

**“D.A. TSENOV” ACADEMY OF ECONOMICS**

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**Doctoral No. D020217156**

**AUTHOR’S ABSTRACTS**

of a dissertation for the award of the educational and scientific degree "Doctor" (in Economics) under Doctoral Program "Finance, Money Circulation, Credit and Insurance" (Finance) on the topic:

**"FINANCIAL MANAGEMENT OF HUMAN RESOURCES IN  
FOREIGN TRADE REPRESENTATIVE OFFICES: PROBLEMS AND  
SOLUTIONS"**

Scientific Adviser: Assoc. Prof. Aneliya Radulova, PhD

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## **I. General characteristics of the dissertation**

### ***I.1. Relevance of the topic***

In scientific research in the field of human resources management there is a steady trend towards the process internationalization. At the same time, this process is not an end in itself, but subject to the criteria of efficiency and financial return. It is from the point of view of the international mobility of the production factors that the notion of migration has been developed as one of the forms of creating human capital. All this naturally takes place in a favourable macroeconomic environment, where one economy is accumulating foreign labour resources at the expense of other economies, where labour costs and economic indicators are the main motive for migration. In fact, in one economy there is a fluctuation at the macro level, and in another there is absorption of migrated human resources. This allows the absorbing economy to improve its performance by giving a chance for employment and careers to foreigners, who in the most productive years of their lives contribute to the GDP growth of the absorbing economy.

The interpretation of labour resources itself as a fact has been subjected to in-depth criticism and analysis in international and domestic research. This is due to the circumstance of the facilitated conditions for labour migration and the flexible forms of employment through telework. It is the international challenges to the modern provision of human resources that are the basis for the problematic nature and relevance of this dissertation.

### ***I.2. Object and subject of the research***

On the basis of so described actuality, the financial management of human resources is determined as the *object* of the dissertation.

The *subject* of the research is focused on the problems and solutions for financial management of human resources in foreign trade representative offices and Bulgarian company branches in neighbouring Romania.

### ***1.3. Research thesis***

*The research thesis*, which is tested in the dissertation, is formulated as follows: *by identifying the problems, status, regulatory framework and trends in the labour market can offer workable solutions for staffing and financial management of human resources in foreign trade representative offices and the Bulgarian company branches in Romania in view of the outpacing indicators of our northern neighbour for convergence within the EU and market absorption.*

### ***1.4. Purpose of the dissertation***

The **purpose** of the study *is to study the problems and propose solutions for staffing and financial management of human resources in foreign trade representative offices and Bulgarian company branches in neighbouring Romania, as a country with advanced indicators of convergence and market absorption.*

### ***1.5. Tasks, hypotheses and research methodology***

The specific tasks placed in the research are:

**First:** To make a critical review of the theoretical foundations and financial aspects of international human resource mobility.

**Second:** To develop and structure the methodological base of the analysis of the establishment and expansion of Bulgarian foreign trade representative offices and company branches in Romania, based on factor analysis of human resources and the specifics of labour legislation.

**Third:** To carry-out an empirical-applied study among Bulgarian foreign trade representative offices and company branches in Romania in order to

establish the current state of practices for financial management of human resources in support of maximizing shareholder wealth.

The set object, subject, main research thesis, goal and tasks allow that the research shall focus on testing the following **working hypotheses**:

**First Hypothesis:** International mobility of human resources is both a basic form of human capital creation and rational action on migration for higher wages, more successful careers or force majeure.

**Second Hypothesis:** The successful expansion and realization of the business models for the development of the Bulgarian foreign trade representative offices and company branches in Romania is based on precise analysis and knowledge of the absolute and relative advantages of both economies and the positives of labour engagement according the Bulgarian or Romanian labour legislation.

**Third Hypothesis:** The development of a network of Bulgarian company branches in Romania requires a precise analysis of the accumulated experience, difficulties and specifics of making the most cost-effective decisions for international expansion.

In methodological aspect, the research is based on the use and application of comparative analysis, methods of deduction and induction, graphical method, statistical methods of analysis, survey method, etc.

