

REVIEW

**From Prof. Dr. Silvia Trifonova Trifonova-Pramatarova,
University of National and World Economy (UNWE), Sofia**

of a dissertation for the award of the educational and scientific degree “Doctor”

in Area of Study 3. Social Sciences, Economics and Law, Field of Study 3.8. Economics, Ph.D. Program “Finance, Insurance and Social Security”, Higher School of Insurance and Finance (VUZF University), Sofia

Author: Ph.D. student Snezhana Dimitrova Yotinska

Title: „Opportunities for financing through the capital market of small and medium-sized enterprises in Bulgaria”

1. General description of the presented materials

By Order № 138/21.06.2022 of the Rector of the Higher School of Insurance and Finance (VUZF University) Prof. DSc. Boris Velchev I have been appointed a member of the scientific jury for providing a procedure for defense of a dissertation on the topic “Opportunities for financing through the capital market of small and medium-sized enterprises in Bulgaria” for obtaining an educational and scientific degree “Doctor” in the Area of study 3. Social Sciences, Economics and Law, field of study 3.8. Economics, Ph.D. program “Finance, Insurance and Social Security”.

The author of the dissertation is Ph.D. student Snezhana Yotinska. The materials submitted by the Center for Scientific Research and Doctoral Studies at the VUZF University include the following necessary documents for the procedure, namely: presentation of the doctoral student with an attached list of projects and publications, a copy of the diploma for the educational and qualification degree “master”, dissertation work, abstract, summaries of the publications on the topic of the dissertation in Bulgarian and in English, a certificate of fulfillment of the minimum national requirements for acquiring the educational and scientific degree “Doctor” in professional field 3.8. Economics.

2. Brief biographical data about the candidate

Doctoral student Snezhana Yotinska submitted a presentation rather than an autobiography, which is not typical practice.

She graduated with honors in Macroeconomics from the University of National and World Economy (UNWE), Sofia in 1996. She has over 10 years of professional experience as a university lecturer and over 10 years of experience in the sphere of the Bulgarian capital market. From 1996 to 2006, Snezhana Yotinska was a full-time teacher – assistant and senior assistant in the Department of Economics at the UNWE. She gave seminars on the disciplines "Fundamentals of Economic Theory", "Microeconomics" and "Macroeconomics" for students from various specialties, full-time and part-time,

bachelor's degree. In the period 2007-2016, with interruptions, she was also a part-time teacher in the same department.

From 2005 to 2015, Snezhana Yotinska also held the position of Director of Investor Relations at FairPlay Properties REIT. From January 2019 to November 2019, she performed the same functions at "Park" REIT, and from December 2019 to December 2020, she was the director of investor relations at "Bulgarian Stock Exchange" JSC (BSE). From January 2021 until now, he is the chief expert in the "Corporate Development" department at the BSE. With Order No. 12/06.02.2018 of the Rector of VUZF, she was enrolled as a doctoral student of independent training at the VUZF, doctoral program "Finance, Insurance and Social Security".

3. Relevance of the topic and expediency of the set goals and objectives

The relevance of the dissertation research is indisputable given that the capital market in Bulgaria is still not sufficiently developed and the opportunities that this market offers for financing small and medium-sized enterprises (SMEs) in the country are not used to a sufficient extent.

The author has correctly focused on the study of the experience and good practices in financing of SMEs through the capital market based on the example of the Polish and Romanian stock markets. She rightly emphasizes the implementation of the new European Commission legal framework in the area of easing the conditions for financing SMEs and the creation of SME growth market (Bulgarian Enterprise Accelerator Market), as well as the implementation of the national policy to stimulate access to financing for the SMEs through capital market.

The author has set as the **main goal of the dissertation** to present, analyze and evaluate the theoretical and practical aspects of the opportunities to finance SMEs in the country through the capital market.

This goal is decomposed into **6 research tasks**, as follows:

1. To study and analyze the situation and trends in the development of the Bulgarian capital market and to outline the main problems to be solved, the strategic priorities and the prospects for the development of the capital market in the country.

2. To examine the essential characteristics of the SME growth markets and to make a theoretical analysis of the SME growth market in Bulgaria.

