

ACADEMIC ASSESSMENT

on: dissertation on a topic „Conceptual model of strategy hierarchy and its reflection on financial performance – applied in the automotive industry”

author: Assoc. Prof. Krassimir Todorov, PhD, For conferring a scientific degree „doctor of science“ in a professional specialization 3. 8. Economics

by Prof. Dr. Boyan Lyubomirov Durankev

By the Order of the Director of the VUZF № 389 of 26.11.2020 for approval of the Scientific Jury for the selection of „doctor of science“, I was appointed as a member of the Scientific Jury. Furthermore, by a decision made on the first meeting from the Scientific Jury I am obliged to prepare the academic assessment.

On the one hand, I am relieved as a reviewer of the dissertation on „Conceptual model of strategy hierarchy and its reflection on financial performance – applied in the automotive industry“, presented by Assoc. Prof. Dr. Krassimir Todorov because the initial version of this work was presented for a preliminary personal opinion previously in 2019; later, by a decision of the Department Council of the Department of Marketing and Management, I was appointed an internal reviewer, and finally an internal reviewer during the discussion in the Department of Finance at VUZF. In other words, I was a direct witness to the „becoming“ of the dissertation, as well as an active participant in its preliminary discussion between the author and me - a circumstance that gives me comparative cognitive advantage over other members of the Scientific Jury.

On the other hand, I find it difficult to be a reviewer because I have read and reviewed various doctoral dissertations many times so far, but reviewing one that claims the Doctor of Science degree requires a much more in-depth study of both world academic achievements in the relevant field, as well as the practical results of previous similar studies. On the contrary, my difficulty is not „paralyzing.“

It is for these reasons that I allow myself to turn first to the new Law on the Development of Academic Staff in the Republic of Bulgaria and to the related Regulations for the Implementation of the Law on the Development of Academic Staff in the Republic of Bulgaria.

According to the Regulations:

(1) The dissertation for obtaining the scientific degree „Doctor of Sciences“ must contain theoretical summaries and solutions of major scientific or scientific-applied problems,

which correspond to modern achievements and represent a significant and original contribution to science.

(2) The dissertation work shall be prepared independently and may not literally repeat the topic and a significant part of the content of the presentations for acquiring the educational and scientific degree „Doctor of Sciences“.

In the performance of my duties as a reviewer, I present the following findings and conclusions trying to follow the recommended review structure for a „Doctor of Science“.

My findings are below.

1. General presentation of the dissertation

1. The starting point for the review are:

1. Dissertation „Conceptual model of strategy hierarchy and its reflection on financial performance – applied in the automotive industry“ in a volume of 272 pages (+34 pages of applications), citing 352 authors from various scientific sources. The appendix contains the authentic answers to 7 key questions related to the logical findings and scientific contributions made by the author in this dissertation. From p. 249 is the extensive bibliographic reference. I accept the total volume as completely sufficient to clarify the author's hypothesis.

2. List of the candidate's publications on the topic - presented, 9 issues in authoritative academic resources. 6 of them are issued in Bulgaria, 3 - abroad (AV AkademikerVerlag; Emerald Group Publishing (ML); Lambert academic publishing). The total number of pages exceeds 1450 (I note only those!), 600 of which are abroad. The publications are a testament to a solid academic activity, especially considering that they are in a relatively short period - from 2017-2020.

3. List of required contributions - presented, 5 main required contributions.

4. Abstract - presented, 90 pages.

2. Response to formal requirements

Assoc. Prof. Dr. Krassimir Todorov presented the materials that are formally required for the application for the scientific degree „Doctor of Science“. I find that even if only the volume and content of the dissertation are taken into account, as well as the related publications, they allow to evaluate from a different point of view the scientific creativity on this issue from different points of view, as well as to formulate a proposal for a solution.