In terms of terminology, and for the purposes of the research, the author has introduced the following definitions:

**First: Foreign trade representative offices** – any form of legally organized legal entity, which according to the respective normative way is established as a taxable person in a respective foreign jurisdiction while preserving its national identity in terms of capital formation, market placement and provision of human resources.

**Second: Financial management of human resources in foreign trade representative offices** – a specific area of management competencies with cross-

border nature providing the necessary for the business labour production factor based on precise application of regulations to achieve corporate financial objectives through investment in human capital formation.

***1.6. Scope of the study***

The research demands in the dissertation, in their theoretical and empirical part, are limited in their scope to precisely defined aspects of the financial management of human resources. The problems of the classical personnel management, as well as the policies for selection, motivation, remuneration and dismissal in their normative aspect (national and international) remain outside the scope of the research.

***1.7. Structure of the study***

The dissertation has a total volume of 183 standard pages, structured in three chapters as follows:

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***1.8. Applicability of the research results***

The theoretical reflections and conclusions developed in the dissertation, as well as the empirical results of the research, aim to support the notion that financial management of human resources in foreign trade representative offices is a complex, interdisciplinary field of competence, where precise knowledge of regulations of the foreign market, financial schemes for motivation, macro- and micro-economic indicators and trends are a condition for successful direct

investment in terms of the balance of payments. Last but not least, the literary and information sources used in the dissertation, the developed and adapted econometric models, the studied and mastered approaches to research and presentation of knowledge are extremely useful for the author in her work as an economic operator abroad, and improve her competencies and entrepreneurial ability.

## II. Main content of the dissertation

### ***Chapter One: THEORETICAL BASIS AND FINANCIAL ASPECTS OF THE INTERNATIONAL HUMAN RESOURCES MOBILITY***

Chapter One "Theoretical Basis and Financial Aspects of the International Human Resource Mobility" is structured in two separate parts. The first paragraph argues on the financial motives for the international mobility of human resources on the example of Bulgaria and Romania. A theoretical review is done on the research in the field of international mobility of human resources in their financial aspect (Cascio & Boudreau, 2017) and empirical-applied analysis of the challenges of financial motivation of human resources for international mobility to ensure the functioning of Bulgarian foreign trade representative offices in Romania. The second paragraph assesses the state and potential of the labour market in Romania as a basis for attracting foreign direct investment.

In the framework of the exposition in Chapter One, the following more important intermediate conclusions and findings can be summarized:

**First:** By presenting in an analytical and discussion aspect the challenges to the financial motivation and human resources of foreign trade representative offices of Bulgarian companies in Romania, a conclusion is formed that *there is a growing volume of Bulgarian exports to our northern neighbour*, which contrasts with the obvious gap with the convergence of the two countries compared to the EU28 average levels. As a result of a study, it is established that from the standpoint of the end of the second decade of the XXI century there is a gap in key indicators between the economies of Bulgaria and Romania. Our northern neighbour is already reaching the level of 2/3 of GDP per capita (in PPPs) compared to the EU28 average, while Bulgaria remains at 49% of GDP per capita. It is additionally established that due to the existence of a maximum insurance threshold in Bulgaria, in contrast to the abolition of one in Romania, it is more profitable to send Bulgarian staff (up to 6 months) to provide human resources to Bulgarian foreign trade representative offices in Romania than to hire a local one.

At basic levels of gross remuneration, there are financial motives and advantages for international labour mobility from Bulgaria to Romania.

**Second:** The financial and economic development of Romania and the related indicators for the development of the labour market are logically influenced by the full membership of the EU, which began on 01.01.2007. Despite the same start with Bulgaria as a membership for the period until 2021 the Romanian economy is growing, which is significantly ahead of the indicators for Bulgaria and makes it a favourable capacity market for the sale of goods and services supplied by Bulgarian residents.

