economic survival (Chavdarova, 2014). I observed how, in their development over the years and as a result of alternating periods of stability and uncertainty, the three family businesses went through different phases. In the initial phase, following their establishment, the metallurgy enterprise in Sofia and the retail business in Tsarevo were micro-businesses (up to nine employees). They gradually moved into a phase of development as small enterprises (from ten to forty-nine employees), mainly in the period from the end of the twentieth century up to around 2010. They then transformed once again into the micro-business sphere or close to its upper limit on account of the reduction of part of their activity and, consequently, a reduction in staff. The bakery in Bansko remains on a micro-level without hired staff, while the enterprise in Tsarevo managed to stabilise itself by 2019 and is now once again classifiable as a small enterprise, perhaps even trending towards becoming a medium-sized business. The company in Sofia failed to overcome the consequences of the latest crisis and remains in the sphere of micro-entrepreneurship.

### **Defining crisis and uncertainty in family entrepreneurship: subjective perception and valuation of instability**

In this part of the text, I will outline the real dimensions of the aforementioned factors of uncertainty and instability as perceived and assessed by my respondents. I am looking for answers to the questions of what is defined as crisis and uncertainty, what the entrepreneurs' subjective perception of instability is, and whether and when it intensifies.

Entrepreneurs often spoke of uncertainty about support from state and local institutions. This uncertainty is caused by policies towards small enterprises, which are often treated on an equal level with medium and large economic actors. It relates to applying high tax rates to small and micro-companies, which affects the value of

the final product or service. Respondents complained that the Bulgarian state does not nurture the development of small enterprises, which often leads to their instability. For example, the owners of the company in Tsarevo applied to a European programme for development of rural areas in 2016 and won funding to build a guesthouse in their native village, located 10 km from the town. After the first year of running the house, it turned out that the financial returns were too low as the enterprise failed to attract enough guests. A fine of €35,000 imposed by the state authorities for non-compliance with the programme's mandatory financial results had a destabilising effect on the enterprise, leading to the closure of the guesthouse. For this loss, the entrepreneur Toma blamed the Bulgarian institutions, which did not conduct a good explanatory campaign about the European programme and did not support small businesses financially and logistically in the first year after construction of the winning projects.

Another type of uncertainty for family businesses arises from the fact that local authorities often create difficulties related to their activities. When discussing reasons for such behaviour, respondents pointed to long-standing corrupt practices:

*I have had conflicts with several successive mayors of the town. They were very jealous of me and even sent people to ask for money to assist me in some work that depended on the mayor. I didn't give bribes, that's why it was always very difficult for me to work, we were always under pressure, in uncertainty. (Toma, Tsarevo)*

The owner of the enterprise in Bansko described her disappointment with the town's municipal authorities who to date have never supported her. In 2023, when a former classmate of hers, a deputy, asked her to distribute electioneering leaflets in the bakery and promised to continue helping her, she told him so:

*I said to him: "What are you helping me with? With nothing!" I cried to him: "What did you help me with? To open the bakery? No! When you have public events and celebrations, you don't want to order a loaf from me. You are looking to buy those cheap loaves. Is this your support? Is this your help?" I had asked them for three favours and they did nothing for me. I told him that, and he said: "But I'll do it!" I said: "It's over! It's over! It's over! I rely only on myself." That's it, nothing more. (Aleksandra, Bansko)*

Such frustration affects the trust placed in the relevant public institutions and, as a result, a high level of public distrust persists and continues to develop in small businesses (Petrova, 2010).

Small entrepreneurs directly feel the uncertainty of the market in the conditions of global crises, and this feeling gives them a sense of anxiety and fear. All three businesses suffered from the crisis related to the COVID-19 pandemic. They experienced direct economic losses due to unrealised production, indebtedness to creditors, and

late deliveries of raw materials and goods. In 2022, the enterprise in Sofia lost its status as the main distributor for Bulgaria of a European company producing metal products. The entry of a new strong business entity which managed to dislodge the small family enterprise from its position as a preferential distributor caused great loss, both financial and in terms of image. There has even been fear of bankruptcy, as one of the company's main activities has been discontinued. The real consequence has been a profound professional marginalisation of the enterprise, which lost its main customers in Bulgaria. The three businesses have faced a new element of uncertainty since 2002, soon after the start of the war in Ukraine, relating to the uncontrolled rise in electricity prices for enterprises. This, and other factors relating the impact of the war on Ukraine's wheat harvest and distribution, have caused the price of Bulgarian wheat to increase, which directly affects the bread producers in Bansko. A characteristic of insecurity in small family businesses is that fear of economic loss and marginalisation also has social dimensions – it extends to the whole family as its members are directly involved in the business.