II. Main conclusions on the form and content of the dissertation

1. **The title of the dissertation** - „Conceptual model of strategy hierarchy and its reflection on financial performance – applied in the automotive industry“ fully corresponds to the content. I find the title multi-layered and significant: on the one hand, it is not yet clear whether the strategic hierarchy and related functions are sustainable or unsustainable and whether restructuring by functions and time periods is required - often a priori it is assumed that this issue is resolved axiomatically, not as a theorem; on the other hand, it is not yet clear whether the established strategic hierarchy and its impact on financial results change over the years under changing external factors and conditions; on the other hand, in Bulgaria such synthesizing studies have not been done, as far as I was able to study. And if in such studies a conclusion has been formulated, it has always been with reservations „to some extent“, but not with courage „100%“, moreover - backed by convincing evidence.

2. **The topic of the research** is definitely dissertable, very topical and significant enough from a theoretical and practical point of view - and indeed for a „doctor of science“. On the one hand, there is a huge discrepancy between the degree of theoretical-methodological and practical significance of analyzing the established strategic hierarchy and its impact on economic and financial results, and the degree of necessary reformulation and restructuring (or more precisely, „use“ in different ways) in practice, on the other hand. Furthermore, in many cases, research on the strategic hierarchy and its impact on financial performance focuses only on the „photographic“ description of the status quo, and not on the broader and deeper context of this phenomenon.

The author gives convincing evidence for the significance and topicality of the topic on pp. 7-8, while emphasizing the conceptual differences from traditional understandings. Namely, the author rejects the widely accepted claim that the operational strategy, along with that of marketing, finance, human resources, information technology, etc., is a component of functional strategies, whose function is mainly to support the business strategy. He questions the validity of the claims of recognized international authorities of academic thought regarding the place of „operational efficiency and effectiveness“ within the strategy. Finally, the dissertation offers a conceptual framework that transforms theory into a practical model, following a specific sequential order.

It is for the above reasons that I argue that the topic is original and relevant, that the main advantage of the chosen topic for „big“ dissertation work is its focus not only on studying the need to reformulate the conceptual model of strategic hierarchy and its impact on economic

and financial results. and the desire to highlight problems, the solution of which would generate a positive result for the overall management of various socio-economic systems in the future.

3. **The aim of the study** is twofold, but related: to redefine the established order and relationships between different levels of corporate strategy, business strategy and functional strategies in their quest to develop a new theoretical model of the strategic pyramid, and to examine its effect on financial results of the organization (p. 9).

The main research questions corresponding to the two goals are precisely described.

I find both the goal and the main questions to be properly formulated and providing sufficient opportunities for conclusions and recommendations.

I will only add that Chinese walls, in this case, between the sciences of „economics“, „management“, „marketing“, etc., no matter how much the administrators of science try to build them, are impossible in multidisciplinary research. And in this case we have multidisciplinary work, which, if someone tries to „cut“ it as pieces of different sciences, will not work. Solid state physics is very different from atomic physics, but both are in the science of „physics“; inequality is studied differently by sociologists and economists, but it is always inequality. I would like to emphasize that in my humble opinion, this is a very productive interaction between the economy and management, which always affects the financial results. It is for this reason that I argue that the dissertation is defensible in at least two different areas, now formally separated, namely economics and management, in total: economic management.

4. **The object** of study is the strategic pyramid, which has been reformulated in a way that separates the operational strategy from the functional strategies. It is assumed that it will be differentiated at a separate strategic level, and the other functional strategies will be repositioned so as to provide functional support at the corporate, business and operational levels. **The subject** of research is realized in the formulation of a conceptual model, with its corresponding elements for the formation of a sustainable competitive advantage and its elevation to the level of innovative theory. An expert empirical sociological survey was conducted in the form of interviews with 15 leading corporate managers in Bulgaria, covering the reflection of the reliability of the formulated conclusions in real conditions. The second subject in the dissertation is a study of the impact of the innovative model on the financial results of the organization. Both the object and the subject are formulated correctly on pp. 11-12.