**Third:** Monitoring of the labour market in Romania since the summer of 2021, according to the Labour Office and the Romanian Ministry of Labour, shows that based on surveys among employers and attitudes among jobseekers, there are distinct parameters and trends. In 2021, the minimum wage increased by only 3% (up to BGN 2 300 gross, respectively 1 386 lei net), and in previous years the increase in the minimum wage exceeded 10% from year to year; the main sectors with an increase in wages in 2021, compared to 2020 are in the automotive sector by 44%, in furniture factories – 42% and in forestry by 40%; The most important criteria for recruitment in Romania are experience relevant to the position – 77.60%, specific work skills – 66%, compatibility between the expected salary and the company's offer – 42.70%. Leading in demand of staff is the IT sector of Romania with 41%, followed by sales and trade with 28.3%. The most wanted after skills among job applicants are flexibility, adaptability – 59.80%; productivity and efficiency – 28.10%; communication skills – 32.70%, as well as capacity for continuous progress in the work – 30.70%. The trends in salaries according to the assessment of employers for 2021 are constant/remain unchanged at 49.60%; Salaries decrease in 3.10%; increasing by 10 and more percent are 5.90% and increasing by less than 10 percent are 41.20% percent. When hiring young professionals with up to 3 years of experience, the most wanted qualities among Romanian employers for the candidates are previous

work experience of up to 3 years, incl. part-time working hours – 51.20%; knowledge of English language – 50.60%; experience in exchange or internship programs – 45.80%; specializations in various faculties, master's degrees – 33.90%; additional activities, such as participation in seminars, student competitions, communication sessions, etc., – 28.30%. There are more vacancies for specializations in 2021 in the following areas: informatics – 38.20%; engineering – 29%; cybernetics – 16.10%; and accounting, audit – 15.80%.

In the first 6 months of 2021 the work mode was as follows: entirely in the offices 18%; remote 20%; temporarily in the beginning remotely, after which 27% returned to the offices; partly remotely, partly in the office – 35%. The main methods for recruiting staff from companies in Romania in 2021 are the following: interview with the manager – 93.80%; interview with HR specialist – 84.90%; practical test – 56.10%; case resolution – 27%.

Among the alternative channels for recruitment in 2021 in the Romanian companies are determined by the method of recommendations – 84.90%; Linked In – 83.10%; Selection platforms – 82.20%; and Social networks – 59.10%. The process of new employees' inauguration is as follows: online – 24.60%; in offices – 18.70% and hybrid (online and in offices) – 52.50%. 41.50% of employers predict that the labour market will improve throughout 2021 and beyond, while 22% of them believe that the situation will worsen. For 36.50% of the companies the expectations are that the situation with the labour force will remain at the levels of 2020. Studies show that in 2021 employers have become more flexible than employees.

**Fourth:** Data on the labour market and the Romanian economy for 2021 show *negative effects of the Covid-19 pandemic*, where the summer transition to the third wave of the pandemic showing a positive correction in the overall unemployment rate. About 80% of respondents, both employed and jobseekers, said they would like to be able to continue working from home or have a flexible work schedule. The higher percentage of them is young people and women.



Studies support them, pointing out that they are much more productive in such a "mode" of work. This means that employers must continue to improve their policies aimed at working from home and/or flexible working hours. The pandemic is affecting the labour market, forcing employers to rethink the process of recruiting and hiring staff. This activity has shifted very sharply in the online space as employers began to pay more and more attention to software skills, creativity, empathy, emotional intelligence, and stress management.

***Chapter Two: HUMAN RESOURCES AS A FACTOR FOR  
SUCCESSFUL EXPANSION OF BULGARIAN FOREIGN TRADE  
REPRESENTATIVE OFFICES AND COMPANY BRANCHES IN  
ROMANIA***

Chapter Two – "Human Resources as a Factor for Successful Expansion of Bulgarian Foreign Trade Representative Offices and Company Branches in Romania" is structured in two separate parts. The first paragraph examines human resources as a key factor in building cross-border business chains (Laktionova, Dobrovolskyi, Karpova, & Zahariev, 2019) following the example of Bulgaria and Romania. A detailed analysis of the legal basis for employment contracting has been made (Cascio W., 1989), according to the legal framework of Romanian labour law. In the second paragraph, a detailed analysis of time series of data reflecting trends in regional indicators and occupations in the Romanian labour market as a basis for decision-making for foreign direct investment and the establishment of foreign trade representative offices was performed.