Employers' insecurity impacts on their ability to hire staff, and is directly linked to labour-market insecurity. High turnover and lack of employer loyalty are very sensitive topics for Maria, the owner of the Sofia enterprise. She recounted how she lost one of her most valuable employees in 2009 after the company's office was moved from the city centre to an industrial suburb. The change of location, which can be assessed as marginalisation, became necessary after the owner of the office space decided to sharply increase its rental price. This coincided with the years of global economic crisis, when the company suffered losses because the supply of raw materials from abroad was quite difficult. The entrepreneurs decided that they could not easily meet the rising costs and moved the office to a small building in the courtyard of their warehouses in the outlying district. This left the mentioned employee dissatisfied; they did not want to work in such an unprestigious neighbourhood and under poor conditions.

Uncertainty regarding staff has also been high for the entrepreneurs in Tsarevo, and was particularly affected by the impact of a three-year-long European employment programme implemented by the local municipality in 2017–2019. Within the framework of this programme, people who were registered as unemployed received three years of social benefit payments at a higher rate than the net monthly wages of those working in the family enterprise. This resulted in a strong outflow of staff who preferred to receive slightly more money, albeit only for three years and with insecure employment after the end of the programme.

Last but not least, I will note the uncertainty of entrepreneurs regarding the transfer of power and the succession to run the family business. This uncertainty is directly related to the close intertwining of working sphere and family relations. It is intensified by the refusal of adult children or other young close relatives to take over the management of the family enterprise. This is the case with the company from Sofia – the current manager and co-owner is close to retirement age, and his two sons

work in different economic fields and do not wish to inherit the family business. The other co-owner and former manager is 80 years old and has no direct heirs. The daughter of the entrepreneurs from Tsarevo did not plan to inherit the family business and went to study in Germany with the intention of getting a job there after graduating (although in this case she did come back home to join the family business). Such attitudes among the younger generation make it impossible to plan the future of the enterprise as a family company, or even the future of the family.

This uncertainty is amplified when entrepreneurs' children marry and their own family plans take them away from their parents' business. If the heir's family breaks up, it poses an especially big problem and can trigger an acute crisis for the family business, which is why elderly entrepreneurs are usually in no hurry to transfer ownership to the younger generation. Toma and Vanya made an unsuccessful attempt to make their children partners in the enterprise in 2016, regarding which Toma said:

*We divided business and each of them took over certain sectors – the laundry, the car wash. However, one of the first things they did was to buy a new car each, one of the latest models, very expensive. I said: “Is that why your mother and I have worked so hard, saved so much, that you should waste money from the first month! And if you start out as owners like that, where will you end up? What will happen to our family business?” And we stopped the transfer of ownership.*

Acute crisis situations and a growing sense of uncertainty arose in two of the enterprises after unplanned events: the sudden death of the founder of the family enterprise in Tsarevo (May 2022) and the departure of the co-owner of the enterprise in Bansko to work in Germany (February 2023). This demonstrates again the direct connection of the labour sphere with the family environment, when crises and instability in the family circle have an immediate negative impact on the family business.

## Strategies to overcome economic uncertainty

One of the strategies of family entrepreneurs use to overcome the consequences of economic uncertainty is **to build a large amount of social capital**. However, this is no longer built primarily through contacts and connections in the private informal sphere, as was the case on a large scale in the early years after 1989 (Petrova, 2010), but mainly on the basis of establishing successful economic partnerships. The establishment and maintenance of such relationships relies primarily on economic achievement and professional performance in the field. These days there are hardly any cases of ongoing partnerships based on friendly emotional but often ineffective ties; on the contrary, partners who can reliably guarantee the quality of goods and services are sought. This was discussed by the entrepreneurs from Tsarevo:

*We mainly work with companies that we have checked over the years and we know that they will not let us down. Whatever we have agreed on, this quality is respected and therefore we are not looking for others. Here, the price is not as important as the guaranteed quality.* (Toma, Tsarevo)

Another way to build social capital is to establish new professional associations. As an example, I point to the association led by the master-baker from Plovdiv who trained Alexandra in bread-making; he is the initiator of establishing lasting professional relationships with his former students, as well as between the representatives of two branches – bread producers and producers of flour from Bulgarian cereal crops.