3. To analyze the advantages, disadvantages, opportunities and threats of using the capital market as an alternative source of financing for SMEs (SWOT analysis).

4. To investigate good practices, by researching and presenting the experience in the field of financing through the capital market of SMEs in countries with problems and goals comparable to the Bulgarian capital market (the example of Romania), as well as presenting the experience of Poland, whose capital market has the largest market capitalization in the Central and Eastern Europe (CEE) region.

5. To carry out a financial analysis of companies traded on the SME markets of the Warsaw and Bucharest stock exchanges and present the benefits of their listing on the capital market.

6. To carry out a comparative analysis of the markets for SMEs in Poland, Romania and Bulgaria.

As the author rightly points out, the choice for research, presentation and comparison with Romania's experience was dictated by the simultaneous admission of Bulgaria and Romania to the EU at the beginning of 2007, as well as by the similar (relevant to that period) problems and development goals on the Romanian and Bulgarian capital markets. The comparative analysis with the Polish capital market is related to the presentation of the experience of the largest market capitalization exchange in CEE – the Warsaw Stock Exchange.

4. Knowledge of the problem

The author is very well acquainted with the problem of scientific research. The **object of the study** is the situation, main trends and challenges in the development of the capital market in Bulgaria during the period 2007-2019. The **subject of the study** are the opportunities to finance SMEs in the country through the capital market.

The **research thesis of the dissertation** is formulated clearly and precisely, namely, that the Bulgarian capital market has a potential that, if suitable stimulating measures are taken, can lead to an increase in stock trading and a return of confidence in the capital market as a source of financing. The creation of an SME trading segment on the stock exchange (SME growth market) can fulfil the role of an accelerator and lead to the activation of stock trading and to the improvement of the efficiency of the Bulgarian capital market.

5. Research methodology

Various research methods have been used for the development of the dissertation – theoretical and theoretical-methodological analysis, retrospective analysis, method of analysis and synthesis, system approach, abstract-logical approach, methods of induction and deduction, comparative analysis, statistical approach, expert evaluations, financial analysis of companies traded on SME markets, etc. Tabular and graphical analysis of the results of specific observations and analysis of economic facts, phenomena and processes, as well as practical research in the dissertation work, is also applied.

A SWOT analysis of the advantages, disadvantages, opportunities and threats of using the capital market as an alternative source of financing for SMEs is also applied, which, however, is not highlighted in the methodology in the abstract.

6. Characteristics and evaluation of the dissertation

Structurally, the dissertation consists of the following parts: introduction, three chapters, conclusion and bibliography. Before the introduction are presented lists of tables, graphs and figures, and a list of abbreviations. The dissertation is accompanied by an abstract, which briefly presents the structure and content of the dissertation and author's theses and research results. The total volume of the

dissertation is 188 pages – 177 pages of main text and 11 pages of references. In the dissertation are presented 21 tables, 43 graphs and 13 figures.

The bibliography includes 135 literature sources, including 79 in Bulgarian and 33 in English – books, articles, reports, periodical and non-periodical publications, statistical sources, as well as 23 internet pages.

The **first chapter** of the dissertation is characterized by an in-depth study of the state and the main trends in the development of the capital market in Bulgaria in the period 2007-2019. A thorough analysis of the macroeconomic environment in the country was made, incl. and compared to the EU and the Eurozone, with emphasis on GDP dynamics, budget deficit, gross government debt and sources of macroeconomic imbalances. The role of the main institutions of the capital market and the harmonization of legislation with the EU is examined. Particular attention is paid to the analysis of the regulatory framework and the role of regulatory factors, as well as to the institutional aspects for the development of the capital market in Bulgaria. Of particular scientific interest is the comprehensive functional analysis of the Bulgarian capital market carried out in this part of the dissertation based on a wide range of stock market indicators, on the basis of which it becomes possible to outline the main problems facing this market.

