

STANDPOINT

Prepared by:

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Regarding: **Dissertation on "Conceptual model of strategic hierarchy and its impact on the financial outcomes: applied in the automotive industry"**

Author: **Assoc. prof. Krassimir Todorov PhD, applying for the Science degree "Doctor of Science" in the professional field of 3.8.Economics, scientific speciality "Finance"**

Reason for writing the Opinion: The Rector's Act of WUZF University № 389 of 26.11. 2020 for appointment of members of the scientific jury.

As an author of the standpoint I will present my findings, assessment and conclusions based on Art. 37 of the Regulations for application of ZRASRB (Amended, SG No. 19/2011, effective 8.03.2011), according to which the dissertation for obtaining the scientific degree "Doctor of Science" must contain theoretical summaries and solutions to major scientific or applied problems that correspond to modern achievements and represent a significant and original contribution to science.

I admit that for me the topic and the subject of the dissertation are an interesting challenge to get acquainted with the author's arguments and evaluate the scientific work, because except a marketing specialist, I am also a Management Scholar at Roffey Park Management College (now Roffey Park Institute)- Great Britain since the early 90's and I am presumably breastfed with the traditional managerial notion of the operational strategy's place as part of the functional strategies in the strategic hierarchy. So, this task is a challenge for myself, because it enriches my knowledge in terms of a newer and more unusual management perspective leading to improved financial results of companies and to a sustainable competitive advantage.

I. General presentation of the dissertation

The candidate for the scientific degree "Doctor of Science" Assoc. Prof. Dr. Krassimir Todorov has submitted for discussion and evaluation the following materials:

1. Dissertation titled "Conceptual model of strategic hierarchy and its impact on financial results - applied in the automotive industry" developed in a volume of 272 pages (and an additional 34 pages of appendices), containing citations of 352 authors of a wide range of research, monographs, studies and papers, with only the bibliographic reference being 23 pages. In my opinion, the total volume of scientific work is completely sufficient for argumentation and presentation of the author's thesis and evidence. The development is illustrated with 85 pieces. figures.
2. List of the candidate's publications on the topic - 9 publications in authoritative academic publications. 6 of them are issued in Bulgaria, 3 - abroad. The total number of pages exceed 1450, of which 600 are abroad. The publications are evidence of a solid academic activity, especially if we consider that they are in a relatively short period - for 3 years until 2020.
3. Abstract - presented, 90 pages.
4. List of required contributions - 5 main scientific contributions are presented.

II. Condition of the presented materials according to the formal requirements

1. Form and content of the dissertation

In my opinion, the title of the dissertation thesis, namely "Conceptual model of strategic hierarchy and its impact on financial results - applied in the automotive industry" fully corresponds to the content and structure of the work and does not need further clarification, because on the one hand the theoretical side is implied. but on the other hand it shows that there is also a study of the practical effect of the model.

The topic of the research is definitely dissertable, very relevant due to its innovative nature and important from a theoretical and practical point of view and meets the expectations for thematic and research engagement of a "doctor of sciences". A solid circumstance in support of the importance of the topic is the fact that the author rejects the traditional notion that the operational strategy along with that of marketing, finance, human resources, information technology, etc. is in the group of functional strategies, whose role is mainly to supports organizational business strategy (pp. 7-8). I believe that, in general, the development is an innovative work on an important theoretical and practical problem. An important innovative point that makes it significant and dissertable is that in the context of management theory, Assoc. Prof. Dr. Krassimir Todorov distinguishes the variables of the content of the operational strategy from its process, which distinguishes the author from the scientific status quo in the field of operational management, where the authors do not distinguish between them.

The aim of the study is to redefine the established sequence 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 hierarchical pyramid, and to examine its effect on the financial results of the organization. I believe that the goal and the main questions are clearly and correctly formulated, which is extremely important for any study and its conclusions.

2. Object, subject and hypothesis of the dissertation research

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 the research is clearly formulated, which is expressed in the development of an author's conceptual model, with its associated elements in order to form a sustainable competitive advantage (pp. 11-12).

