

AGRICULTURAL UNIVERSITY PLOVDIV

RUSLAN VELIKOV KOLAROV



**STRATEGIC MANAGEMENT OF FORESTRY
ENTERPRISES**

ABSTRACT

of dissertation for the presence of
educational and scientific degree "phD"

in higher education 3. Social, business and legal sciences, professional field 3.8.
Economics, scientific specialty "Organization and Management of Production"

Plovdiv 2020

The dissertation is a volume of 190 pages and saved from the title page, you can find in the meeting abbreviations, introductions, three chapters, locks, meets literature and applications. The content of the main is divided into separate parts, at the end of each chapter can draw specific conclusions. The list corresponds to sources, including a total of 137 sources, divided into three categories: 89 in Cyrillic, 39 in Latin and 9 internet sources.

The scientific work was discussed and aimed at defending a meeting of the Department of Management and Marketing at the Faculty of Economics at the Agricultural University, Plovdiv.

The dissertation doctoral student is a doctoral student in the same department.

The thesis defense will consist on from at at the Agricultural University, Plovdiv.

The protection materials are available to those interested in the Training Information Center, Doctoral Section at the Agricultural University, Plovdiv.

I. GENERAL CHARACTERISTICS OF THE DISSERTATION

1. Relevance and significance of the topic

After the demarcation of the forests and their restitution in 1999, various types of property were restored. State ownership is the largest share, with private ownership and a significant share of municipal forests. Currently, the distribution of forest territories by type of property is as follows: the area of forest territories as of December 31, 2018 amounts to 4 257 200 hectares. The state forest territories have an area of 3 090 010 ha (72.58%), of which 2 906 435 ha (68.27%) are forest territories managed by the state enterprises under art. 163 of the Forest Law, 172 307 ha (4.05%) - forest territories managed by the Ministry of Environment and Water (including Rila, Pirin and Central Balkan National Parks) and 11 268 ha (0.26%) - forest territories allocated for the management of training forestry holdings.

Non-state forest territories cover an area of 1,050,424 ha (24.67%), of which 558 116 ha (13.11%) - municipal forest territories, 425,246 ha (9.99%) - forest territories owned by individuals, 47,167 ha (1.11%) - forest territories - owned by legal entities, and 19 895 ha (0.46%) - forest territories - owned by religious communities.

The establishment of different types of ownership has led to significant problems related to forest management. The problems identified indicate that the institutional structure does not create the necessary conditions for improving the forest management process. The main objective of forest policy should be: development and strategic management of forests and forestry, by balancing public interests related to creating a favorable environment for economic development, maintaining the environmental benefits of the forest and ensuring the social functions of the forest.

Studies by a number of authors show weaknesses in institutional management and insufficient capacity of institutional actors at national, regional and local levels. All this motivates us to do the specific research and to develop this dissertation.

The forest ownership structure, mainly state-owned, requires and requires the state to assume the main functions in formulating and implementing forest policy ensuring the strategic management of the sector by developing and implementing strategies, plans and programs at different levels and the role of state institutions and their policy, governance and control structures.

The current governance structure of state-owned enterprises in the forestry sector does not correspond to the current understanding of strategic management. On the one hand, the management of state-owned enterprises is carried out by Ministry of Agriculture Food and Forestry and directly by the Minister. This is a

prerequisite for a strong centralization of the management of state-owned enterprises and politicization of the decision-making process.

On the other hand, the management, control and forestry activities are separated, which disrupts the integrity of the system and impairs the strategic management and planning process of the forestry.

Lumbering in the country is concentrated in private entrepreneurs, and the same applies to the processing of wood, which are mainly small and medium-sized enterprises. The timber and wood processing sector has many problems related to: the state of the business climate in the sector, the competitiveness of companies, the poor condition of the available machinery in the forests, the lack of sufficient and qualified staff, etc. This causes many entrepreneurs to close their businesses each year and make private forestry enterprises unsustainable.

Another important point in managing and improving the state of the forest sector is the rational and efficient use of timber and non-timber resources and the maximum utilization of the economic, environmental and social functions of forests. Improving the management and business environment in the sector, improving the state of forests, maximizing use of forest potential and more. factors have a particular impact on sustainable management and local socio-economic development.