Within the exposition in Chapter Two, the following more important conclusions and findings can be summarized:

**First:** Providing human capital to companies operating in the field of trade and services between Bulgaria and Romania is an important element for the implementation of the main activities of the companies. In recent years, Romania

is firmly occupying the second place among the trade partners of the Republic of Bulgaria. The main areas of business relations are trade, transport, energy, agriculture, tourism, as well as services in the banking and financial sectors. In the last years of the second decade of the XXI century Bulgarian companies have successfully established themselves on the market in Romania, and in some sectors Bulgarian companies are even leaders in their market segment in Romania. The same is also true for some Romanian companies that have successfully entered the Bulgarian market.

**Second:** As EU citizens, Bulgarian employees and their families in Romania have the same rights and obligations as Romanian citizens in terms of work and social protection. There are several basic ways to find a job in Romania. These include the following possible institutions and methods: Through the network of the 42 territorial structures of the Employment Agency (ANOFM), which offers a database of vacancies offered by Romanian employers; Through the 45 national EURES offices of the Territorial Employment Agencies; ([www.anofm.ro/eures/](http://www.anofm.ro/eures/)); Directly, through the mediation of private companies specializing in the field of employment, after checking whether they are authorized by the territorial labour inspectorates ([www.inspectiamuncii.ro](http://www.inspectiamuncii.ro)); On the Internet, with the help of various job sites, where a CV can also be created, which is visible to employers looking for staff: (<https://ro.jobble.org>, [www.bestjobs.ro](http://www.bestjobs.ro), [www.ejobs.ro](http://www.ejobs.ro)); By the method of spontaneous individual application, by sending a CV, accompanied by a cover letter to the Human Resources Department of the company. When finding a job in a Romanian company, shall receive an employment contract or a letter with a proposal to conclude an employment contract, in Romanian language, and duly signed by the employer. A medical certificate must be presented. The employment contract is signed and registered at least one working day before starting work. It is very important that the medical certificate of suitability for the specific work is issued by occupational physicians against a request signed by the future employer. In the

absence of this certificate, the contract is invalid. Employment contracts in Romania can be individual, collective and civil. Collective employment contracts are concluded in writing between the employer or the employers' organization on the one hand and the employees on the other, represented by trade unions or other legal organizations. They are concluded for at least 21 employees. Both parties to the contract have equal rights regarding conflicts at work, resolving labour disputes, conciliation procedures, conflicts of interest, and attempts to resolve problems by individual consent.

**Third:** Long-term demographic projections show that Romania's employed population of 8.2 million in 2020 will decline to 5.8 million in 2050, and will decline sharply in 2070, reaching 5.3 million. . For its part, the number of retirees will remain at 5.1 million in 2030, and then increase to 5.6 million in 2050, and in 2070 retirees will be 34% of the total population. And the share of people over 65 will be about 53% compared to the active population between 15-64 years of age. If in 2020 the population of our northern neighbour is 19.2 million, the forecast is that in 2030 it will decrease to 18 million people, in 2050 it will be 16.3 million, and in 2070 it is expected to decrease to 15 million people. Accordingly, the working age population will decrease to 8.3 million people in the same year (2070), given that in 2020 it was 12.6 million. All this shows the presence of a negative population growth that is close to the Bulgarian model and difficulties in providing staff for the needs of the company's business.

