

REVIEW

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Regarding: Doctoral thesis for awarding the scientific degree of Doctor of Science in the professional field 3.8 *Economics*, scientific discipline *Finance*

Author: Assoc. Prof. Dr. Krassimir Todorov

Topic: Conceptual model of the strategy hierarchy: impact on the financial results when applied to the automotive industry

Pursuant to Art. 13 of the Development of Academic Staff in the Republic of Bulgaria Act, Art. 40 of the Regulations for its implementation and Art. 6, para 8 of the internal Rules on the conditions and procedure for acquiring science degrees at VUZF University, and by the VUZF Rector's Order № 389 of 26.11.2020, I was designated as a member of the Scientific Jury. At the first meeting of the Scientific Jury I was assigned to write a review.

By virtue of Art. 37 (1) of the Regulations on the implementation of the Development of Academic Staff in the Republic of Bulgaria Act (published in State Gazette No 38 of 21.05.2010; amended by Decision № 11 of the Constitutional Court of Bulgaria, dated 5.10.2010 – No. 81 of 15.10.2010; amended and supplemented, No. 101 of 28.12.2010) (1) "The dissertation paper for acquiring the scientific degree "Doctor of Science" shall contain theoretical conclusions and decisions of major science or applied science problems, which correspond to the contemporary achievements and represent a significant and original contribution to science". My review is focused on the questions related to the extent to which the work submitted complies with the corresponding requirements in the field.

1. General presentation and format of the dissertation work

1. The doctoral thesis entitled "Conceptual model of the strategy hierarchy: impact on the financial results when applied to the automotive industry" comprises a total of 272 pages plus 34 pages featuring appendices. The thesis contains references to 12 Bulgarian and 325 foreign scientific sources. The dissertation includes appendices related to the logical findings deduced and scientific contributions made by the author. At the end of the dissertation there is an extensive Bibliography covering a lot of the classic works together with 12 publications from the last five years. The total volume of the dissertation, as

it stands, is serious enough to be able to achieve the aims set and entirely complies with the requirements for awarding the scientific degree of Doctor of Science.

2. List of the candidate's publications on the topic. A list of 9 publications has been provided, including 6 published in Bulgaria and 3 published abroad (AV AkademikerVerlag; Emerald Group Publishing; Lambert academic publishing). The total number of pages exceeds 1450, about 600 of them published abroad. The publications demonstrate a very good academic activity during the last four years, from 2017 to 2020.

3. List of contributions pursued – submitted, 5 major contributions pursued.

4. Dissertation abstract – submitted, 90 pages.

2. Ability to meet the formal requirements

Assoc. Prof. Dr. Krassimir Todorov has submitted the required deliverables necessary to apply for the scientific degree of Doctor of Science. The dissertation work in itself, as well as the publications associated to it, make it possible to evaluate his academic output and achievements in the field and, accordingly, to outline a clear proposal for a decision.

II. Major conclusions regarding the form and content of the dissertation work

1. **The title**, „Conceptual model of the strategy hierarchy: impact on the financial results when applied to the automotive industry”, corresponds completely to the content of the dissertation. The title of the study is sufficiently wide-ranging and significant. Studying the strategy hierarchy and the consequent functional areas, from the point of view of sustainability and analysis whether any restructuring by function and time frames is required in an environment of changing external factors and conditions, is an important issue both from theoretical and practical perspective. Theory and practice equally admit different standpoints regarding the question whether the established strategy hierarchy affects the financial results measured by year in an environment of changing external factors and conditions. Such thorough research as the one suggested in the dissertation has not been done in Bulgaria.

2. **The topic** of the research is timely, relevant and significant from a theoretical and practical viewpoint and therefore highly worth and suitable for writing a dissertation on Doctor of Science Level. The study takes into account the existing inconsistency between the theoretical and methodological and practical significance of analyzing the established strategy hierarchy and its impact on the economic and financial results on the one hand, and the analysis to what extent reformulation and

restructuring are needed in practice, on the other hand, in the automotive industry in this particular case.