The restrictive frameworks in which the scientific research is carried out are correctly described (p. 13). There are two academic economic topics, which, although important, do not find a place in a dissertation. On the one hand, the theoretical nature of corporate and business

strategy have been widely studied by representatives of the international academic community and their achievements have found extensive practical application. Therefore, the most synthesized is the known, the popular, although in some respects here too one can enter into an academic discussion. On the other hand, it is not intended to examine in detail the nature of the other functional strategies, mainly for two reasons. One is that, with the exception of marketing, they are the subject of separate scientific disciplines, and the other is that (again with the exception of marketing) in terms of their strategic orientation, they do not have the scientific and theoretical tools that would distinguish them from objects. deserving of research. In addition, the discipline of marketing is considered to be a multifaceted scientific discipline and its theoretical nature largely overlaps with that of management. The reason for this conclusion is given by the statement of the classic Peter Drucker that every business has only two main functions - marketing and innovation. On the other hand, there is a risk of losing focus in the concentrated approach of the research of the present dissertation.

5. **The hypothesis**, which through the evidence can become a „thesis“, is threefold. The first is that the role and place of the operational strategy are specific and therefore go beyond the scope of traditional functional strategies. The second is that market-based theory and resource-based theory affect the three strategic levels in a specific and consistent way. The third is that the proposed theoretical model satisfies all the criteria for a „good“ theory. The first hypothesis tests whether the interaction between the operational strategy and the corporate / business strategy is more intense than that between the operational strategy and the other functional strategies. The second hypothesis was developed to determine whether there is any relationship between the application of the two theories - the market-based and the resource-based, within the strategic levels - corporate, business and operational strategy. The third hypothesis will look for evidence that the proposed conceptual model is logically connected, based on a solid set of theoretical foundations.

6. **The main research approach** used in the dissertation research is the systematic approach in its three components - as a systematic thinking, as a view from all possible points of view on the studied object, as a correct relationship between dependent and independent variables. The methods of theoretical analysis, empirical analysis, the method of synthesis, the method of observation, the method of comparison, etc. are also used in the development. as a prerequisite for determining the „real“ vectors of the strategic hierarchy for management purposes. The data sources, in particular, that have been used have not been manipulated. Thanks to them, several important indicators for the purposes of the research have been

identified, which lead to the idea that the new theoretical model satisfies all the criteria for an accurate („good“) theory applicable in practice.

7. **Structurally**, the dissertation is well-thought-out and logical. Three main sections with subparts, plus an introduction and conclusion, and additional appendices. In my opinion, it (the structure), the balance between the parts and especially their content presents us in a very pleasant light Assoc. Prof. Dr. Krassimir Todorov as an extremely conscientious, thorough and mature researcher.

The first chapter is entitled „ Analysis of the operations management domain“. From the very beginning, the two key elements of the scientific discipline stand out - process and content, and their respective interpretation, formulated in the scientific discipline „strategic management“. The theoretical essence of the operations is outlined, and for this purpose they are presented as functions and as processes, along with the evolution and definition of the operational strategy. The content element of the operational strategy is detailed in terms of main and additional performance objectives, as well as on the basis of structural and infrastructural decisions. The connection of the process and the content is mediated through the basic applied approaches in the operational management.

The second chapter examines the current theoretical model of strategic management, such is its title - „Analysis of Market- and Resource based theories.“ Here is a strategic analysis of the theoretical foundation on which the scientific essence of corporate, business and operational strategy is built. In this regard, for the needs of operational management, theoretical material is borrowed from the discipline of „strategic management“, with two main theories: (1) market-based theory; (2) resource-based theory. Several key theoretical concepts for operational management are also highlighted. At the end it ends with the transfer of theoretical analysis in the field of strategic application, illustrated with key models, built both through the concepts of strategic management and through those of operational management.

The third chapter is extremely important for researchers and practitioners, because it reveals the whole spectacle of theoretical and practical research, entitled „Operations management evolution in theory and in practice.“ It begins with an innovative approach in clarifying the place and role of operational strategy within the strategic hierarchy. Four points of view of a number of leading foreign researchers are presented. The categorical positioning of the operational strategy is depicted in an innovative model of the reformulated strategic hierarchy. The significant contribution of the present dissertation is proved by testing three formulated hypotheses. The practical application of the innovative conceptual model is realized in two ways. One is the international car corporation from which he is inspired, and the other

is a global car manufacturer, whose success is explained by the logical sequence of relationships established in the model and their impact on financial results. The reasons for confirming the thesis are derived from a comparison of the consolidated financial statements of a total of five corporate car corporations over a 15-year period. In addition, to verify the practical application of the innovative conceptual model, a large-scale survey was conducted among 15 owners and senior corporate managers in large commercial / industrial companies, respectively. financial institutions operating on the territory of Bulgaria.