***Chapter Three: STUDY OF THE PRACTICES FOR FINANCIAL  
MANAGEMENT OF HUMAN RESOURCES FOR DEVELOPMENT  
OF A NETWORK BY BULGARIAN COMPANIES BRANCHES IN  
ROMANIA***

Chapter Three – “Study of the Practices for Financial Management of Human Resources for Building a Network of Bulgarian Companies’ Branches in

Romania” is structured in six separate parts. In Paragraph One, the focus is on structuring a survey and refining groups of surveyed Bulgarian companies in Romania. Paragraph Two assesses the business profile of the respondent companies. Paragraph Three systematizes the data from the analysis and evaluation of the practices for remuneration and evaluation of the staff in the Bulgarian company branches in Romania. The results and conclusions of the study of the processes of selection and training of human resources are presented in Paragraph Four. Paragraph Five examines the attitudes about motivation techniques and staff turnover parameters. The results of the comprehensive assessment for the respondent companies on the financial management of human resources in the COVID-19 environment among the Bulgarian company branches in Romania are presented in Paragraph Six.

**The exposition in Chapter Three allows drawing more important conclusions and findings.** In this regard, the results of the survey conducted among branches of Bulgarian companies in Romania on essential aspects of financial management of human resources and their importance for ensuring stable operation and sustainable development of economic units in a long-term plan is the basis for the following general conclusions:

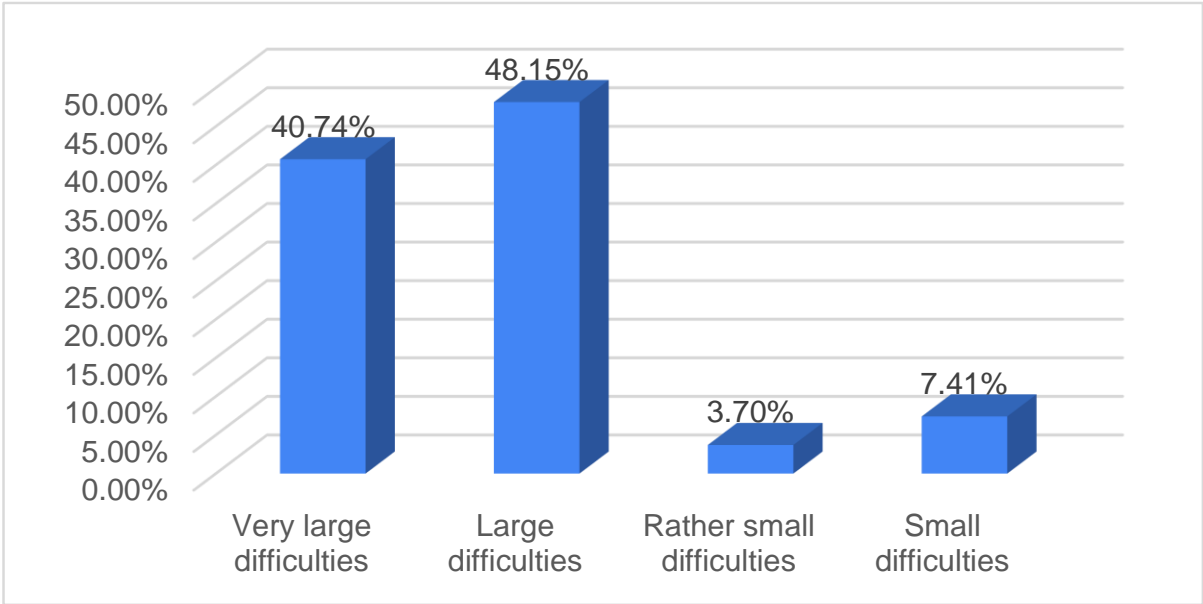
*First:* Financial management of human resources directly affects the capitalization (value) of a company. The share of intangible assets (brand, intellectual potential of staff, personnel policy) in the total assets of Bulgarian corporate subsidiaries in Romania is growing.

*Second:* Financial management of human resources as the most important "internal competence" of the organization is one of the factors that provide leadership in the competition, as it is one of the most important competitive advantages of the organization, and it becomes a guarantee of its success and survival in conditions of intensified competition.