As a full member of the EU, Bulgaria should comply with and implement current global and European requirements for the multifunctional management of forest territories, their sustainable development and their impact on local communities. All this is possible by improving the strategic management process. Therefore, the question of the organization of management of forestry enterprises is particularly relevant at the present time.

Object of research, within the concept of strategic management, is the state and economic activity of forestry enterprises.

The subject of the study is the organization of forestry management and the effect it creates on local socio-economic development.

The protected **research thesis** is: Improving the organization of the management of state-owned enterprises will influence the formation of the appearance of local development.

Hypothesis 1: Improving the corporate governance structure will affect the development of the forestry sector.

Hypothesis 2: Decentralization and depoliticisation of the forest sector will create conditions for improving the business environment in the sector and will improve the local socio-economic status.

The purpose of the study is to make a proposal for improving the management model of forestry enterprises with a view to their multifunctional management.

In order to achieve the main goal of the dissertation, the author sets himself the following **research tasks**:

1. To present theoretical aspects, scientific models and research tools in the field of strategic management.
2. To develop a methodological framework for the structuring and functional management of forestry.
3. To analyze the state policy, regulations and strategic documents for forestry development.
4. To analyze and evaluate the economic activity of forestry enterprises.
5. To identify the main problems of enterprises that support the development of the forestry sector.
6. To provide suggestions and guidelines for improving the model of enterprise management, the multifunctional management of forest territories and their impact on local socio-economic development.

II. STRUCTURE OF THE DISSERTATION

The study is a 190-page volume, structured in an introduction, three chapters, a conclusion, literature and applications used. A list of abbreviations used and a description of the tables and figures included are added to the dissertation. The content of the thesis is structured as follows:

INTRODUCTION

FIRST CHAPTER: MODERN APPROACHES FOR STRATEGIC GOVERNANCE IN THE FORESTRY

- 1.1. Strategic management - theoretical and methodological statements and characterization of the conceptual apparatus
- 1.2. The problems of planning and programming and their importance in forming the strategic framework of forest management
- 1.3. Structuring and functional management of forestry
- 1.4. Main conclusions from Chapter One

SECOND CHAPTER: ASSESSMENT AND ANALYSIS OF FOREST MANAGEMENT IN THE REPUBLIC OF BULGARIA

- 2.1. Methodology for evaluation and analysis of the management and economic activity of forestry enterprises
- 2.2. Analysis of Forestry Policy and Models in Bulgaria
- 2.3. Assessment and analysis of the concept of strategic management in the forest sector
- 2.4. Analysis and evaluation of the economic activity of forestry enterprises
- 2.5. Main conclusions from Chapter Two

THIRD CHAPTER: GUIDELINES AND OPPORTUNITIES FOR IMPROVING THE STRATEGIC MANAGEMENT OF ENTERPRISES IN THE FORESTRY SECTOR

3.1. Problems accompanying the activities and management of forestry enterprises in Bulgaria

3.2. Opportunities to improve the management model of forestry enterprises in Bulgaria

3.3. Forest Management Opportunities for Local Economic Development (Following the example of the High Western Rhodopes LIG)

3.4. Main conclusions from Chapter Three

CONCLUSION

REFERENCES

APPENDICES

III. SYNTHESIZED EXPOSURE OF THE DISSERTATION

INTRODUCTION

The introduction outlines the relevance and significance of the problem under consideration, formulates the research thesis and hypothesis. The main purpose, the object and the subject of the study are defined, as well as the specific tasks set in connection with the fulfillment of the goal.

FIRST CHAPTER

MODERN APPROACHES FOR STRATEGIC GOVERNANCE IN THE FORESTRY

1.1. Strategic management - theoretical and methodological settings and characteristics of a conceptual apparatus

In First Chapter, the emphasis is on building the theoretical basis of the study. The purpose of the study in this chapter is to explore the various theories related to the concepts of governance, organization, strategic management and planning, as well as the state policy pursued regarding the organization of forest management.

In the proposed dissertation, strategic management is seen as one of the key tools available to managers for establishing benchmarks and management alternatives. Strategic management is the science and art of determining the strategic orientation of different organizations. "Strategic" means something that is of utmost importance to the entire organization. Strategic management issues first began to develop in the early 1960s. In the 1970s a vision of strategic planning was formed, which in the 1980s developed into a concept of strategic management.