The research hypothesis that must be proven in order to validate the thesis has 3 components : 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 definite and consistent way, and the third is that the proposed conceptual model satisfies all the criteria for a sound and applicable theory.

3. Research methodology

To achieve the goals and prove the hypothesis, an empirical study was conducted with respondents-expert practitioners, in the form of interviews with 15 leading corporate managers in Bulgaria, covering the impact of the formulated conclusions's reliability in real conditions. For the purposes of the second part of the dissertation work's subject the influence of the innovative conceptual model on the financial and economic results of the organization is studied. The author of the dissertation has determined with research correctness the limitations of his scientific research, which increases its scientific value and validity (p. 13).

In addition to a systematic approach, various research methods were used by the author for the purposes of the research, namely: the methods of theoretical analysis and synthesis, empirical analysis, the method of observation and comparison, which provided a solid scientific basis for redefining the strategic hierarchy for management purposes. The method for collecting primary empirical information in practice is "Written questionnaire" for an opinion on 7 statements using a 4-point Likert scale.

4. Structure and content of the dissertation

The structure of the dissertation is logical according to the set goals and it is classical - introduction, three main chapters with subsections, conclusion, bibliography and appendices. The style is clear, academic, but at the same time understandable to a wider audience, and the reader is facilitated by the conclusions contained at the end of each chapter. The first chapter is entitled "Analysis of the state of operational management", which examines the nature of operations from a theoretical point of view, and for this purpose they are presented as functions and processes, but also highlights their difference from operational strategy. The difference between the operational strategy and the operations is very clearly and arguably defined (pp. 21-26). The author Assoc. Prof. Todorov convincingly argues the strategic role of the operational strategy, which is not limited to making operational decisions (p.26) and which must be supported by functional strategies at all strategic levels. I support the author's conclusion that the operational strategy should be understood as something other than a daily "strategy" (I even think that in this case it is more appropriate to use the term "daily action program" instead of "strategy" because these are routine actions and do not correspond to the meaning and content of the term "strategy"). This chapter examines a large volume of classical and contemporary scientific literature - 352 cited sources, mostly in English, but by authors from different countries, incl. and Bulgarian authors.

The second chapter, entitled "Analysis of the theories of strategic management" presents a strategic analysis of the theoretical foundations on which the scientific essence of corporate, business and operational strategy is built.

The third chapter is entitled "Evolution of operational management in theory and practice" and initially developed an innovative approach to clarifying the place and role of operational strategy and shows its new place outside the functional strategies in the reformulated strategic hierarchy. Assoc. Prof. Dr. Krassimir Todorov accomplishes the practical application of his conceptual model in 2 ways: One- through an international automotive corporation, and the other- through a global automotive manufacturer, whose success has been achieved and explained by the logical sequence of relationships in strategic and operational contexts established in the model and their impact on the financial results of companies.

The grounds for confirming the author's thesis are derived from a comparison of the consolidated financial statements of a total of five corporate automotive corporations over a 15-year period, and a large number of financial indicators are analyzed. In addition, to verify the practical application of the new conceptual model, an empirical survey of the opinion of 15 owners and senior corporate managers in large commercial / industrial companies, respectively. financial institutions operating on the Bulgarian market. As a general conclusion about the content and research scope of the dissertation research, I would like to emphasize that this is a multi-layered and multidisciplinary work, which perfectly combines innovative knowledge of management through the new proposed conceptual model with its financial expertise to study the impact of this model on the financial results of modern companies. The dissertation convincingly shows that one should not be enslaved to scientific "dogmas" and use only the opinions and notions of "sacred cows" of the international academic and research community in management theory, but also show "scientific courage" and test the effect of new theoretical ideas and concepts in the practice of business organizations.

5. Author's publications

Assoc. Prof. Dr. Krassimir Todorov presented 9 titles of scientific papers that are related to the dissertation's topic, namely: three monographs, 4 studies and 2 papers. It is noteworthy that the volume of all monographs is per over 400 pages, which for the relatively short period of their writing indicates a high coefficient of productivity. I have not established facts and data on plagiarism.