*Third:* The survey and the theoretical and applied contributions from research by a number of experts confirm that financial management of human

resources allows companies to move from the category of good, successful companies to the category of leaders in a particular market segment, based on solutions for overseas expansion within the EU common market for the free movement of people, goods and capital.

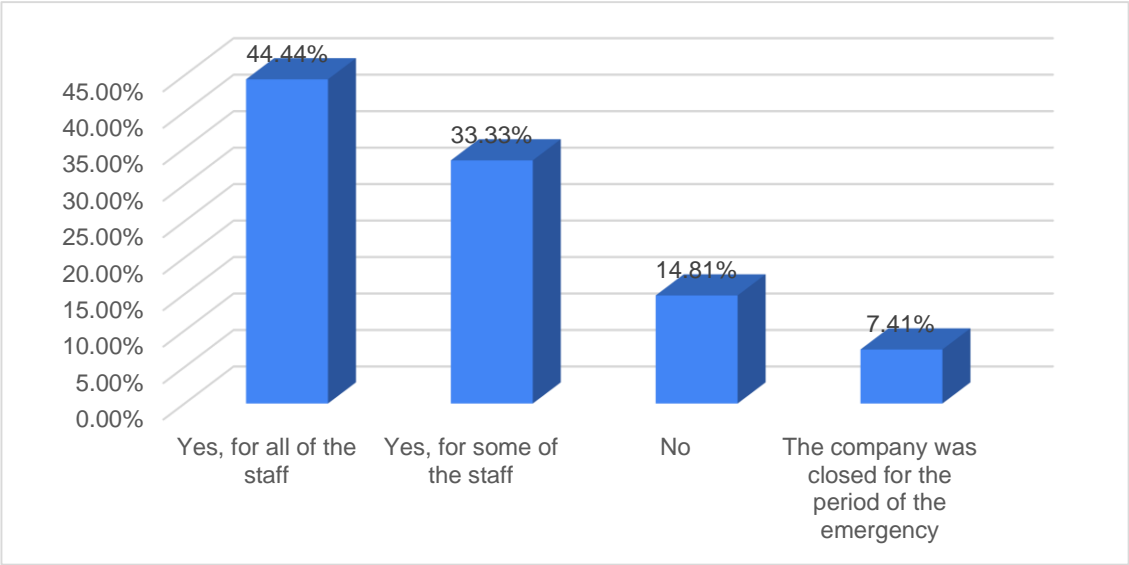
**Fourth:** Establishing the impact of the Covid-19 pandemic on the business of foreign representative offices and company subsidiaries of Bulgarian entrepreneurs in neighbouring Romania. Figure A-1 presents the answers to the question "Did the COVID-19 pandemic and the anti-epidemic measures taken by the Romanian authorities created difficulties for the company's business?" Evident from of the predominant answers is that it causes difficulties for businesses, which are considered "large" by 48.15% and "very large" by 40.74%. COVID-19 caused small difficulties (7.14%) and "rather small" (3.7%) in a very low extent among the respondent companies.



**Figure A-1.** Did the COVID-19 pandemic and the anti-epidemic measures taken by the Romanian authorities created difficulties for the company's business?