The **second chapter** of the dissertation is dedicated to the thorough study of the role of the capital market as an alternative source of financing for SMEs in Bulgaria. A detailed review of the nature and main goals, principles and benefits of the European Commission's initiative to create a Capital Markets Union has been made. Of particular interest is the in-depth analysis of the theoretical and practical-applied aspects and specifics of the created market for the growth of SMEs on the Bulgarian Stock Exchange (BSE) – BEAM market (Bulgarian Enterprise Accelerator Market). A comprehensive comparative analysis of the SME financing through the opportunities of capital market with other sources of non-bank financing, as well as with bank financing, which is dominant in the national economy, has been made. Of interest are the advantages, disadvantages, opportunities and threats brought out by the author for the financing of small and medium-sized businesses in the country through the capital market (using the SWOT analysis method).

The **third chapter** of the work is characterized by the study of good practices from the experience of Poland and Romania in the financing of SMEs through the capital market. A comprehensive comparative analysis of the SME growth markets in Poland, Romania and Bulgaria was carried out in terms of the criteria and procedures for listing in the markets, the stages of admission of the securities emissions, the existing market segments and the stock market indices. In conclusion, a financial analysis of two companies traded on the NewConnect SME growth market on the Warsaw Stock Exchange (Poland) and two companies traded on the AeRO SME growth market on the Bucharest Stock Exchange

(Romania) was also performed, based on which the main benefits of the listing of companies on the stock exchange, have been derived.

In the conclusion of the dissertation, the main findings of the research are presented. In general, it can be summarized that the doctoral student was able to achieve the set goal and research tasks of the dissertation work and the research thesis of the work is confirmed.

7. Assessment of compliance with minimum national requirements

The attached Reference of fulfillment of the minimum national requirements for acquiring the educational and scientific degree “doctor” in the professional field 3.8. Economics, shows that the candidate fully fulfils the minimum requirements. In total, according to the criteria, she scores 100 points, of which 50 points come from publications.

8. Contributions and significance of dissertation for science and practice

The scientific contributions of the dissertation work are indicated in the abstract. Most of them can be defined mainly as scientific-applied contributions of a practical-applied nature. The author presented a total of 4 scientific contributions to her dissertation work. However, most of them are more like the results of the conducted scientific research. Therefore, the doctoral student should highlight more clearly the scientific and practical contributions of her dissertation work.

In my opinion, the **main scientific contributions** of the dissertation can be formulated as follows:

1. Systematization and assessment of the situation, dynamics and trends in the development of the capital market for the period 2007-2019, with the identification of the main problems, challenges and guidelines for stimulating its development.

2. Derived and studied the institutional initiatives in the EU regarding the integration of capital markets and the creation of a single capital market.

3. Theoretical-methodological characterization of the SME growth market in Bulgaria, with a formulation of the advantages, disadvantages, opportunities and threats (based on a SWOT analysis) for financing the activity of SMEs through the capital market.

4. Identified and studied good practices in the field of financing through the SME capital market (following the example of the capital markets in Poland and Romania), with the main comparative characteristics of the markets for SMEs on the stock exchanges in Poland, Romania and Bulgaria highlighted.

9. Evaluation of publications on the dissertation

The doctoral student presented 5 scientific publications on the topic of the dissertation work. They are all authored and closely related to dissertation issues. They are papers from scientific conferences organized by the VUZF, one of which was published in a collective monograph.

I recommend the author to focus on publishing in international editions and especially in journals indexed in the world databases SCOPUS and WEB OF SCIENCE, in order to increase the international popularity of her scientific publications.

These publications are listed in the Research Publications Reference in the abstract of the dissertation. Summaries of the publications in Bulgarian and English are also presented.

10. Personal participation of the candidate

There is evidence that the dissertation is the work of the doctoral student. In her abstract, she presented a list of 5 scientific publications on the topic of work. As stated above, they are papers from scientific conferences organized by the VUZF, one of which was published in a collective monograph. On this basis, it can be determined that the dissertation work is sufficiently approbated.

11. Abstract

The abstract is 40 pages long and fully corresponds to the content of the dissertation work. It presents in a synthesized form the main points, the general characteristics of the dissertation, its structure and content, the exposition by chapters and the main results of the analysis. Attached is a reference with formulated four scientific contributions, which, however, I believe need a significant clarification. Basic guidelines for the author's future research are also indicated.

