

American University in Bulgaria

Eligibility Checklist

Name of the Candidate: **Didar Erdinc**

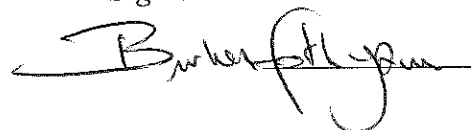
Applying for habilitation as: **Associate Professor at the American University in Bulgaria according to announcement in State Gazette, issue № 75, dated 9 September 2014**

In the Professional Field: **3.8 Economics**

Check below what applies. Sign and submit together with your review or opinion.

- ☒ The Candidate has Ph.D;
- ☒ The Candidate has served five years as (Senior) Assistant Professor at a recognized academic institution;
- ☒ The Candidate has published a monograph or publications of equal standing in specialized journals. These should not repeat publications based on which previous degrees or ranks have been granted;
- ☒ The Candidate has experience from recognized academic liberal arts institution(s);
- ☒ The Candidate has experience in student-centered teaching approach;
- ☒ The Candidate has undergone at least one successful evaluation in teaching, research and service at a recognized academic liberal arts institution, including positive student evaluations of teaching.
- ☒ The Candidate has experience in teaching in English at a higher education institution with instruction in English language.
- ☒ AUBG can ensure teaching and research load according to its internal rules and regulations.

Signature and date:

 19-January 2015

Review Template

Recommended length: six to seven pages

REVIEW

By: Prof. Dr. Burhan Yavas, California State University, DH .../rank, name, degree, institution/

Regarding: The application of the following candidate for habilitation as **ASSOCIATE PROFESSOR** according to the Bulgarian legislation at the American University in Bulgaria in Area of Higher Education *Social Science, Economic Science, and Law* in Professional Field 3.8 *Economics*. The procedure has been announced in the State Gazette issue 75, dated September 9, 2014.

Candidate: **Dr. Didar Erdinc, American University in Bulgaria**

I present the evaluation below in my capacity as a member of the Habilitation Jury appointed for the above mentioned procedure by a letter of the AUBG President dated November 6, 2014 and according to a Decision of AUBG dated August 19, 2014. This evaluation is based on the *Development of Academic Staff in the Republic of Bulgaria Act*, the Rules for its implementation, the internal AUBG rules, regulations, and policies, including the *Habilitation Procedure* and the habilitation procedure advertisement on the AUBG website.

Evaluation of the Candidate

*The evaluation is carried out according to the **Primary Indicators** and **Additional Indicators** included in the document **Guidelines for the Habilitation Jury**.*

I. Basis for Evaluation and general description of the publications and professional activities, submitted for consideration for this procedure

Please indicate on what information this evaluation is based - documents submitted by the Candidate, professional activities, publications, e.g.:

- monograph(s); X
- articles in refereed journals specialized in the area; X
- non-refereed publications; X
- conference reports; X
- other publications (*please specify*);
- citations (by publications in Bulgaria/abroad); X
- reviews, recommendations, opinions for the candidate's works; X
- projects (Bulgarian, international, project leader);
- professional memberships;
- theoretical and applied works; X
- other activities (*please specify*).



II. Eligibility

1. Please fill it out the enclosed **Eligibility Checklist** (Enclosure 1) and submit together with your Review. It combines eligibility conditions set forth in the Law and the University regulations.
2. Please state your opinion with regard to the Candidate's eligibility.

III. Areas of Research of the Candidate. Evaluation of the Contributions of the Candidate.

1. Please describe the principal areas of the Candidate's research.
2. Please fill out the enclosed **Additional Requirements list** (Enclosure 2) and submit it with your review. Include here a statement whether the Candidate's areas of research correspond to the specific requirements of the current procedure.
3. Please include evaluation of the monograph(s) as an individual subject of evaluation. For candidates for Associate Professor: include evaluation of publications other than the monograph, if submitted instead of or together with the monograph. (Evaluation according to Primary Indicators.)
4. For candidates to Full Professor: include evaluation of other original research works, publications, and other theoretical or applied-theoretical works, which are evaluated in their entirety. (Evaluation according to Primary Indicators.)
5. Please include evaluation according to the Additional Indicators related to research, such as participation in research projects, delivered conference reports, professional memberships and other applicable professional activities.
6. Please include a summary evaluation of the theoretical and applied results of the Candidate's research and the Candidate's theoretical and applied contributions .



American University in Bulgaria

IV. Evaluation of the Candidate's teaching

1. Please include evaluation according to the Additional Indicators related to teaching, with emphasis on teaching in recognized liberal arts institutions and student-centered approach.
2. Please indicate your opinion as to whether the Candidate's areas of teaching correspond to the **Additional Requirements** (Enclosure 2) set forth by AUBG for this procedure.
3. Please indicate your opinion with regard to the correspondence between the overall teaching experience of the Candidate and the specific requirements of the current procedure.