Alexandra talked about the established trust, support, common activities and initiatives, and mutual advertising between the participants of this association as tools to reduce uncertainty. For example, some of the small family entrepreneurs participate jointly and present themselves as a community at food exhibitions to customers and potential business partners. Obviously, it is about creating a new professional network based on loyalty, mutual help and trust as values through which attempts are made to reduce uncertainty. The propensity for small family entrepreneurs to band together should not be overestimated, but it probably increases in times of crisis and has some positive results, such as creating useful interpersonal connections in a new network.

Another strategy to overcome uncertainty is to **increase the cultural capital** of the family business. This involves serious investment by the first generation of entrepreneurs in a suitable professional education for their young successors. Respondents mentioned paying particular attention to encouraging children towards a university education in management, to obtain the formal training their parents lacked. The founders of the enterprise in Tsarevo sent their daughter to study in Germany and their son to the University of Burgas. The attitude of the new young entrepreneurs of the last 10–15 years favours continuous training, lifelong learning, and also studying new specialties. Milena, the daughter of the founders of the company in Tsarevo, began studying psychology at the University of Burgas after becoming a manager in order to gain knowledge about working with the staff. Hristo, the entrepreneur from Bansko, started studying economics at Plovdiv University. The first post-communist generation from the early 1990s had no knowledge of how to run a family business.

Another strategy aims to **use the resources available in the kinship network** to ensure the active support of the closest relatives in times of crisis and uncertainty. This not only relates to financial support – in fact it is much more about moral and social support. Having their own parents around to take care of their children proved important for the entrepreneurs in Bansko and Tsarevo in the difficult initial years of the family business. In the metallurgy company in Sofia, Alex's wife took full care of the household and the two children and gave up her professional career for three years to relieve her husband in the most difficult initial years of running the family

enterprise. Since then, the situation has changed – the decrease in Alex's working hours and income due to uncertain times in the family enterprise is compensated for by his wife's the good position (and high income) in the banking sphere. Conversely, Alex has become more involved in household chores and taking care of his and his wife's ageing parents. Moral support from the wider circle of relatives was very important for the enterprise in Sofia. Maria told about the support of her mother and relatives of her late father, who encouraged her to set up her own business in 1991 after losing her job as a civil servant.

According to respondents, in times of crisis for the small enterprise, family solidarity is strengthened. Such was the case after the unexpected departure to Germany of Hristo, Alexandra's brother. To cope with the crisis caused by his absence, Alexandra's sister Milena started working every day for several hours at the enterprise. In addition, two of Alexandra's children work on weekends and sometimes after school, and her partner Nikola increasingly takes care of selling bread. The workload in their family circle has increased, but solidarity has helped them to cope with uncertainty. Similarly, Vanya talked about the active participation of her young grandchildren (aged between twelve and fifteen) in selling groceries in a period when they lacked sufficient staff. The work of the owners' children and adolescent grandchildren proved very important for both the stabilisation and the image of the family business.

Often, the family enterprise can provide refuge for a relative who has lost their job. In 1998, Liliana's sister-in-law, recently widowed and unemployed, was hired by the Sofia family enterprise. Toma and Vanya employ several of their male and female cousins who lost their jobs in seasonal tourism or construction in Tsarevo.

In conditions of uncertainty and crises in the labour sphere, family entrepreneurs are often forced seek multiple ways to earn a living in order to ensure the economic survival of the family and stabilise the enterprise. In such cases, the strategy of **combining work in the family enterprise with another type of formal or informal work** can be used to provide additional income. For example, Alex worked for years in the family business in Sofia mainly in his spare time, often after the end of his working day in the shipping company and also on weekends. Until recently, Hristo combined working in the bakery with seasonal employment at the ski equipment hire company in Bansko. Before starting his studies at the University of Plovdiv, he often worked informally as an electrician. Alexandra maintains, albeit with difficulty, a small home farm with fruit trees and chickens. She sells some products from it (eggs, jams) in her bakery or uses them to make bread. Milena has a full-time job at a courier company in Bansko, but in her free time she often works at the bakery, where she receives no employee benefits such as health insurance or sick leave, only cash from her sister. This strategy definitely leads to overexertion, which sharply exhausts those who attempt it and can even lead to illnesses and burnout, even among younger family members.