A valuable quality of this dissertation is the comparative analysis of the theories on the one hand, and the traditional views spread in practice, on the other hand. Dr. Todorov questions the validity of the claims of some well-known authorities concerning the operational efficiency and effectiveness within the framework of the strategy, and by referring to a substantial number of classical and more recent publications he contributes to clarifying the studied theories from the point of view of their implementation into practice. As an original result the dissertation provides a conceptual framework that serves to transform the theory into a practical model. It is essential that according to the author, the suggested conceptual framework can be applied to the overall governance of various socio-economic systems.

3. **The aim** of the study also implicates redefinition of the established order and interrelations between the different levels of the strategy hierarchy: corporate level, strategic business unit level, and functional level, in their aspiration for developing a new theoretical model of the strategic pyramid as well as studying its impact on the financial results of the organization (p. 9).

The major research questions corresponding to these two aims have been defined. The research questions, as they stand, have been **properly formulated** and are specific enough to enable adequate conclusions to be drawn and recommendations to be made.

4. **The object** of the research (p. 11-12) is the *strategic pyramid where the operational strategy is separated from the functional strategies. The author claims that it should be set apart on a separate strategic level while the remaining functional strategies are repositioned so as to provide functional support to the corporate, business and operational levels concurrently.*

The subject of the research includes two components. The first component is the *formulated conceptual model along with its corresponding elements serving to form a sustainable competitive advantage and its advancement to the level of an innovative theory. An empirical survey has been conducted within the framework of the research by interviewing 15 leading corporate executives in Bulgaria. On account of their administrative and professional characteristics, the respondents give credibility of the conclusions made. The second component is the research on the impact of the author's innovative model on the financial result of the organization.*

The **limitations** of the study have been described very well (p. 13). Otherwise, there is a risk of losing the focus in the approach applied in conducting the research in the present dissertation work.

5. **Hypotheses.** Three hypotheses have been defined.

The first one argues that the role and place of the operational strategy are specific and hence they go beyond the scope of traditional functional strategies.

Therefore, the interaction between the operational strategy and the corporate/business strategy is more intensive than the one between the operational strategy and the remaining functional strategies.

The second hypothesis claims that the market-based theory and the resource-based theory influence the three strategic levels in a definite and consistent manner.

The third one is that the proposed theoretical model satisfies all the criteria considered valid for a “good theory”.

6. Research approach. In conducting the dissertation research the author has used the system approach as well as the methods of theoretical analysis, empirical analysis, the method of synthesis, the method of observation, etc. As a result of the data collected, several substantial **indicators for the aims of the research** have been identified which have to show that the new theoretical model suggested by the author satisfies all the criteria for a theory applicable into practice. Based on his professional experience at a number of executive positions in Toyota Balkans and TM Auto, official distributor and dealer of Toyota and Lexus, the author was able to study and analyze the data presented in the dissertation not just from theoretical viewpoint but from a practical one as well.

7. Structure. The dissertation has been constructed correctly, coherently and logically following the academic conventions and requirements. It consists of an introduction, three main chapters, conclusion and appendices.

Chapter One, entitled *Analysis on the state of operational management*, studies key elements of the scientific discipline – process and content and their corresponding interpretation, formulated in the scientific discipline *Strategic Management*. The theoretical essence of the operations as functions and as processes has been outlined in detail with reference to many publications. The operational strategy has been considered on a multifaceted basis, including based on the structural and infrastructural solutions.

Chapter Two, entitled *Analysis of the strategic management theories*, is devoted to the theoretical model of strategic management by considering the two fundamental theories: (1) market-based theory; (2) resource-based theory. Several key theoretical constructs that are of central importance for operational management have been identified. The chapter ends with theoretical analysis on the strategic implementation based on key models built as part of the strategic management and by those belonging to operational management.

Chapter Three, entitled *Evolution of the operational management in the theory and practice* starts with a novel approach attempting to clarify the role and place of operational strategy within the framework of the strategy hierarchy. Four theoretical concepts of leading foreign scientific researchers have been presented. The operational strategy has been described by the so-called inventive model of the reformulated strategy hierarchy. The three hypotheses serving to prove the model have been tested. Checking the validity based on practice has been done using the example of an international automobile corporation and a global automotive

manufacturer. The author explains their success with the logical sequence of the relationships established in the model and their impact on the financial results. The consolidated financial statements of five corporate automobile businesses for a 15-year period have been presented as grounds for confirming the thesis. Moreover, a survey has been conducted with the aim of proving the applicability and feasibility of the practical implementation of the inventive model with the participation of 15 owners and corporate executives in large industrial and commercial companies, financial institutions, respectively, operating on the territory of Bulgaria.