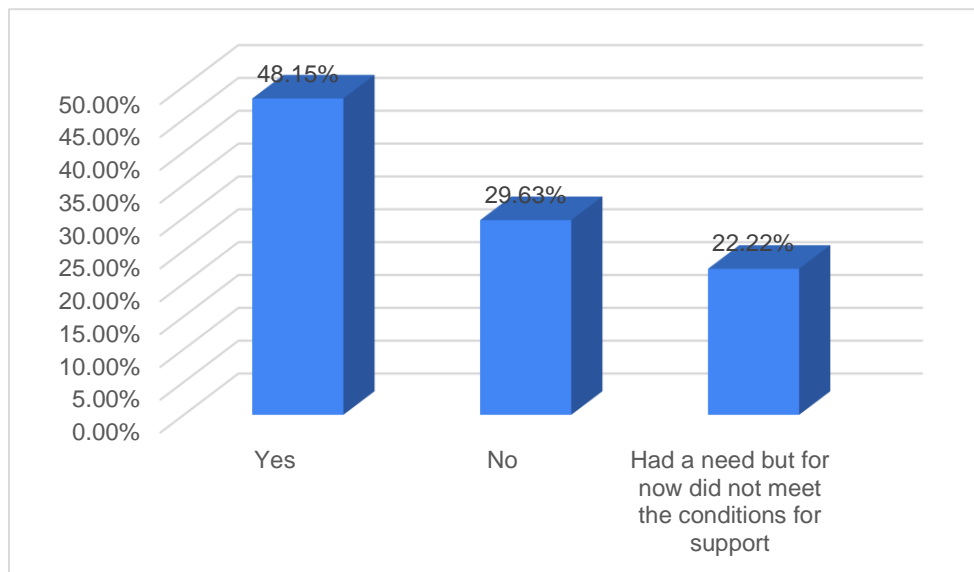
The challenges posed by COVID-19 necessitated the introduction of a new type of work from home (Home Office & Teleworking) for the period of emergency and in order to counter and protect human resources (Figure 3-38). In

view of the significant effect caused by Covid-19 and the state of emergency imposed, the authorities have begun to organize rescue and support measures and programs to prevent business. With this in mind, the study focuses on the answers provided by the following question: "Given the impact of the COVID-19 state of emergency, did you have to seek support from the Romanian government's business-oriented programs and measures?"



**Figure A-2.** Did you have to introduce Home Office & Teleworking during the emergency and counteraction to COVID-19

It is evident from the results in Figure A-3 that 48.15% of the surveyed companies have embarked on established government programs aimed at business, 29.63% had no need, and 22.22% had a need but did not meet the specified application criteria and conditions.



**Figure A-3.** Given the impact of the COVID-19 state of emergency, did you have to seek support from the Romanian government's business-oriented programs and measures?

### ***CONCLUSION***

The conclusion presents the main results of the dissertation. Key summaries are provided and guidelines for future research on the topic are formulated. Regardless of the ideas and views presented, the topic of problems and solutions to the financial management of human resources in foreign trade representative offices can be considered permanently relevant due to the cyclical profile of economic development. The global problem of an aging population in the highly developed OECD countries will continue to shape labour demand in specific sectors and specific age groups, whose only rational provision will remain the labour migration. Thus, the process of foreign direct investment will be accompanied by a parallel process of staffing, subject to rational rules for financial management of human resources in its national and now international aspect.

### **III. Guidelines for future research on the topic of the dissertation**

With the mentioned main research directions, included in the scope of the dissertation, the issue of the financial management of the human resources in the foreign representative offices and company branches is not exhausted. The topic remains relevant and the following guidelines for future research on the issue can be provided:

1. Study of the impact of European regulations on the problem, incl. in the transport services sector.
2. Extending the scope of surveys to new markets, countries and sectors.
3. Inclusion of new analytical tools so as to investigate more fully the problem of the impact of the Covid-19 pandemic on the subject of the dissertation.



#### **IV. Information about the scientific and scientific-applied contributions in the dissertation**

**First:** The topicality of the issues related to the financial management of human resources in foreign representative offices and company branches is substantiated, and the author's interpretation of the concepts of foreign trade representative offices and financial management of human resources in foreign trade representative offices and company branches is given.

**Second:** Derived is the logical connection between the international mobility of human resources and the creation of human capital through rational action on the migration of the labour factor with the objective for higher remuneration, more successful career or due to force majeure.

**Third:** A precise analysis in sectors of the labour market in Romania in its demographic, geographical and price aspects was conducted with a view to successful expansion and implementation of business models for the development of Bulgarian foreign trade representative offices and company branches in Romania, based on absolute and relative advantages of both economies and the positives of engaging workforce under Bulgarian or Romanian labour legislation.