Strategic management involves making strategic decisions and taking strategic actions to achieve the intended goals of an organization. The requirements are: determining the future orientation; analyzing opportunities and threats; assessing existing potential; establishing strategic positions; outlining the main priorities; allocation of available resources. Strategic management comprehensively covers the planning, organization, management and control of strategic actions. Strategic planning makes it possible, on the one hand, to identify strategic goals and objectives and, on the other, specific strategies for their implementation. Strategic organization allows to concentrate the human, financial, material, information and other resources for the execution of the strategic tasks assigned to certain units and divisions.

The literary impulse made an attempt to synthesize the views of a number of authors and to define strategic management, which affects the future development of the organization, directs its efforts to achieve its goals, balances the interests of different groups inside and outside, directs resources for achievement. high efficiency and greater efficiency in actions, controls prospective development, etc. Strategic management refers to the vision, mission and goals of the organization, respectively the enterprise and its main elements - object and subject of management, as well as the relationships between them. It is unanimously accepted in the specialized literature that the goals represent the desired state or end results for a certain period of time, relating to such things as: size and type of organization, nature and variety of fields of action, level of success of each one of them. Strategic management allows to identify strategic problems, determine their priorities and use appropriate strategies. In this connection, the following basic concepts are considered: "organization", "strategy" and "strategist".

The organization is considered as the place where the management takes place, when executing managerial functions by the manager / manager. According to American researcher Chester Bernard, "an organization is a group of people whose activities are deliberately coordinated to achieve a common goal or goals." This implies the presence of people in a group working together to achieve a common goal. Thus, in the dissertation, it is accepted that the organization can be considered as a function of management.

According to Igor Ansoff, also referred to as the "father of strategic management," strategy is seen as a set of decision-making rules that guide an organization in its activities, such as: evaluating the performance of the organization, relationships within the organization, and with its external environment and daily activities.

1.2. The problems of planning and programming and their importance in forming the strategic framework of forest management

The connection between planning and programming and the various strategic documents has been considered in the context of strategic management and multifunctional forest management, with some issues related to planning in the forestry sector. Given the dynamic and uncertain environment, the successful development of each organization requires appropriate information, strategy, planning for its implementation and the use of good management methods and approaches. Anticipating future problems and opportunities, as well as developing and implementing strategies to deal with these problems and maximizing the use of opportunities by management, is one of the most complex problems in the current stage of management. The planning process is considered as, a means of analyzing, discovering and outlining the status and trends in the development of the system and defining the goals of future development. They are another way of establishing coherence, coordination and links between processes and phenomena in the design of the plan and in making such decisions for the future that ensure its high efficiency.

The basic elements of the plan are discussed - results, resources, resources, plan implementation, control. Exactly what other additional elements will be included in the plan depends largely on: the principles and approaches adopted for planning and action, the type of plan, the planning horizon, the level of planning, etc.

The continuous updating and refinement of plans, their interaction and the fulfillment of the set tasks, forms some basic principles of planning: systematicity, complexity, participativeness, variability, continuity, balance, coherence. Not every plan or element of a plan can be considered individually, but must be considered as a system of balanced and coherent elements in order to achieve the desired equilibrium. This is the main task of management.

A national strategy requires the development of a program. The program is considered as an operational document problematic, sector-oriented, which proceeds from the set strategic goals and specifies their implementation in the medium term.

Through the development and implementation of short and long-term strategies, plans and programs for different regions of the country and different sectors, the aim is to achieve a generally balanced development of the national economy. Sectoral strategies determine the state policy pursued in different areas of socio-economic life.

The forestry business is realized through forestry. This is indicative of relations in the nature-society system. Forestry is at the center of the system between forests, their functions and their contribution to public well-being.



Fig. Forest centrism

In forestry, planning aims to solve many problems related to the size and location of forestry enterprises, activities related to forestry, the geographical location of forests and the variability of nature and markets. Forest plans should synthesize individual plans for individual forests, for individual municipalities and regions.

The main problems raised in the dissertation in the process of monitoring and control of the implementation of plans and programs in forestry is the formulation of indicators for the progress made in the implementation and involvement of the maximum number of stakeholders, both in the planning process and in the process of implementation. implementation and control of plans.

1.3. Structuring and functional management of forestry

In this point the dissertation deals with the state policy, the forest legislation and the institutional structure of forest management.