Overall, the logic of the research and the structure of the three chapters are very good. The assessments made and the conclusions drawn have been articulated in an exact and correct manner.

8. The dissertation was written in a precise and at the same time understandable **academic language** which makes it quite ready to be used in the educational process.

9. A considerable achievement of the author is the fact he has examined a lot of sources, including classic ones as well as new ones. The hundreds of sources assessed by the author (I have counted 12 sources in Bulgarian and 325 foreign sources) have been used in the text in a subtle way and illustrate the position and claims of the author in a correct and comprehensible way.

10. **Author's publications on the subject.** A total of 9 titles have been specified. All the publications are related to the subject area of the dissertation and reflect various aspects of the research.

Besides the publications, Dr. Krassimir Todorov has provided evidence for 14 citations in 7 scholarly works.

11. **Contributions.** I accept the contributions claimed by Dr. Krassimir Todorov. They can be classified as follows:

Contributions:

1. The extensive theoretical fundament, acting as a basis for the development of operational management, has been analyzed critically and in detail. The theories about the role of the market and the resources have been considered against the background of operational management. The efficiency limits theory has been analyzed thoroughly from the perspective of the concept of exchange through the corresponding structural and infrastructural solutions. The operational model and its application from the point of view of the business model have been defined.
2. Most of the theoretical models for describing the operational strategy have been studied along with their juxtaposition with those of the

corporate and business strategy. The critical analysis of the relevant scientific literature about the essence of the operations viewed through the prism of the process of transformation of incoming resources into outgoing goods is evident throughout the whole dissertation. Original proof has been derived for the special place they occupy and the specific importance they have. The applied approach patterns of operational management have been presented in an original way from the perspective of the primary and additional competitive objectives.

3. The author has analyzed in a creative manner the various viewpoints on the role and place of the operational strategy within the framework of the strategy hierarchy, reaching very interesting conclusions. The separate elements of the strategy hierarchy novel model introduced by the author have been defined. The theoretical framework of the inventive strategic model for achieving sustainable competitive advantage has been presented.
4. A novel strategic model for achieving sustainable competitive advantage has been introduced. It is proven that the findings and conclusions satisfy all the criteria considered valid for a “good theory”. The author has done various assessments by applying different instruments for financial analysis – the DuPont model, working capital analysis based on the consolidated financial statements of five global-scale automobile corporations for a 15-year period. The author’s explicit assumption that the conceptual model of the strategy hierarchy can bring sustainable competitive advantage has been proven.

The contributions presented are actual scientific results achieved by the author.

12. **I do not find** any indication for plagiarism. The author’s critical analyses with reference to relevant publications have been done in a way testifying original individual work.

III. Questions and recommendations for future improvement

I do not have any substantial questions to address to the dissertation work submitted. I fully understand that the process of writing is a complicated endeavor and involves a long time span, which means that we cannot demand, for instance, more publications from recent years compared to the hereby included four years in the period from 2017 to 2020.

As regards the future ventures of the author, I would recommend conducting research for throwing more light on the question how and to what extent the increasing robotization and rigorous penetration of artificial intelligence will impact the

operational strategy in the businesses that will be most strongly affected by the changes. The introduction of AI might lead to a decrease of the strategic levels in the organization that could in turn influence the way we plan, coordinate, accomplish and control the relevant processes in the respective business.

CONCLUSION

The dissertation **fulfills** the high standards and requirements for combining theory, practical research and resulting conclusions needed for awarding the scientific degree of Doctor of Science. The dissertation includes both theoretical generalizations and rational decisions regarding central scientific and applied issues and corresponding to the contemporary achievements in the field, thus representing a substantial and original contribution to science.

Hereby I give a positive evaluation of the dissertation work of Assoc. Prof. Dr. Krassimir Todorov, candidate for the scientific degree of Doctor of Science in the professional field 3.8 *Economics*, scientific discipline *Finance* and I will give my vote in favour of awarding Dr. Todorov the mentioned degree.

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