



REVIEW

**on a dissertation for the award of a Ph.D
under professional area 3.8. Economics,
Ph.D program Economics and Management (Industry)**

Review prepared by: Prof. Evgeni Petrov Stanimirov, scientific
specialty: Marketing, Rector of the University of Economics - Varna

Grounds for submitting the review: membership in the Scientific Jury
pursuant to order № 627/26.06.2023 of the Rector of D.A. Tsenov Academy of
Economics - Svishtov and the first meeting of the Scientific Jury held on
03.07.2023.

Dissertation author: Karmen Dimitrov Vranchev, PhD student at the
Faculty of Manufacturing and Commercial Business, Department of Industrial
Business and Entrepreneurship at D.A. Tsenov Academy of Economics - Svishtov.

Dissertation title: The Impact of German Investment on the Development
of the Bulgarian Economy.

I. Information on the PhD student

Karmen Dimitrov Vranchev graduated from a language high school in
Pazardzhik and is fluent in English, German, Spanish and Russian. He was
awarded a Bachelor's Degree (in International Relations - 2004) and a Master's
Degree (in European Integration - 2007) by the University of National and World
Economy - Sofia. From 2003 to 2007, Mr. Vranchev worked successively at the
Ministry of Justice, Inter Expo Center (IEC), managed the partnership projects
offices for DIHK-CEFTA and DIHK-ABC in the city of Sofia. Since 2017 he has
held various management positions in the German-Bulgarian Chamber of Industry
and Commerce (GBCIC).



Since 2019 Karmen Vranchev has been a doctoral student in the Economics and Management (Industry) program with Prof. Lyubcho Varametzov, PhD as his scientific supervisor.

The PhD student's numerous publications, his participation in various business formats, as well as the various management positions he has held, clearly indicate a very good potential.

II. Assessment of the structure and content of the dissertation

The dissertation is dedicated to a particularly relevant and significant issue, namely, the impact of investments on the economy. Knowing the direct, indirect and induced effects of foreign investments on the host country allows to refine the foreign investments promotion policy.

The dissertation is structured as follows: table of contents, list of figures, list of tables, introduction, three chapters, conclusion, list of sources with a total volume of 234 pages, of which the main text comprises 224 pages. The dissertation includes 22 tables and 42 figures. The bibliography contains 104 items. Sources in Cyrillic and Latin letters, of which 12 items in Bulgarian, 62 in foreign languages and 30 electronic sources.

The **introduction** of the dissertation presents a brief framework of the study. The author adheres to the classical approach, shedding light on the relevance and significance of the research, although he does not explicitly mention these terms. The following are presented: subject and object of the study, main goal and 5 scientific tasks, main research assertion and 3 sub-assertions, approaches, methods and limitations of the study. The scientific-practical value of the research, which would allow the reader to identify benefits from the presented dissertation from the very beginning, is not explicitly specified.

In the **first chapter**, within four paragraphs, the doctoral student presents the theoretical aspects of foreign direct investment and aspects of defining the effects of foreign direct investment. In this regard, the concept is defined and a



classification of foreign direct investment is made. Basic theories of foreign direct investment are reviewed. Motives for foreign direct investment and factors affecting their attraction are defined. The PhD student has also presented the potential effects of foreign direct investment on the host country.

The fact that the doctoral student summarized the results of the analysis within the first chapter makes a very good impression. The reader is further impressed favourably by the multi-faceted interpretation of the analyzed sources, namely the fact that it is very clearly stated that a positive effect can be considered as such only conditionally, inasmuch as negative effects can also arise from it depending on the context and time period in which it is considered.

The **second chapter** of the dissertation is related to the policy of attracting and promoting foreign direct investment. In this regard, the author makes a brief description of the business environment in Bulgaria. The regulatory framework in the field of foreign direct investments in Bulgaria has been reviewed. The role of the state and its institutions in attracting foreign direct investment is presented. An analysis of the Bulgarian economy in the period 2008 - 2022 has been made in several aspects: basic economic indicators; FDI; the role of Germany in the country's economy and foreign direct investments originating in Germany. At the end of the second chapter, the doctoral student makes a summary of the analysis, reaching conclusions related to the inefficiency of the FDI attraction policy.

The **third chapter** presents the influence and effects of German direct investments on the Bulgarian economy using the example of the metallurgical industry and the company Aurubis Bulgaria AD. In this regard, the author of the dissertation comments on different approaches in assessing the effects of foreign direct investment. It is stated that the methodology for calculating the overall economic effect of the activities of Aurubis Bulgaria AD on the country is based on an assessment of these effects using an economic model for regional impact, but in reality this methodology should have a place here. Within this chapter, an analysis of metallurgy and the Bulgarian processing industry is made. The role of



Aurubis Bulgaria in the country's economy, the processing industry and the labor market has been examined. Special attention is paid to the influence and effects of the company's activities on the Bulgarian economy. The doctoral student presents recommendations for improving the policy of promoting foreign direct investment in Bulgaria. It is noteworthy that the doctoral student expresses and defends his own position on the researched issues.

