



Review Template

Recommended length: six to seven pages for each Candidate

REVIEW

By:

Assoc. Prof. PhD Teodor Venkov Sedlarski

Faculty of Economics, Sofia Kliment Ohridski University

Regarding:

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

Candidate 1:

Tamara Peneva Todorova

Assistant Professor of Economics

Department of Economics, American University in Bulgaria

I present the evaluation below in my capacity of 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.

Evaluation of the Applicants

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

Review of
Assistant Professor Tamara Todorova's teaching and research
toward the habilitation to the rank "Associate Professor"
in the economics program of the AUBG

Reviewer: Assoc. Prof. PhD Teodor Sedlarski

Dear members of the Habilitation Jury,

Having familiarized myself with the announced position for an Associate Professor in Economics, I conclude that all requirements of the procedure are met. Tamara Todorova is the only applicant for the position in question.

I. Tamara Todorova finished the International Economic Relations major at Varna University of Economics in 1995. In the following year she finished an MBA program at Columbus State University, Georgia, USA. In 2001 she was awarded a PhD degree in economics in the field of Global Economy and International Economic Relations after

the successful defense of her thesis "Transaction Cost Model of the Multinational Corporation: Testing in the Conditions of the Bulgarian Market" before the Specialized Academic Council in Economic Theory and Macroeconomics of the Higher Attestation Commission.

II. Teaching

Tamara Todorova's teaching experience started at the Department of International Economic Relations at Varna University of Economics where she was a doctoral student and an adjunct professor between 1997 and 2000. She led seminars in international economics, Bulgaria's foreign trade relations, international marketing and public relations.

She became a full-time assistant professor at the American University in Bulgaria (AUBG) in 2000. At the Department of Economics of the AUBG she teaches courses such as Microeconomics, Quantitative Methods in Economics, etc., as well as some general education courses such as Principles of Microeconomics and Principles of Macroeconomics serving programs such as Business Administration, Political Science, European Studies, etc. Then courses such as Quantitative Methods in Economics, Dynamic Optimization, International Trade, Economics of Reform and Transition and Industrial Organization were being added. In 2007, 2008 and 2009 Tamara Todorova taught Managerial Economics at the MBA program of the AUBG.

In her AUBG teaching career Dr. Todorova consistently tried to improve her pedagogical skills and adopt new approaches to optimizing student learning of the material by large groups of students. In her attempt to offer upscale theoretical and practical knowledge to all students intrigued by the field of economics she often takes an overload well in excess of the teaching requirements at the AUBG. Offering various out-of-class consultations Tamara Todorova additionally assists students in their comprehension of sophisticated theoretical concepts personally preparing them for the midterm and final exams.

Among the approaches she uses are the preparation and presentation of case studies, video projections, country reports, team discussions and term papers, regression analysis in Excel, applying the Blackboard electronic system tools for the purposes of distant learning, etc., all depending on the peculiarities of the course.

As full-time faculty at the AUBG Dr. Todorova develops and offers a number of new courses in the curriculum, including Economic Dynamics, Economics of Advertising, New Institutional Economics, Industrial Organization, etc.

As a result of her long years of teaching quantitative methods in economic analysis in 2010 Wiley-Blackwell publishes her textbook Problems Book to Accompany Mathematics for Economists which proves the high quality of teaching materials the applicant develops in her work.

Her serious dedication to teaching, the application and continuous improvement of specific techniques in teaching a large number of specialized courses make Tamara Todorova an appropriate candidate for the rank of associate professor. They indicate hard work, responsible attitude to the delivery of complex knowledge to all students,



excellent knowledge of economic theory and the most up-to-date analytical tools as well as constant follow-up on modern research results in the respective fields of economics.

III. Research

Tamara Todorova provides 32 publications in her application for the position of an "Associate Professor" of Economics at the AUBG. These include 16 refereed articles, 3 working papers, 11 non-refereed articles and 2 translations of research articles. She has also included her monograph in mathematical methods for economists. All of these were published after the defense of her dissertation in 2000.

One can notice that her scholarly interests and publications are a natural continuation of the research work her doctoral thesis is based on. A leading theme of Dr. Todorova's research and publication activities is her theoretical work on the founding principles of the so called new institutional economics but more specifically their application in providing explanation to the problems of economic reality in East European countries.

We should definitely mention the pioneering nature of Tamara Todorova's work for Bulgarian economic literature particularly the introduction to the Bulgarian academic community of the concept of transaction costs in the theoretical framework used by Ronald Coase and Oliver Williamson.

Even the earlier articles "The Firm in the Context of the Theory of Transaction Costs" and "Before and after Coase: the Role of Transaction Costs" published in Economic Thought (the latter together with her translation of Coase's seminal article "The Nature of the Firm" laying the foundation of the new institutional economics in 1937) emphasize the significance of the new institutional approach in reassessing the transformation of former centrally planned economies. At the time these publications came out it, alas, became clear that the chance of utilizing the potential of the new institutional economic theory to carry out transition to market economy was missed and empirically irrelevant neoclassical concepts were being used instead.