It is great that after each chapter - for the convenience of the reader - the main conclusions are presented.

I accept the structure (and its corresponding research logic) as completely successful and sufficiently balanced, and the presented assessments and conclusions - accurate and correctly (personal) formulated.

8. The dissertation is written in **academic language**, but it is not dry or pretentious, and from the beginning remains extremely clear for easy reading, as the author uses concepts from different sciences. It is gratifying that - unlike other academic researchers - Assoc. Prof. Dr. Krassimir Todorov melts most foreign concepts into their Bulgarian counterparts, without violating their meaning.

9. Classical and modern **scientific literature** has been studied in good faith. In terms of quantity and quality, the literature used is significant and significant, as I pointed out, these are 352 cited sources. I will add that among them there are many important Bulgarian authors, in addition to representative foreign authorities. In this respect, the inferiority complex typical of young Bulgarian researchers has been overcome.

10. **Author's publications on the topic.** A total of 9 titles are listed in this section. These publications indicate direct or indirect findings and conclusions that find a place in the dissertation. Some of these works are widely known and commented on by the academic community. All publications are related to the topic of the dissertation and reflect different aspects of the research.

In addition to the publications, Assoc. Prof. Dr. Krassimir Todorov also presents evidence of 14 citations in 7 academic works. Certainly there are actually more citations, but this is „on the surface“.

11. According to the sought **discoveries and contributions**, in general terms I accept the merits sought by Assoc. Prof. Dr. Krassimir Todorov. The main difficulty comes in dividing them into assets for theory and assets for practice; in the same way is the question of dividing

them into discoveries and modifying contributions. Due to the fact that there are no definite „instructions“ for such divisions, I try to synthesize them as follows:

11.1. Discoveries:

1. Presenting the categorization of the operational strategy at a separate strategic level, outside the scope of the traditional functional strategies, the existence of four overlapping concepts is established, valid for both the operational strategy and the corporate strategy. Another four theoretical principles characteristic of the operational strategy are common to the business strategy environment.
2. Examining the applications of resource-based theory and market-based theory within the strategic hierarchy, and evaluating their respective corresponding elements, the existence of a logical sequence in the theoretical impact on corporate, business and operational strategy is established, and the following is derived. regularity - at each strategic level, the application of one theory is replaced to the level of application of the other theory, in a logical sequence.

11.2. Contributions:

1. The main theoretical formulations for the constituent elements of the operational strategy - content and process, and their comparison with those of the corporate and business strategy have been studied, summarized and integrated. An in-depth critical study of the specialized scientific literature on the question of the meaning and role of the theoretical nature of operations through the prism of the process of transformation of incoming resources into outgoing goods, deriving original evidence of their special place and specific significance. The influence of the external and internal effects of the five goals of performance on the behavior of company systems is clarified. An original presentation of the applied approaches of operational management from the point of view of the main and additional competitive goals was made.
2. The diverse theoretical foundation on which operational management rests is highlighted. The reflection of market-based theory and resource-based theory has been transformed through the prism of operational management. The theory of the boundary of efficiency is presented in an innovative way from the point of view of the concept of exchange and the theory of competitive progression, as well as through the respective structural and infrastructural solutions. The theoretical essence of the operational model and the differentiation of its application to the business model is clarified.

3. In a new, authorial, original way, the presentation of the different points of view about the role and place of the operational strategy within the strategic hierarchy has been developed in depth, leading to innovative conclusions. The interrelations of the individual elements of the formulated innovative model of strategic hierarchy are clarified. The existence of common theoretical concepts of the operational strategy has been established, with those on which the corporate and business strategy are built. The logical sequence of influence of the theory based on resources and the theory based on the market on the separate strategic levels is formulated. The theoretical framework of the innovative strategic model for achieving a sustainable competitive advantage is differentiated. It has been proved that the theoretical environment (Chapter 3, item 5) satisfies all the criteria for a „good“ theory, both in terms of the four main properties and in terms of the eight additional.
4. The theoretical framework of the innovative strategic model for achieving a sustainable competitive advantage is differentiated. Estimates and conclusions have been shown to satisfy all the criteria for a „good“ theory, both for the four main properties and for the eight additional ones. Applying key tools of financial analysis - DuPont's model and working capital analysis, based on the consolidated financial statements of five global automotive corporations over a 15-year period, the author's categorical thesis is realized that the conceptual model of strategic hierarchy is able to create a sustainable competitive advantage.