In the presented **conclusion**, the author has summarized the achieved results in theoretical and practical terms.

The **bibliographic reference** shows a good literary awareness on the part of the dissertation author. I have not established any incorrect citation of literary sources.

The **language and style** of the dissertation are scientific. I perceive the defined **goals and tasks** as achieved.

The **abstract** corresponds to the author's body of work, although for the most part it is narrative in style.

In general, it can be concluded that the doctoral student has in-depth theoretical knowledge and the ability for independent scientific research, which fulfills the condition laid down in the Law on Academic Staff Development in the Republic of Bulgaria (LASDRB).

III. Assessment of the PhD student's publications

Ten publications related to the topic of the dissertation are submitted, of which 2 studies, 3 articles (of which 1 in scientific publications, referenced and indexed in world-famous databases with scientific information), 5 scientific papers (2 of which in scientific publications, referenced and indexed in world-famous databases with scientific information). The volume of the doctoral student's scientific output and the nature of the publications correspond to the terms and conditions for acquiring the doctoral degree. The report on compliance with the national requirements under the Regulations on the Implementation of the LASDRB shows



an almost three-fold exceedance of the required points for acquiring the doctoral degree.

IV. Scientific and practical-scientific contributions of the dissertation

The submitted report on the usefulness of the dissertation (as part of the abstract) contains 5 contributing points. As a result of an analysis of the presented dissertation, I can single out 3 contributions, in accordance with Art. 6 para. 3 of LASDRB. One of the contributions is theoretical, one is methodological-applied and one is practical-applied.

The *theoretical contribution* is about enriching the review of foreign direct investment theories.

The *methodological-applied* contribution is related to the analytical study of the impact of German investments on the Bulgarian economy and, in particular, on the development of the metallurgical industry.

The *practical-applied contribution* refers to the formulated recommendations for improving the policy of promoting foreign direct investment in Bulgaria.

V. Critical notes and recommendations to the PhD student

1. The current achievements of the research in the field of foreign direct investment and its effects could have been more convincingly indicated in the introduction of the dissertation.

2. The author argues that FDI "can be an important tool for development in an appropriate economic and political environment." What are the parameters of an "appropriate" political environment from the PhD student's perspective?

3. Why is the object of research limited only to "domestic FDI originating in Germany"? Perhaps it would be more correct to focus on the direct and indirect effects of FDI in the Metallurgy sector.

4. The abstract reflects objectively what is achieved in the dissertation, however it is presented in a narrative style.



5. During the Covid-pandemic, there was a distinct trend towards the "islandisation" of countries and even regions within larger countries. A war in Ukraine followed, which changed many investment-related policies. What are the three main trends that the PhD student points out in relation to FDI as a result of the mentioned events (pandemic and war)? How do the mentioned events influence the understanding of the "medium-term" and "long-term" period for the manifestation of the effects of FDI on the host country, given that the dynamics of the environment in recent years have been very high? Does this affect the understanding of the duration of effects?

6. Could the doctoral student clarify the following conclusion he has reached: "Beneficial effects of foreign investment are observed primarily on growth and development in developing countries and to a lesser extent in developed economies."

7. In the second chapter, the following conclusion is drawn: "Practice shows that the foreign investments made significantly accelerate the growth of the Bulgarian economy, they lead to an increase in labor productivity, improve the quality of production and competitiveness, positively influence competition and the labor market, support the transfer of capital, knowledge, technology, innovation, as well as the introduction of good and sustainable practices". Perhaps this is true, but with what instrumentation was this influence established and how strong was this influence, with what time lag, to confirm or reject this assertion (hypothesis)?

8. Within the framework of the first paragraph of Chapter Three, it is stated that a methodology for calculating the overall economic effect of the activity of Aurubis Bulgaria is presented. I personally expected a methodology systematized in concrete steps. Instead, the author refers to various studies that should be referred to in Chapter One of the dissertation..

VI. Summary assessment of the dissertation and conclusion

The dissertation is a study of a current and significant issue. The author's contributions enrich existing knowledge in the field of investments and their effects



at the macro-, micro- and regional levels. The dissertation meets the requirements of LASDRB, which is why I suggest to the members of the esteemed Scientific Jury to make a positive decision to award the educational and scientific degree "Doctor" in the doctoral program Economics and Management (Industry) to doctoral student Karmen Dimitrov Vranchev.

29.08.2023

Varna

Review prepared by:

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