The conclusion is that the institutional structure of society consists of a large number of institutions established and functioning in accordance with these institutions institutional entities. Countries of the institutional structure include property rights and property policies, the right to receive income, the right to use land, and overall coordination between organizations provided by law and expressed in transparency, reliable information and data, as well as and related financial resources.

The structure of the strategic management concept is viewed in terms of the systematic approach as a system consisting of two subsystems, namely the institutional structure of the forest sector and external to the forest sector institutional structures. The structure of the concept, the individual elements with the interconnections and the relationships between them are clearly presented. In the dissertation, this concept is taken as the basis for the approach to research the problems of the institutional structure and strategic management of forestry.

In retrospect, the forest management system and the forest management system have different approaches. The periodic changes in the institutional structure of the forestry follow the basic patterns and trends under the influence of which the forestry economy develops. The overall assessment of the post-1944 period shows the characteristics which make it possible to state three stages in the development of Bulgaria's forestry and its economic base. The first stage can be called the stage of extensive utilization of forest resources and extensive development of the consumption of wood, which ends in the late 60's. The second

stage covers the years after 1960 until the end of 1997. It is a period of transition from extensive to intensive forms and methods of forest resources management and wood consumption. At present, after the entry into force of the PG since 1997, Bulgarian forestry is in the third stage of its development, characterized by serious institutional changes.

With the entry into force of the current Forestry Act (2011), which repealed the PG from 1997, the National Forestry Authority (NFA) was abolished and an Executive Forestry Agency (EFA) was created. Functions were redistributed between MAFF and EAG. A state forest administration with control functions - EFA is separated, and on the other - state forest enterprises under art. 163 of the FL to carry out the economic activity in the forest territories - state property. The EAG is organized on two levels - central management, 16 RFD and specialized territorial structures. The directorates of nature parks. State-owned forest territories are managed by state-owned forest enterprises, which include 164 SFs and SFs as territorial divisions. State Property Management Directorate, respectively. Department of State Forestry Enterprises, which assist the Minister of Agriculture and Food in exercising his rights as a governing body of state-owned enterprises under the Forestry Act. After the changes in the legal framework in 2011 and the registration of SFEs and SFEs as state-owned enterprises under Art. 63 of the Commercial Law, they acquire the right to carry on business independently.

There are significant changes in the main characteristics of the timber market, the most important of which are: stimulation by the forest law of the private sector - woodworking and furniture industry, creating competition in the harvesting of timber by non-state forest owners - municipalities, private individuals and legal entities.

1.4. Main conclusions from First Chapter

The conclusions of First Chapter of the dissertation conclude that institutional and strategic instruments aim at stabilizing the sector, maintaining environmentally viable forest ecosystems, improving the socio-economic dimensions of forests, coordination and cooperation, but are accompanied by a number of problems and inaccuracies.

SECOND CHAPTER

ASSESSMENT AND ANALYSIS OF FOREST MANAGEMENT IN THE REPUBLIC OF BULGARIA

2.1. Methodology for evaluation and analysis of management and economic activity of forestry enterprises

The focus of the dissertation is to propose a model for improving the process of strategic management of forestry enterprises by evaluating and analyzing the management process and business activities of enterprises. For their clear rationale,

logical and theoretical coherence, the methodology of conducting, justifying the selection of these models and the indicators that present them, in the face of the statistical method for hypothesis testing using the IBM SPSS program and the regression and correlation analysis, conducted a survey, a retrospective analysis of the institutional structure of management, analysis and evaluation of the current concept of strategic management of the forestry sector (2014-2020).

In this study, modern assessment and analysis methods have been applied, the most commonly used methods for evaluating the strategic management of an enterprise are: analysis of the internal and external environment. The external environment of an organization includes all the factors that influence it from the outside. These factors can be indirectly influencing the climate in which the organization operates and having a direct impact directly affecting its performance. The factors used in the analysis are considered as: macro environment factors (economic, technological, political, legal, social and environmental) and microenvironment factors - internal factors (functional and value chain method of M. Porter).

Another method adapted to the needs of the study is the method of assessing strategic management - strategic maps, which are a tool for catalyzing communication about the strategy through its visual representation. Robert Kaplan and David Norton present strategic charts as a method of evaluating the company's activities in terms of the company's vision and strategy and effectiveness. The main purpose of strategic maps is to mobilize the enterprise in a new strategic direction and, as a measurement tool, to present the characteristics of all the essential factors on which the success of the company depends.