In my opinion, both the discoveries and the contributions are the personal work of the author.

Regarding the discoveries and contributions, I will allow myself to add something else. The most unpleasant question, at least for me as an academic researcher, is the bureaucratic requirement to belong to the professional field 3.8 „Economics“, but the scientific specialty „Finance“. The fact is that finance has not only an operational but also a long-term, but often a strategic (for a larger market share, for „shifting“ competition, for „managing“ consumers, etc.) aspect; and also an ongoing, short-term aspect. In this way, „finances“ become not only quantitative and qualitative indicators at the beginning and end of the year, but also cultural phenomena of the interaction between (functions of) hierarchies and mental (not psychological!) Processes of managers in the process of making managerial solutions. The dissertation itself is a manifestation of a certain cultural (software of the author's mind) thought

process. Thus, the dissertation is multidisciplinary, which in itself is academically sound and scientifically mandatory; at the same time, its author has tried to carry mostly „financial“ packaging.

12. I do not establish facts and data about **plagiarism**.

III. Questions and recommendations for future improvements

Each dissertation, especially if the reviewers are imbued with „scientific“ narcissism, can be recommended for „improvement“, „deepening“ or „refinement“. My principle is not to do such thought experiments. My intention is to make recommendations (in the form of questions) to the author, to the scientific college and even to myself, with which he, we (and myself) can expand the field of our research.

Questions:

1. Entering the second 1/5 of the XXI century, Big Data and AI are increasingly entering economic governance. Naturally, „quantitative accumulations lead to qualitative changes“. Both Big Data and AI create more opportunities for „more rational thinking“ of the „brain“ (symbolically speaking) of each company. Do they change and will they change (Big Data and AI) the interaction between strategies and relations in the strategic hierarchy?

2. It is shown that the corporate and business goals of the management managing the business at the local level (in particular Bulgaria) have entrusted only the implementation of the operational strategy (p. 245). For the latter, the dissatisfaction remains that he does not participate in the formation of the corporate and business strategy, but is forced to implement only the large operational strategy at the local level. On the other hand, for part of the same management, however, the global operational strategy is a corporate one, and an adapted new business and, accordingly, a new operational strategy should be defined. Do these facts not suggest that it is necessary to „involve“ the regional (but systemic) management in the discussion of the „big picture“, especially if in this way at least the degree of „engagement“ is raised?

„Technical“ suggestions for improvement:

1. General language (not scientific!) Editing due to the fact that here and there there are typographical and stylistic errors. This is mandatory when publishing the work.

2. The contributions to be deduced at the end.

CONCLUSION AND PROPOSAL:

My general opinion is: the author has developed a dissertation that has a clearly formulated problem, goal and tasks, suggesting scientific research; The dissertation is a proof that Assoc. Prof. Dr. Krassimir Todorov knows the scientific literature and scientific achievements in this scientific field, has highlighted the unsolved or partially solved problems, systematized and made sense of the critical theses and has taken a reasoned position, has correctly interpreted the scientific results. research, has shaped them and presented them understandably and logically.

The dissertation meets the high requirements for combining theory, practical research and the resulting conclusions. It contains theoretical generalizations and solutions to major scientific or applied problems, which correspond to modern achievements and represent a significant and original contribution to science.

For this reason I give my support: a **positive assessment of the dissertation** of Assoc. Prof. Dr. Krassimir Todorov, applying for the scientific degree „Doctor of Science“ in professional field 3.8 „Economics“, scientific specialty „Finance“.

Reviewer:



(Prof. Dr. Boyan Lyubomirov Durankev)

December 31, 2020