12. Critical remarks and recommendations

Some remarks and recommendations may be made to the dissertation as follows.

Firstly, in terms of structure, it is striking that the introduction of the dissertation includes the so-called „A review of the literature on the research problem”, but firstly, it is extremely short and synthesized (only 2 paragraphs), and secondly, it rather reflects the information provision of the dissertation research. In essence, it is not a review of the literature on the researched problem.

There is a lack of a comprehensive literary overview of the sources on the topic of dissertation, which is formed as a separate part (section) in the work. The dissertation work would only benefit if more attention was paid to the analysis and synthesis of the literature sources on the topic of financing opportunities through the capital market of SMEs. The issue of SME growth markets is extremely topical and is just entering Bulgarian theory and practice, so a theoretical-methodological justification based on modern foreign literature would be extremely useful.

Secondly, the research methodology is not sufficiently described in the paper, with some research methods being used in practice in the paper (such as SWOT analysis), not described in the introduction, while other methods are not specified at all, such as descriptive analysis, which practically dominates the entire work. At the beginning of the third chapter, it would be useful to describe the methodology on which the analysis of good practices to finance SMEs through the capital market is based. The author has presented the arguments for examining the experience of the Polish and Romanian capital markets. But the dissertation lacks justification why the 4 companies were chosen for research – the two Polish

companies BizTech Konsulting and Aforti, listed on the NewConnect growth market on the Warsaw Stock Exchange, and the two Romanian companies Bittnet and Norofert, listed on the AeRO growth market on the Bucharest Stock Exchange. The doctoral student can explain this during the defense of the dissertation.

Thirdly, even when formulating the research tasks, it is evident that in the work there is a need to clarify when we are talking about the capital market and when we are talking about the stock market. For example, to clarify, through the financial analysis of companies traded on the SME markets of the Warsaw and Bucharest Stock Exchanges, it becomes possible to present the benefits of their listing on the stock market.

Fourth, the work would benefit significantly from the application of a statistical-econometric toolkit to support and substantiate the theses formulated by the author. Critical analysis should also be more strongly advocated in some parts of the work.

I have the following **question** for the Ph.D. student: How is Bulgaria's accession to the Eurozone expected to affect the development of the capital market and, in particular, the financing opportunities for the SMEs through capital market in our country and the development of the BEAM growth market?

Finally, I recommend the author to continue her searching and research in the direction of exploring the experience of the Bulgarian companies listed on the growth market, which are not included in the dissertation due to the short term of the functioning of the BEAM market (one year until the end of 2021). It would be very useful to develop a methodology for an empirical study of the propensity to finance through the capital market of SMEs in Bulgaria.

13. Personal impressions

I personally know Ph.D. student Snezhana Yotinska and I have very good impressions of her scientific research and academic teaching work. I have known her since the time when she was a full-time assistant in the Department of Economics at the UNWE. She distinguished herself as a very executive and responsible teacher. I have also over the years witnessed many of her scientific presentations at a number of international, national and university scientific forums and symposia, based on which I have been well aware of her research interests and pursuits ever since.

CONCLUSION

The dissertation on the topic “**Opportunities for financing through the capital market of small and medium-sized enterprises in Bulgaria**”, developed by Ph.D. student Snezhana Dimitrova Yotinska is an interesting and in-depth study of this issue, which contains scientific and scientific-applied contributions. The dissertation testifies to the in-depth knowledge and skills of the doctoral student and to her ability to conduct independent and valuable scientific research. The presented materials comply with the requirements of the Law for the Development of the Academic Staff in the

Republic of Bulgaria (ZRASRB) and the Regulations for implementation of ZRASRB, and the Regulations for admission and training of doctoral students at VUZF University.

Based on this, I give my **positive assessment** of the research presented by the above-reviewed dissertation and abstract, and **I propose to the esteemed scientific jury to award the educational and scientific degree of “*Doctor*”** to Snezhana Yotinska in the area of study 3. Social Sciences, Economics and Law, field of study 3.8. Economics, Ph.D. program “Finance, Insurance and Social Security”, Higher School of Insurance and Finance (VUZF University), Sofia.

28.07.2022

Sofia

Reviewer:

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