In the dissertation, the analysis of economic activity is perceived as a means of making informed management decisions to increase economic efficiency. The main purpose of the analysis is to give a clear picture of the state of the forestry economy, its tasks being reduced to an assessment of the implementation of forestry plans, an evaluation of the activity of state-owned enterprises and private companies, economic efficiency of production and use of forestry resources and etc., taking into account basic economic indicators of enterprises. This plays a role in improving the condition of the forestry sector and the management of forestry enterprises. The subject of the analysis of economic activity in the forest sector is the timber production and logging process of the enterprises.

2.2. Analysis of Forestry Policy and Models in Bulgaria

The presented work takes the view that forest policy sets out the long-term strategic goals and basic principles on which the development of the forest sector is based. Forest policy is an element of economic policy. Forest policy can be defined as a specific approach, a method of consistent action by the state, institutions, society, to make decisions for the harmonization and future development of the

forest-forestry-society system, through the management process. The main objective of forest policy should be: development and strategic management of forests and forestry by balancing public interests related to creating a favorable environment for economic development, maintaining the environmental benefits of the forest and ensuring the social functions of the forest.

From the analysis made and the theoretical framework presented, we can say that forest policy should be closely linked to agricultural policy, regional development, industrial policy, tourism, employment and especially in the field of ecology and environmental protection. Multifunctional forest management is a fundamental policy principle. Policy functions - planning, regulation, limitation and support - must be carried out in a balanced and consistent manner through the implementation of policy instruments - legislation, institutional structure, information security and financing. Sustainable forest management is an intrinsic element of the policy strategy for forestry development. Forests are multifunctional and fulfill economic, social and environmental goals.

A careful analysis of the regulatory environment brings to the fore certain deficits in it, which do not create good preconditions for the development of the Bulgarian forest territories. Analysis of the legal framework and the institutional structure of forestry sector management takes into account its strong centralization and politicization of the processes of management, management and financing of forestry activities. The Minister of Agriculture, Food and Forestry is the central sole body of the executive power which directs, coordinates and controls the implementation of the state policy in the field of forestry and hunting and protection of forest lands. Exercises the rights of the State as the owner of the capital in commercial companies with state participation in the capital and in the state enterprises in the field of forestry. The Minister exercises the property rights of the state in the state-owned enterprises, makes decisions on the distribution of profits and to cover the loss, and approves the annual financial statements and the annual reports on the activity of state-owned enterprises. The director of the state-owned enterprise manages the overall activity of the state-owned enterprise in accordance with the powers given to it by law, but its activity in managing the state-owned enterprise is coordinated with the minister and the governing board.

From the analysis of the implemented forestry policy in Bulgaria and forestry management we can classify the conservative management model, although the presence of private owners of forest lands, companies, companies and associations is regulated by the legislation, nevertheless the functions of managing the forestry forests are in the hands of the state - through its institutional structure and state-owned enterprises.

2.3. Assessment and analysis of the concept of strategic management in the forest sector

Section 3 of Second Chapter analyzes the overall concept of strategic management of the forestry sector and assesses the impact of strategic documents on the development of the sector and its enterprises. The main documents defining the strategic framework for forest sector management are: National Strategy for the Development of the Forest Sector in the Republic of Bulgaria for the Period 2013 - 2020 and the Strategic Plan for the Development of the Forest Sector 2014-2023.

The object of these strategic documents is the forestry sector, which covers forest resources and the production, trade and consumption of forest products and services. They are based on an analysis of the state of the forestry sector, including an overview of the results of the implementation of the previous strategic documents for the forestry and hunting industry and the forestry industry, as well as the received feedbacks and suggestions from stakeholders.

The basic principles that have been adopted in the development of the strategic documents and must be respected in their implementation are in line with those laid down in the draft of the new EU Forestry Strategy 2014 - 2020: 1) sustainable forest management; 2) the multifunctional role of forests; 3) the sustainable use of forest timber and non-timber products and services; 4) supporting the overall process of value added in the forestry sector; 5) strengthen coordination in the preparation and implementation of EU forestry policy.

The principles also play a decisive role: consistency with national legislation; broad stakeholder involvement; cross-sectoral approach; integration with the National Development Program: Bulgaria 2020 and the National Economic Development Plan; coherence with international forest obligations, initiatives and conventions; implementation partnership; increase public engagement.