In order to reduce the uncertainty regarding the hired workforce, my respondents implemented strategies to **retain and motivate the staff**. I observed such strategies

in the companies in Sofia and Tsarevo, both of which work with hired labour. In the Sofia company the owners organised at their own expense an excursion to Vienna and several trips to Istanbul for all employees. They also buy individual gifts for staff members' birthdays and organise an annual celebration at a restaurant of the company's establishment. The entrepreneurs in Tsarevo have also organised several joint holidays for the staff in Bodrum (Turkey); they offer employee discounts on goods in the grocery and construction stores, give them vouchers on their birthdays and allow them and their family members to buy on credit. The provision of personal services is typical for the entrepreneurs in both enterprises; for example, they act as guarantors for employees' bank loans; lend them money for short periods without interest; and provide connection with doctors, dentists and hospitals. These are all examples of the crossing of boundaries between the professional and private spheres that was characteristic of working relations in the socialist period (Petrova, 2010). Among older entrepreneurs and hired staff, these boundaries are more fluid, probably due to habits from their early years of mixing formal and informal relationships and seamlessly transitioning from one to another in the socialist world of labour.

Finally, I will mention the strategy of **local involvement of family entrepreneurs**. In the conditions of uncertainty, enterprises' activities undertaken for the benefit of the local community are important, not only to win more customers, but also to help people in need. This can mainly be observed in small towns. The company in Tsarevo, for example, takes care of the kindergarten located near the shopping complex: it donates food products and children's toys for festive events and initiates campaigns to raise funds to treat sick children and support orphans. In this way, the enterprise fits into the local environment as a socially engaged institution, supporting the local community in times of uncertainty and crisis.

Donation is among the important activities the company in Bansko undertakes to support local residents who are struggling financially. In the evenings Alexandra leaves in a special wooden container under the shelter of the bakery containing bread she has not been able to sell during the day to feed anyone who needs it. In the interview, she explained why she is not in a hurry to raise the price of bread, despite the increase in the price of electricity:

*By the way, the customers, I see that they are in the mood that if I raise the price of bread, they will not get angry. They understand me. Last week I was asked many times if I am not going to raise the price of bread. Because, they say, it is not normal for your bread to cost 5 BGN, when everything is up. And I tell them: "I'm not paying staff, I'm not paying rent, those are two units I've saved from. Therefore, I say, I had better endure a little longer, and you too will be satisfied." And that's right, thanks to them I exist now. I have respect for them, and they for me.*

Providing individual attention and building personal relationships with local customers are described by the small business owners in Bansko and Tsarevo as

important conditions for gaining trust and loyalty. The aim of the family business in Tsarevo is also to build a positive image among local residents as a company that is a loyal employer.

These examples show that family entrepreneurs deal with economic uncertainty in the sphere of small entrepreneurship by employing a range of strategies to increase their social security. They overcome threats and risks in the public sphere which cannot be controlled or are difficult to control by investing time, attention and care in the private sphere, in the local community and in professional circles.

## Change processes in dealing with uncertainty

When it was becoming established, the family enterprise in Tsarevo experienced a high degree of stability thanks to the work contributed by the owners' children, which was usually unpaid and considered a duty of the children in the family. This reflects attitudes in the broader society regarding adolescent children supporting their parents' businesses. Elderly relatives also provided unpaid assistance to the entrepreneurs in Sofia and Tsarevo, mostly through cleaning, repairing and maintaining the company's premises. After the enterprises were stable, they began to pay the children and grandchildren. Vanya and Toma's grandchildren received hourly wages. Alex's children receive money for maintaining the website. However, attitudes in the most recent enterprise, the bakery, are different: from the very outset, Alexandra's children received remuneration for their work. Work carried out by relatives is no longer free and is remunerated.

The impossibility of planning and the uncertainty of succession undoubtedly create tensions, but attitudes towards these factors have also changed over the years. This is especially important now, as a period of active transition from the first to the second generation of family entrepreneurs is underway. Decisions made now are different to those from two decades ago: at the beginning of the new century, family pressure on the young heirs prevailed, forcing the second generation to actively enter the family business.