V. Critical notes and recommendations (Please see the attached letter)

V. Conclusion: (Please see the attached letter)

1. Appropriateness to the specific requirements of the American University in Bulgaria
2. Recommendation "for" or "against" habilitation

Signature and date:

December, 25, 2014

Burhan Fatih Yavas,

By signing here I also declare that writing this review does not represent conflict of interest.

American University in Bulgaria

Additional Requirements

For Associate Professor academic position in Professional Field 3.8 Economics

Additional specifications: Banking, credit, and monetary mechanisms, corporate culture, and FDI in emerging European economies; Economic development among religious or ethnic minority populations; Banking and financial crisis and macroeconomic uncertainty; Panel data econometrics.

Name of the Candidate: **Didar Erdinc**

Check below what applies. Sign and submit together with your review or opinion.

Research

The Candidate has conducted research in the following areas:

- xBanking, credit, and monetary mechanisms in emerging European economies;
- xCorporate culture in emerging European economies;
- xFDI in emerging European economies;
- xEconomic development among religious or ethnic minority populations;
- xBanking and financial crisis and macroeconomic uncertainty;
- xPanel data econometrics.

Teaching

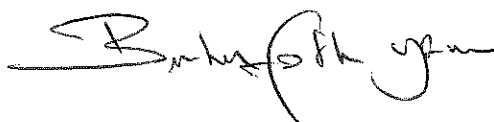
The Candidate has teaching experience in the following areas:

- xTheoretical and applied econometrics;
- xMacroeconomics;
- xManagerial economics;
- xOpen economy macroeconomics;
- xFinancial markets and institutions;
- xEconomics of transition and regional economic integration;
- xMicroeconomics;
- xIndustrial organization;
- xInternational finance.

Signature and date:

Burhan F Yavas December 25,

2014 _____



I have carefully reviewed the materials provided in Dr. Erdinc's habilitation file and all supplemental materials submitted. Based on this review, I enthusiastically recommend that Dr.Erdinc be granted habilitation under the Bulgarian government rules and regulations. My recommendation is based on the following information:

Research, scholarship and publications:

Dr. Erdinc has had a wide range of research focus both in theoretical and in applied work in terms of content. As indicated in her self-evaluation document there are several distinct areas:

1. Banking in Emerging European Economies---particularly on Bulgarian banking, monetary transmission, credit markets and currency board in Bulgaria.
2. Corporate culture in Bulgaria;
3. Economic situation of Turkish minorities and ethnicity in Bulgaria, Bulgarian-Turkish political and economic relations;
4. Financial crisis and macroeconomic uncertainty in Turkey (see published dissertation in the form of a book)
5. Foreign Direct Investment in emerging economies;
6. Banking crisis in the European Union and
7. Panel data econometrics.

Research Topics and Publications:

1. Using panel data analysis/techniques Dr. Erdinc has published several empirical articles in high-quality journals such as:

- *Journal of East-West Business*, published by Taylor and Francis with an acceptance rate of 30 percent and 2 external reviewers. The journal is in its 20th volume. Thus, it has been around for quite some time. The longevity is important as an indication of its quality. The journal is published by a well-known publisher, Taylor & Francis and its editorial board includes researches from prominent Universities all around the globe. The Journal of East-West Business is international in scope and treats business issues from comparative, cross-cultural, and cross-national perspectives.

The article utilizes regression analysis to study banks' financial statements to evaluate bank performance after the 1997 financial crisis. She finds that larger banks were more aggressive in extending credit compared to smaller banks that were much more cautious due to risks as well as regulation. The topic is important not only in terms of differentiating between small and large size firms but also in explaining reactions to financial regulation as well as growing risk. I rate the contribution of the article to the literature as "significant" since it is a timely attempt at quantifying bank performance after financial crises.

The article has been cited by two other publications, one dealing with the Czech banks transition and the other studying the efficiency of commercial banks in the Gulf region.

- *Problems and Perspectives in Management*. Began in 2003, the editorial board of this journal consists of leading economists and management practitioners. The journal is published in Ukraine. I did not find journal acceptance rates. However, the stature of the journal has increased recently as evidenced by the increasing journal impact factor. This article was cited by 2 other studies:

This article starts from where the JEWB article left off: The focus of inquiry is on expansion of bank credit and resulting increase in non-performing loans in the banking sector over the 1999-2006 period. The results indicate excessive risk taking in expanding credit especially by the not well-capitalized part of the banking sector. The reader is warned about the resulting banking fragility in Bulgaria prior to the 2008 recession.

- *Eastern European Economics* (ME Sharpe) with an acceptance rate of 11-20 percent with two external blind reviewers.