Other documents derived and analyzed in the study are the Regional Forest Development Plans, hunting plans, as well as forestry plans and programs that concentrate on a specific territory of the country.

From the analysis and evaluation of the concept of strategic management of the forest sector, the dissertation shows that the development of the forest sector is intertwined with that of different sectors. The state of the forestry sector has a number of reflections, notably in the development of the agricultural sector, accepted in the concept as part of it, climate change, protection of biodiversity and the environment in general, tourism and local socio-economic development.

The close link between the strategic documents for forestry development and management with those at regional and local level requires coordination and comparability of forest policy with regional development policy.

Based on all this, the study concludes that the impact of forests and forest resources, their accountability of their functions (economic, social, environmental)

and economic activity in the forest sector is a prerequisite for balanced socio-economic development at regional and local level, and of the country as a whole.

2.4. Analysis and evaluation of the economic activity of forestry enterprises

In the dissertation presented, the analysis of economic activity is presented as a means of making informed management decisions for increasing the economic efficiency. The main purpose of the analysis is to give a clear picture of the state of the forestry economy, its tasks being reduced to an assessment of the implementation of forestry plans, an assessment of the activity of state-owned enterprises and private companies, the economic efficiency of production and use of forestry resources, and et al. to improve the condition of the forestry sector and the management of forestry enterprises.

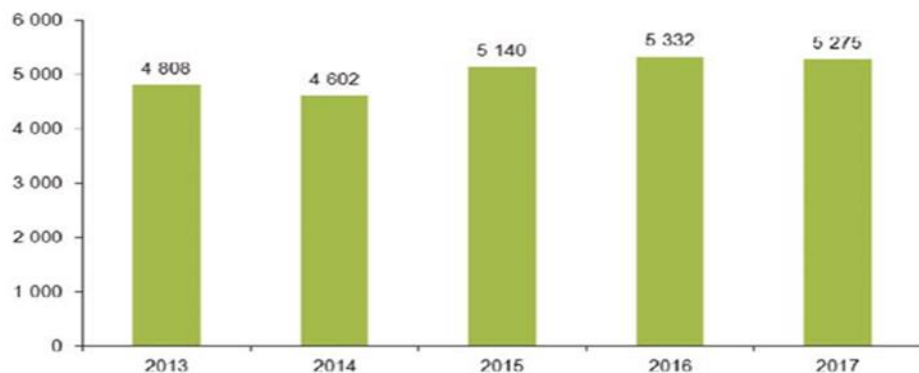
Based on the importance of forests and their main functions, it places the production, distribution and consumption of forest resources at the heart of the forest management mechanism. Through distribution and consumption, purposeful behavior of economic processes is organized, by setting strategic goals for forestry development, regulation of economic processes, by developing mechanisms for management and improvement of the system of management of sites and entities in forestry in accordance with current requirements and condition of forest areas.

In the present study, the subject of the analysis of economic activity in the forest sector is the timber production and logging process of enterprises. Woodworking is an activity that is characterized by a very long production period. Forestry has taken decades to produce a finished product (such as wood). Logging is the activity of cutting down trees for felling. It is characterized by a shorter production period. Timber harvesting is a natural end to the forestry production process and in order to carry it out, it is necessary to carry out purposeful timber production.

The findings of such an analysis are used to improve the operations and processes of forestry management, update and refine strategies, plans and programs for the development of the forestry sector and forest policy.

For the purposes of the analysis, an overview of the state of forest resources and forests in Bulgaria and their economic activities was made. The analysis of the distribution of forest territories by type of property, the harvested timber from them and the realized timber by state forestry farms has been made.

The analysis of the realized timber from the forest territories - state property for the period 2013 - 2017, under the jurisdiction of the state enterprises, is presented:



Annual utilization is 97.7% of the forestry plan.

The management, use and protection of forests is aimed at the formation and maintenance of vital and multifunctional forest ecosystems, creating conditions for their natural regeneration and improving their sustainability.

