

OPINION**By: Ivona Georgieva Yakimova****Full Professor, Dr. of economic sciences, Head of Economics
Department****Varna University of Economics**

Regarding: The application of the following candidates for habilitation as **ASSOCIATE PROFESSOR** according to the Bulgarian legislation at the American University in Bulgaria in Area of Higher Education 3. Social, Economic, and Legal Sciences in Professional Field 3.8 Economics. The procedure has been announced in the State Gazette issue dated September 9, 2014, issue 75.

Candidate: Tamara Todorova

I present the evaluation below 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 June 6, 2014. My 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. My assessment is based on the documents submitted by the candidate as well as my personal impressions since the time Tamara Todorova was a student of International Economic Relations at Varna University of Economics and later on one of the first PhD students of that same department.

The applicant participates in the habilitation procedure with a research record of 32 publications in total of which: 1 monograph, 16 research articles in refereed journals, 11 in non-refereed, 11 conference papers, 2 research translations and 3 working papers. This research was generated in the period 2003-2014 after the successful defense of a doctoral thesis on the role of transaction costs in the functioning of multinational corporations. One could notice the rhythm and logical sequencing of the problems studied by the candidate which attest to her continued research interests which have gradually materialized and evolved with time.

From the publications presented it becomes clear that Tamara Todorova's research interests have two primary focuses, one, resulting from her choice of topic in the beginning of her research career, that is, transaction costs, and the other the result of the high-level mathematical and econometric competency acquired in her teaching. The two focuses complement each other and give the impression of a good balance between the research and teaching work of the candidate.

The strongest and most contributing part of her research work is committed to transaction costs and market failures as the key problems of new institutional economics. Opposite to most Bulgarian economists who adopted neoclassical economic theory as the theoretical foundation for their research work, Tamara Todorova shaped her research goals influenced by the ideas of institutionalism and is one of the serious Bulgarian institutionalists. She has been not only one of the followers of the new institutional approach but also one of its most dedicated proponents in the country. Evidence of this are the two valuable translations of what is considered classics in the field, "The Nature of the Firm" by R. Coase and "The Economics the Governance" by O. Williamson as well as her first publications "The Firm in the Context of the Theory of Transaction Costs" and "Before and after Coase: The Role of Transaction Costs" published in the leading journals of the Bulgarian Academy of Sciences Economic Thought and Economic Studies. The article "The Coase Theorem Revisited: Implications for Economic Transition" published in the Atlantic Economic Journal is particularly interesting emphasizing the role of the legal system, courts and the state in the process of transition in directing economic resources. Being perfectly and thoroughly acquainted with new institutional ideas, Todorova is quite successful in studying some not so well known aspects of transitional market economies. Through a series of related publications she subjects to serious analysis the role of high transaction costs in East European economies as a source of market failures such as market monopoly, opportunism, asymmetric information, low quality and adverse effects on public goods. The author is not content with the qualitative definition of the problem of transaction costs in the conditions of transition to market economy solely but also attempts at empirically testing the hypothesis of the high transaction costs in "Vertical Integration Trends in High-Transaction Cost Sectors: The Case of the Bulgarian Pharmaceutical Industry." Studying the linkage between producers, wholesalers and pharmacies and accounting for the high transaction costs the author seeks an explanation for the strong trends of vertical integration and mergers in the sector. As an additional drive for the integration taking place in the sector Tamara Todorova stresses the unfavorable macroeconomic environment - the Bulgarian economy with its low level of trust and high transaction costs dictates that most economic activities take place within firms rather than through the market. The statistical method of empirical research as well as the remarks and guidelines provided by Oliver Williamson in smoothing the author's ideas in the article further attribute high value and significance to it.

The combination of the chosen theoretical basis and the capabilities of quantitative analysis by use of sophisticated econometric models lies at the core of the article "Adverse Effects of Transaction Costs in East European economies." Using graphical analysis and optimization techniques the author finds that, faced with higher transaction costs, East European economies achieve a much lower aggregate production function compared to advanced market economies. The GDP slump and the deep structural problems result from the rapid growth in the level of transaction costs in these economies.

Market relationships often turn into contractual opportunism and this seriously undermines the efficiency of market institutions. The last two works "The Transaction-Cost Roots of Market Failure" and "Transaction Costs, Market Failures and Economic

Development" demonstrate Todorova's continued and growing interest in the problems mentioned and her logical research move to more global and general economic problems.

Besides the core theoretical theme Tamara Todorova presents serious academic publications on other issues from economic theory. I would particularly mention "The Economic Dynamics of Inflation and Unemployment," "Optimal Work Effort, Income and Wage," "World Demand as a Determinant of Immiserizing Growth" and "Quality Aspects of Economic Transition: The Effect of Inferior Quality on the Market." What is common about all these is the use of econometric modeling and quantitative analysis of various research aspects, a skill the author acquired in the process of teaching.