Using advanced panel data techniques such as Generalized Method of Moments, Dr. Erdinc contributes to the banking literature by studying the link between credit expansions and banking distress in Bulgaria during 1997-2008. This is the third article in the series where she concludes that credit boom resulted in increased number of non-performing loans. Close supervision as well as other measures taken by the Bulgarian National bank are summarized as being critical to avert further crises. This article is cited by 2 other studies:

The articles published in the above journals (JEWB, PPM and EEE) represent empirical attempts by Dr. Erdinc to quantify the determinants of banking fragility, credit booms and profitability-credit boom nexus in Bulgaria are significant contributions to the literature..

In addition, the above accomplishments in the form of journal publications resulted in Dr. Erdinc's being invited to review manuscripts for an Elsevier Journal titled "**Economic Systems**"

Economic Systems is well-known in the discipline and has an acceptance rate of 15-20 percent and two external reviewers. It should also be noted that the journal is in its 38th volume with an impact factor of 0.611. These indicators are quite important in establishing the journal among the premier journals in the field.

2. Dr. Erdinc is in the process of revising 5 additional working papers related to "banking crisis" The papers are as follows:

- "Coping with the Global Financial Crisis: Demystifying the Role of Foreign Banks in the Bulgarian Banking Sector, 2007-2011,"
- "The Impact of Financial Integration and Foreign Bank Entry on the Stability of Banking Systems in Emerging Europe, 2002-2011,"
- "How did the Bulgarian Banking System Cope with the Global Financial Crisis during 2008-2012?: A Panel Study,"
- "Assessing the Extent of the Crisis-Induced Credit Crunch and Banking Distress in a New EU Member- the Case of Bulgarian Banking System, 2008-2010" and
- "Banking or Risking on Foreigners?: A Panel Analysis of the Bulgarian Banking Sector before and after the Crisis, 2001-2012" co-authored with Valeriya Yordanova for submission to academic journals.

3. In the field of risk management in banking, Dr. Erdinc has the following papers:

- “The Effect of Regulatory and Risk Management Advancement on Non-Performing Loans in European Banking, 2000-2011” submitted for publication at *Journal of Financial Risk Management* and
- “Competition and Risk Management Practices in the Bulgarian Banking System” submitted to the journal *Banks and Banking Systems*.

4. In the area of “monetary transmission, bank lending channel, and currency board in Bulgaria” Dr. Erdinc published a chapter in a edited book of readings:

- *Monetary Policy: Roles, Forecasting and Effects*, Nova Science Publishers, Inc. USA in 2013 (editor: Nishiyama, Yasuo) with an article “Bank Lending Channel and Monetary Policy under the Currency Board Regime.” This article was cited once.

This chapter in an edited book investigates an important issue about how well the Bulgarian currency board has accomplished monetary and financial integration with the Eurozone. Additionally, whether there is a bank lending channel of monetary transmission as in other European countries. Dr. Erdinc tackles these relatively little studied questions in the context of the currency board regime adopted by the Bulgarian government. Under the currency board, the Bulgarian currency (Lev) is pegged to the Euro, thus leaving the interest rate and the monetary base as the only vehicles by which Eurozone monetary shocks could be transmitted. Dr. Erdinc employs a cointegration methodology to assess the relative strength of monetary integration between Bulgaria and the Eurozone. The chapter subsequently studies the bank lending channel of monetary transmission using a panel of quarterly time series of Bulgarian commercial banks for the period 2001-2010. The main focus is on the differential effects of monetary policy shocks on the growth rate of loans for banks with different characteristics. The findings include responsiveness of banks to monetary

impulses as measured by the base interest rate. However, the degree of its intensity varies with several bank specific measures, such as size, capitalization, and liquidity.

The chapter, published by the prestigious Nova Science publishers in the USA, is very well written and addresses an important issue within the context of Bulgaria but its results are easily generalizable to other countries that are trying to coordinate with the Eurozone or any other regional monetary integration.

Earlier in 1999 in the same field Dr. Erdinc published:

- “Currency Board Alone is No Panacea for Bulgarian Economy” which appeared in *AMCHAM Magazine*.
5. In the field of “the economics of ethnicity” with special reference to the Bulgarian model of ethnic accommodation, Turkish minority in Bulgaria and the Bulgarian-Turkish economic and political relations since transition” she published an encyclopedia piece:
- *Turks*. This article is cited under “Turks in Bulgaria” by Wikipedia and included in the selected bibliography compiled by an expert in the field, Ali Eminov titled “Turks and Other Muslims in Bulgaria and the Balkans and Related Materials” This article garnered 3 citations.
 - “Bulgarian Ethnic Model during its transition to democracy.”