**Fourth:** Empirical experiments were carried out, on the basis of which the current state of the practices for financial management of human resources among the Bulgarian company branches in neighbouring Romania was established. This in turn argues and proposes management solutions to move companies from the category of good and successful companies to the category of leaders in a definite market segment, based on solutions for overseas expansion within the EU common market for free movement of people, goods and capital.

**Fifth:** By summarizing the statistical results obtained from the survey of Bulgarian subsidiaries in neighbouring Romania regarding the impact of the Covid-19 pandemic, it was found that: (a) The Covid-19 pandemic and the anti-epidemic measures taken by the Romanian authorities caused business difficulties and were considered "large" by 48.15% and "very large" by 40.74% of the

surveyed Bulgarian company branches; (b) to prevent the infection and minimize its impact 44.44% of the surveyed Bulgarian company branches use "Home Office" for all staff, in 33.33% have applied the method of work "from home" for some of the staff; (c) in view of the economic effect of the state of emergency in the conditions of Covid-19, 48.15% of the surveyed Bulgarian company subsidiaries have started support from the established programs and measures by the Romanian government aimed at business.

## **V. List of the PhD student's publications**

### **STUDIES PUBLISHED IN NON-REFERENCED JOURNALS WITH SCIENTIFIC REVIEW OR PUBLISHED IN EDITED COLLECTIVE VOLUMES (1 study)**

Hristova-Marinova, Ralitsa. (2021) Study of the practices for financial management of human resources as a factor for building an international business network (following the example of Bulgarian branches in Romania). Annual Doctoral Research Almanac, Volume XIII, Book 16, pp. 98-123, ISSN 1313-6542. <https://almanahnid.unisvishtov.bg/title.asp?title=2641>

### **ARTICLES PUBLISHED IN NON-REFERENCED JOURNALS WITH SCIENTIFIC REVIEW OR PUBLISHED IN EDITED COLLECTIVE VOLUMES (1 article)**

Hristova-Marinova, Ralitsa. (2019) Financial motives for international mobility of human resources (following the example of Bulgaria and Romania). Annual Doctoral Research Almanac, Volume XIII, Book 16, pp. 312-322, ISSN 1313-6542. <https://almanahnid.unisvishtov.bg/title.asp?title=1406>

### **REPORTS PUBLISHED IN NON-REFERENCED JOURNALS WITH SCIENTIFIC REVIEW OR PUBLISHED IN EDITED COLLECTIVE VOLUMES (1 report)**

Hristova-Marinova, Ralitsa. (2021) Human resources – a key factor in developing cross-border logistics chains (following the example of Bulgaria and Romania). Scientific conference on "Logistics and Public Systems" organized by the National Military University "Vasil Levski". February 25-27, 2021, Collection of reports, (pp. 954-964) Electronic

edition, Publishing House of the National Military University “Vasil Levski  
”, Veliko Tarnovo, ISSN 2738-8042

<https://www.researchgate.net/publication/351700480>

**VI. Information for compliance with the national requirements under the Regulations for application of the Development of the Academic Staff Act in the Republic of Bulgaria**

National requirement for number of points: 30

Number of studies indexed in the National Center for Information and Documentation (NACID): 1

Number of points from articles indexed in NACID: 15.00

Number of studies indexed in NACID: 1

Number of points from articles indexed in NACID: 10.00

Number of reports indexed in NACID: 1

Points reported by the author through scientific reports: 10.00

Total points: 35.00 > 30.00

## VII. Declaration of the dissertation originality

The dissertation in the volume of 183 pages under the title: "Financial Management of Human Resources in Foreign Trade Representative Offices: Problems and Solutions" is authentic and is the author's own scientific production. It uses copyrighted ideas, texts and visualizations through graphics, diagrams, tables and formulas, complying with all requirements of the Copyright and Related Rights Act by properly quoting and referring to foreign copyright, as well as data, including:

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PhD student Ralitsa Hristova-Marinova

*The undersigned, Rositsa Petrova Karadzhova, certifies the truth of the Bulgarian-English translation of the enclosed document. The translation includes 21 pages.*

*Translator:*

*Rositsa Petrova Karadzhova*