Except deep research interests the publication record shows strong commitment to teaching and education. The "Problems Book to Accompany Mathematics for Economists" published by Wiley-Blackwell in 2010 is the most significant achievement in this respect. Bulgarian standards do not qualify this textbook as a scientific monograph but it testifies of the high level of teaching and pedagogical skills of the author accumulated in the 15 years of teaching experience. Three more publications are presented on a similar theme reflecting Todorova's serious attitude to teaching as her primary activity.

Last but not least, I would like to mention the candidate's including 11 publications from the internet on important and up-to-date problems of our economic reality demonstrating Todorova as an active and sensitive individual using her professional expertise to express an opinion and evaluate the economic problems surrounding us. The author has a firm and well articulated professional opinion in these publications backed by a high-quality economic delivery.

My strongest argument in favor of Todorova's candidacy is that the publication list attests to a long but successful research path in which she sought to balance and complement her teaching and scientific interests along with her position of an active citizen. Considering the time of the different publications it is evident that she constantly built up and improved her scientific and teaching ideas developing those in more mature and solid research themes.

My only critical remark is that it is high time for her to unite the research ideas she advances in a better order and publish a research monograph on the problems of transaction costs in transition market economies.

I also have some recommendations as it concerns the courses taught - 14 courses are listed which is by far more than what is acceptable in order for a professor to attain optimal competency and professional confidence. Teaching 3-4 courses only allows going in-depth in the subject and systematizing it optimally.

I would also like to share my personal impressions of the candidate's development since the time of her studies. Tamara Todorova is from the first class of the International Economics Relations major at Varna University of Economics. This class noted the beginning of changes in fundamental economic courses and particularly the introduction of Economics in the place of Political Economy. Students felt like they were pioneers in a

thoroughly new economic foundation and demonstrated a great deal of enthusiasm in their learning. Tamara was one of the most active and well performing students being aware of her mission of an innovator in the field of economic theory in Bulgaria. She kept this enthusiasm even during her doctoral studies orienting herself to problems totally unfamiliar to us at the time. I am a witness of the efforts and perseverance she demonstrated, first, in the proper interpretation of economic terms largely unknown at the time and, second, in formulating her research thesis and its scientific proof. At the time she also led seminars which were highly valued by her students. From the research presented I conclude that her research and teaching growth in the AUBG is more than convincing and successful.

All of the above allows me to conclude firmly that the whole publication activity of the candidate Tamara Todorova completely matches the general and specific requirements for habilitation to the rank of Associate Professor. My opinion is that Tamara Todorova's teaching and research fully deserve the academic rank of Associate Professor and in my capacity of member of the Habilitation Jury I will confidently and conscientiously vote in her favor.

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

15.01.2015

Signature and date: Prof. Ivona Yakimova

Varna

Eligibility Checklist

Name of the Candidate: **Tamara Todorova**

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 Professional Field: **3.8 Economics**

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

- The Candidate has Ph.D; **Yes**
- The Candidate has served five years as (Senior) Assistant Professor (for applicants for Associate Professor) or six years as Associate Professor (for applicants to Full Professor) at a recognized academic institution; **Yes**
- The Candidate has published a monograph or publications of equal standing in specialized journals. These should not repeat publications based on which Ph. D., or Doctor of Science degree, or Associate Professor Rank was granted;
- The Candidate has experience from recognized academic liberal arts institution(s); **Yes**
- The Candidate has experience in student-centered teaching approach; **Yes**
- 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. **Yes**
- The Candidate has experience in teaching in English at a higher education institution with instruction in English language. **Yes**
- AUBG can ensure teaching and research load according to its internal rules and regulations. **Yes**
- Date: January 14, 2015

Additional Requirements

For Associate Professor Academic Position in Professional Field 3.8 Economics

Additional specifications: **new institutional economics, economics in transition, mathematical economics, microeconomics, and international trade**

Name of the Candidate: **Tamara Todorova**

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

Research

The Candidate has conducted research in the following areas:

- New institutional economics; **Yes**
- Economics of reform and transition; **Yes**
- Mathematical economics; **Yes**
- Microeconomics; **Yes**
- International trade. **Yes**

Teaching

The Candidate has teaching experience in the following areas:

- New institutional economics; **Yes**
- mathematical economics; **Yes**
- microeconomics; **Yes**
- managerial economics; **Yes**
- economics of reform and transition; **Yes**
- international trade; **Yes**
- industrial organization. **Yes**

Signature and date: Prof. Ivona Yakimova

14 January, 2015