These papers emphasized the contribution of ethnic Turks in Bulgaria for the development of democracy in Bulgaria since 1989 along the Bulgarian model of inter-ethnic relations despite the economic hardships they endured during this critical period of transition. This article was cited by 5 other studies

6. Dr. Erdinc published a related article on Bulgarian-Turkish economic relations co-authored with Emilia Zankina:
 - Only an EU Apart: Bulgarian-Turkish Economic and Political Relations in the Post-Accession period,” in the conference Proceedings of the Balkans Dialogue International Conference in 2013.
7. In the area of “corporate culture” Dr. Erdinc co-authored an article titled “Corporate Culture in Transition: Survey Evidence from Bulgaria,” This article was published in *Global Business and Technology Association, Conference Proceedings (2001)*. *This paper received 6 separate citations*. These citations include well-known journals in the business and management field such as Journal of Management Development, European Journal of Marketing, and Journal of Euro-marketing...etc. These citations attest to the impact Dr. Erdinc’s work has made.
8. In addition to the above Dr. Erdinc has theoretical papers such as
 - “Debt Deflation and Output Fluctuations in a Monetary Growth Model” which explores the relationship between the deflation and business cycle phenomenon in an imperfect financial market with costly default. After a revision, this paper will be submitted for publication. The paper is very timely given the significant risks associated with deflation in the US (2007-2008) and the European Union after the global financial crisis and the European Debt Crisis (2011-2012). As such, it focuses on a promising area of research with a potential to be published in good academic journals.

- “Suboptimality of the Friedman Rule under Credit Market Imperfections.” published in the refereed conference proceedings of the 3rd International Conference on Business, Management and Economics, Yaşar University in 2007.

My assessment of the above conference presentations and resulting proceedings articles is that Dr. Erdinc is selective in targeting excellent conferences. She presents complete papers but utilizes comments received at such venues to improve her research and prepare manuscripts for refereed journals.

Currently, Dr. Erdinc is working on revising the monograph on “The Impact of Cultural Diversity on Economic Growth and Convergence”, co-authored with Altynai Mukambaeva in line with the publisher’s requirements, which was accepted for publication at LAP LAMBERT Academic Publishing, Germany (forthcoming in 2015).

This monograph tackles the question of convergence vs. divergence in economic growth in countries and investigates the role played by cultural factors. One of the persistent puzzles in the literature of economic growth and development has been remaining gaps between the developed and the developing countries. The cultural factors are operationalized by using the Hofstede’s cultural dimensions. The main hypothesis is even though economic theory predicts cross country convergence over time, it may be the presence of cultural factors that inhibit convergence. Erdinc and her co-author use a panel data of 163 countries over the period 1970-2012, specify Solow-type growth models but with an important twist: a series of cultural variables are also included in the model. The authors find that cultural variables contribute to the understanding of the process of development and growth and issues of non-convergence.

Dr. Erdinc plans to expand on the monograph and get it published as a book.

Another paper co-authored with an AUBG student in economics, “Banking Crises and Contagion in the Eurozone, 2001-2013,” and presented at the 14th EBES Conference on October 25, 2014 is under revision and to be submitted to the journal *Emerging Markets Finance and Trade*.

It is clear that Dr. Erdinc has been a very productive scholar. This is evidenced by both the number of articles she has published as well as the quality of those articles. I believe the journals publishing her articles can be considered as “high quality” “B+ Level or better” journals that help advance the theory and practice of Business and Economics. In addition, Dr. Erdinc has had many conference presentations and some of her conference papers appeared as proceedings papers. Many of these conferences were important academic meetings with scholars from different parts of the world. In short, she has participated in many research endeavors, both as a single researcher and collaborating with others: working on projects that combine theory with applied focus; often reaching significant conclusions. Of particular note is her positive recognition by her peers since she is frequently cited and invited as a reviewer for prestigious economics journals. It is also clear that Dr. Erdinc’s scholarship is excellent with a pipeline that would keep her busy many years into the future.

TEACHING:

In the area of “teaching” the evidence in the file as well as her previous reviews point to a dedicated instructor who developed many courses for the college, utilized what may be considered as HIP (High-impact practices) in the classroom. Her caring attitude toward students

and her commitment to student learning are exemplified by her advising role in senior theses as well as comments made by her peers evaluating her teaching.

I am impressed by the number of courses she has developed. Clearly, she teaches higher level courses in Economics and not just the Micro/Macro standard. One notable result of higher level course load is how she works collaboratively with her students and involve them in her research projects.

In conclusion, Dr. Erdinc has come a long way since I first hired her as a part-time instructor in my department at California State University, DH more than 15 years ago! I am pleased to witness her growth as a teacher and a scholar. I am happy to provide this review to support her application for habilitation.

Burhan F. Yavas

A handwritten signature in cursive script, appearing to read "Burhan F. Yavas".

19-January-2015