However, over the years this attitude has changed – family entrepreneurs are more likely to let their children make their own decisions about whether or not to enter the family business. Whatever their children decide, however, the problem of the fate of the elderly founders remains. Regardless of whether they relinquish the function of managers, they continue to be co-owners who, although officially retired, continue to participate almost daily in the work of the enterprise. There are two reasons for this that were highlighted in the interviews. The first reason given was that respondents could not meet their daily needs on the low state pension they were receiving, as for decades they had only paid in the minimum insurance rate. Although some said they did this in order to have more money to pay staff seems unrealistic to me – rather, I suspect they paid the minimum allowable taxes into the state budget because they

did not want to use their money to pay for the widely deployed bureaucratic apparatus in the country. The second reason for continuing to work after retirement lies in the desire to control the activities of the business and to retain the right to directly intervene in the management decisions of the new managers, even though the latter are highly educated, not lacking in experience, and are their closest relatives in the family circle. The representatives of the first generation of entrepreneurs still feel that they can cope and do not want to withdraw completely. Economic analysts have noted this situation in the sphere of family businesses as a serious social problem on which there is a lack of public debate, and point out that in Bulgaria almost no entrepreneur of retirement age has experience in when to retire, who to consult or even who to trust (Ruben, 2022). The social consequences of this behaviour are overstretched elders, tensions among family members and on occasion poor economic decisions due to the advanced age of the decision-maker. Distrust towards people who are not members of the family and kinship network prevails among the family entrepreneurs, which is why people from outside the family circle are not typically appointed as managers. Added to this, in the case of my respondents in Tsarevo, was the bad experience with the early delegation of power to the children. Transferring management to younger family members led to upheavals in both business and family relationships.

## Conclusion

The entrepreneurs who participated in this study decided to establish their family businesses at a time when precarisation was a part of their daily lives. In these enterprises, the high level of involvement and responsibility of the closest relatives creates a specific socio-cultural dynamic. In the respondents' biographical interviews, the topic of uncertainty regarding the small family business was constantly raised. The history of these three small enterprises tells of the continuous struggle for economic survival, stabilisation and development of both the economic subject (the enterprise) and the social institution (the family). This history spans years in which a sense of instability and uncertainty have been generated and reinforced by global crises, a lack of local and national support, and unclear and unpredictable labour market dynamics. These findings apply both to the studied family enterprises and to the small private sector in Bulgaria. An additional generator of uncertainty in the older enterprises in Sofia and Tsarevo is the problem of transferring power and the lack of a clear business succession strategy. A crisis also occurred in the young enterprise in Bansko with the sudden departure of one of the founders from the commitments of the family business. Young entrepreneurs seem to find it easier to decide to leave the family business. These specific forms of uncertainty are directly related to the close intertwining of formal working sphere and family relations.

To cope with constant crises and uncertainties, the studied small business owners build socio-cultural strategies and apply them collectively, making them an important

part of the working life of the enterprise. Building a large amount of social capital was typical in the early 1990s, allowing that generation of entrepreneurs to rely on contacts in the informal sphere, while the new generation rely mainly on successful economic partnerships. The first generation of business owners consciously aimed to increase their family's cultural capital by encouraging their children to study economics at university, providing solid training for running the family business. Respondents' activities are characterised by the successful use of the resources available in the kinship network to reduce uncertainty in the business environment. Combining work for the family enterprise with another type of formal or informal work is a strategy used especially in new family businesses to reduce precarisation. Retaining and motivating staff members, as well as getting involved with local causes, turn out to be very important for the image of the company within the local community. The strategies described above aim to increase social security in family entrepreneurs' professional and private spheres and respond to the existing and ever-renewing social mistrust in public institutions. We can define them as ways of manifesting the culturally specific role of the entrepreneurial family in the search for trust, security and support in the work environment.

The willingness of business owners to start and continuously develop a private business represents willingness to take responsibility for the fate of the family in difficult years; their economic actions are shaped by meanings, perceptions, and attitudes that are culturally mediated. Their business decisions demonstrate the importance of cultural patterns and their impact on economic activity. Small family enterprises are often experienced as a reliable and stable place in the midst of an unstable and hostile social environment, which is why their social relevance will continue to be crucial in times of crisis and uncertainty.

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