These articles introduce the idea developed in further publications in English that the excessive magnitude of transaction costs in transition to the market hampers market exchange in particular spheres and thus the process of economic coordination from hierarchical forms to anonymous markets.

"The Coase Theorem Revisited: Implications for Economic Transition" published in the Atlantic Economic Journal again convincingly stresses the importance of sizable transaction costs in economic reality opposite to abstract neoclassical theory which makes inapplicable the "natural" market solutions resulting from the so called "Coase Theorem." Coase himself uses the hypothetical world of zero transaction costs in his article "The Problem of Social Cost," where the "theorem" holds, only as an illustration of his theoretical findings with respect to dealing with externalities questioning thus the validity of Arthur Pigou's well established approach.

The theme that in view of transaction costs the efficiency of market allocation is not always greater than that of hierarchical structures, including state coordination of some economic activities, finds continuation in "The State as an Instrument of

"Transaction Cost Economies" published in *Problems of Economic Transition* and "The Tragedy of the Private: Transaction Cost Considerations" published in the *International Journal of Social Economics*.

The analytical line of explaining externalities and other market failures using the concept of transaction costs typical of new institutional literature (especially after Dahlman's influential article of 1979), the concept of asset specificity as a reason for vertical integration with the purpose of avoiding opportunistic behavior in contractual relations from the theoretical works of Klein, Crawford and Alchian and later on Williamson are being used to explain real developments in the region of Eastern Europe (as in "Quality Aspects of Economic Transition: the Effect of Inferior Quality on the Market") and more specifically in the Bulgarian pharmaceutical sector (as in "Vertical Integration in High-Transaction Cost Sectors: the Case of the Bulgarian Pharmaceutical Industry" published in the *Journal of Advanced Research in Management*).

The reasons for the growth of transaction costs and their contribution to the unsatisfactory economic performance in the course of system transformation in some East European countries are analyzed in "Adverse Effects of Transaction Cost in East European Economies" in the *Organizations and Markets in Emerging Economies Journal*.

Although this part of Tamara Todorova's scholarly work is primarily qualitative and non-technical in the analysis, it demonstrates a good command of the specific conceptual structure of the new institutional economics and an excellent sense of the applied potential of the logical explanation schemes in its framework. There are multiple contributions both in the theoretical interpretations of the explanation models which are fundamental to analytics and their application to specific problems of economic reality. One of Todorova's greatest achievements is the importance of her work for attracting the attention of Bulgarian scholars to the field of new institutional economics although the field has yet to receive more interest in view of the recent experience with the dramatic institutional change in the country.

The second part of Todorova's research is strongly technical and related to the applications of mathematical techniques in economic modeling. Some of her publications are oriented towards continuous improvement in teaching such as "Solving Optimal Problems Elegantly" and "An Easy Way to Teach First-order Linear Differential and Difference Equations with a Constant Term and a Constant Coefficient." Others are focused on applied optimization problems such as "Optimal Work Effort and Monitoring Cost" and "Optimal Work Effort, Income and Wage" following the analytical line of Alchian and Demsetz of 1972. Still other works are in the field of international trade. Her article "World Demand as a Determinant of Immiserizing Growth" analyses the negative effects on welfare of growth in the production of goods the demand for which is inelastic due to the serious decline in their prices and sales revenues, that is, the worsening of their terms of trade.

Tamara Todorova has presented research papers at various national and international conferences and seminars. In 2006 she received a research grant through the Fulbright Commission as a visiting scholar to the University of California, Berkeley. She was invited by Oliver Williamson, one of the "fathers" of new institutional

economics who in 2009 received the Nobel Prize in economics. Tamara Todorova is a member of the prestigious International Society for New Institutional Economics.

Todorova applies for the rank of associate professor with 10 citations of her works by other authors indexed in Google scholar and 4 citations in the electronic archive RePEC.org.

The volume and theme of her publications satisfy the requirements for the announced position of associate professor. Tamara Todorova is a distinguished researcher and university professor with her own individuality in research and teaching.

IV. Critical remarks and recommendations

We recommend translating and publishing Dr. Todorova's most recent scientific results in the field of new institutional economics in Bulgarian with the purpose of establishing this prospective research field in our economic literature more firmly. This would allow attracting the efforts of a much larger number of new Bulgarian authors and publishing a lot more interesting theoretical and applied results which could potentially echo in the western academic world.

V. Conclusion

I firmly recommend to the respected members of the Habilitation Jury to vote in favor of Tamara Todorova's habilitation as "Associate Professor" in the field 3.8 Economics. She complies fully with the legal, primary and secondary requirements of the AUBG in terms of scientific publications and teaching activity for the position in question.

Signature and date: Assoc. Prof. Dr. Teodor Sedlarski

January 21, 2015

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



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 PhD; **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**
- All the facts regarding candidate working for six years, having undergone successful evaluation etc. have been verified from the office of the Provost, American University in Bulgaria.**
- Date: January 21, 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: Assoc. Prof. Dr. Teodor Sedlarski

January 21, 2015