Assoc. Prof. Dr. Krassimir Todorov also presented evidence for 14 citations in 7 academic publications. Assoc. Prof. Dr. Krassimir Todorov also presented evidence for 14 citations in 7 academic publications. There are likely to be more citations, as publications are in the field of an important and innovative topic, but due to the fact that most Bulgarian journals are not in the indexed scientific databases of Elsevier, Reuters, etc., citations in articles and studies can not to be easily found.

III. Contributions to the dissertation thesis

After reading the dissertation thesis I can confidently state that Assoc. Prof. Dr. Krassimir Todorov has

shown a serious capacity for innovative and critical thinking in the field of management theory by empirically and expertly testing the new conceptual model and rejecting the established narrative in management science that operational strategy belongs to the group of functional strategies and that it has no place at the strategic level.

In this context, I fully accept the sought-after scientific contributions, categorizing them as follows:

Scientific contributions

First: When looking for arguments for the place of the operational strategy at the strategic level and evaluating their respective components, the existence of four overlapping concepts is established, valid for both the operational strategy and the corporate strategy. In addition, four other theoretical principles specific to operational strategy are common to the scientific field of business strategy.

Second: Examining the applications of resource-based theory and market-based theory, within the strategic hierarchy, the existence of a logical sequence in the theoretical impact on corporate, business and operational strategy is established, deriving the following pattern: at each strategic level, the application of one theory is replaced to the level of application of the other theory, in a logical sequence.

Third: Highlighting the diverse theoretical foundation on which operational management rests. Innovative author's presentation of the theory of the boundary of efficiency 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. Clarification of the theoretical nature of the operational model and differentiation of its application to the business model.

Fourth: Development of the theoretical framework of the innovative strategic model for achieving a sustainable competitive advantage. Proving that the theoretical environment satisfies all the criteria for a "good" theory, both in terms of the four basic properties and in terms of 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.

Scientific and applied contributions

I refer one of the contributions mentioned by the author to the **scientific-applied contributions**, namely:

First: Identification of the constituent elements of the operational strategy - content and process, and their comparison with those of the corporate and business strategy. Highlighting the theoretical nature of operations through the prism of the process of transformation of incoming resources into outgoing goods. Clarify the influence of the external and internal effects of the five goals of performance on the behavior of company systems.

I believe that another scientific contribution can be added, as follows:

Second: Distinguishing the variables of the content of the operational strategy from its process, which distinguishes the author from the scientific status quo in the field of operational management, where the authors do not distinguish them. I believe that such a scientific distinction is able to improve the quality of research, as is done in the field of strategic management, where there are three main research areas in terms of process strategy - planning, formulation and application.

IV. Questions and recommendations to the author

I have no remarks on the author's dissertation, but I would be interested in Assoc. Prof. Dr. Kr. Todorov to share whether he intends to further examine the effect of the applicability of the new conceptual model in the services industry to achieve a sustainable competitive advantage- for example, based on a survey of 3-4 large service companies and their financial results. It would be interesting because the "production" process and the end product itself in services is radically different in characteristics from that of manufacturing companies. It would be more appropriate to bring the scientific contributions to an end.

V. Conclusion and suggestion

The dissertation work meets the high requirements of the **Law for academic staff's development in Republic of Bulgaria (ZRASRB)** for combining solid theoretical training with rich methodological research tools and skills for analysis and for conclusions formulation. The dissertation contains both theoretical summaries and conclusions, as well as solutions to significant scientific and scientific-applied problems, which correspond to modern achievements and represents a significant and original contribution to science.

Giving a high assessment of the dissertation of Assoc. Prof. Dr. Krassimir Todorov, I will vote confidently for awarding him with the scientific degree "Doctor of Science" in Professional field 3.8 "Economics", scientific specialty "Finance" and I am suggesting to the scientific jury members to support the scientific degree awarding.

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Burgas