Use of timber from forest territories allocated for management of state-owned enterprises and sales revenues in 2017 compared to 2016 are:

Usage and sale	2016		2017			
	quantity (cubic m) value	value (BGN thousand)	quantity		value	
			cubic m	%	BGN thousand	%
I. Revenue from the sale of timber (1 + 2 + 3 + 4):	5 331 804	275 835	5 274 851	99%	272 870	99%
1. The sale of standing rootwood	2 710 685	99 531	2 750 431	101%	103 214	104%
1.1. including. on the price list of individuals for personal use	295 676	3 253	324 826	110%	3 373	104%
2. Sale of harvested timber	2 545 118	174 620	2 448 073	96%	167 929	96%
2.1. including. on the price list of individuals for personal use	409 648	17 006	417 249	102%	26 072	153%
3. Use of wood under Art. 116b of the Forest Law	7 101	x	6 880	97%	x	x
4. Use of wood under Art. 193 of the Forest Law	68 899	1 547	69 467	101%	1 708	100%
II. Total cost, quantity, value:	5 338 337	97 649	5 254 963	98%	91 480	103%
1. Costs of harvesting timber - total:	2 627 652	62 135	2 504 532	95%	59 200	103%

2. Expenditures for the construction of export roads and the ongoing repair of forest roads	x	4 207	x	x	2 539	146%
3.Expenditure on Forest Investments Fund	x	31 307	x	x	26 553	98%

The reported revenues from the overall activity of the state-owned enterprises for 2017 amount to BGN 319 087 thousand, and the total expenses to BGN 311 317 thousand. Compared to 2016, the revenues of the enterprises increased by BGN 570 thousand and the expenses - by BGN 454 thousand. The overall financial result of the enterprises from their operating activity in 2017 is positive - 7 770 thousand BGN, which is an increase of 116 thousand BGN compared to 2016. Investments made from the six State-owned enterprises (SOEs) in 2017 amount to BGN 40 102 thousand, down 4% compared to 2016. A total of 62.6% of all investments were made with funds from the Investments in Forests Fund for the implementation of the following activities, and a total of BGN 25 100 thousand was spent , with BGN 1,354 thousand less than 2016.

After conducting a study and gathering information from the submitted reports and reports from wood processing plants and enterprises in accordance with Ordinance 1 / 30.01.2012 on control and protection of forest territories, it was found that for the period 2012-2016 the annual average consumption of the 6 largest wood processing companies for the production of pulp and other products amounts to about 1 710 000 cubic meters of process wood and wood, or about 25% of the country's extracted wood. It is also summarized that the required timber resource for large timber processing companies is a total of about 1,800,000 cubic meters.

Comparing the data on imported and exported quantities of round wood and firewood, a clear tendency of significantly higher quantities of timber exported from the country is evident, with the average amount of timber exported during the period being 25 times higher than that of imported wood. This is an indication, on the one hand, that the annual quantities of timber harvested from the Bulgarian forests are at present sufficient to satisfy domestic consumption in the country and, on the other, that the domestic market prices for some assortments are lower than those on export. In addition, exported timber is a potential reserve for increasing domestic consumption, incl. and the use of these quantities of wood for woody biomass for energy production. Dry and fallen, dead wood is one of the main energy production resources, but their use in Bulgaria is still negligible.

2.5. Main conclusions from Second Chapter

From the conclusions drawn in the analyzes and evaluations of the policy, the concept of strategic management and economic activities in the forest sector in this chapter of the dissertation, it can be said that a stable and secure institutional environment of the forest sector has not yet been created in Bulgaria, efforts may be made to ensure sustainable development and to analyze and evaluate the economic, environmental and social performance of forestry operations. The implemented forest policy is centralized and highly politicized, which reflects on the strategic management of the sector and the development and implementation of strategic documents. The state of the state-owned enterprises and the wood processing companies is relatively stable, while the state of the private companies in the logging industry is unstable and their number changes annually.

THIRD CHAPTER

GUIDELINES AND OPPORTUNITIES FOR IMPROVEMENT OF THE STRATEGIC MANAGEMENT OF ENTERPRISES IN THE FORESTRY SECTOR

3.1. Problems accompanying the activities and management of forestry enterprises in Bulgaria

On the basis of the results of the analysis made in Chapter Two of the dissertation, some weaknesses and problems of forest policy, the institutional structure of management, legislation and economic activities related to the strategic management of enterprises and the forest sector are indicated.

As one of the sectors in every economy, forestry covers all aspects of public life. There are too strong links between forestry and other sectors - links that often have a direct impact on forest management. Policies related to land use, energy, environment, trade, transport, regional development and in general the economy have a strong impact on the functioning and potential of the forestry sector.

According to the author, there is no balance between the economic interests of the business, the protection and conservation of forests for future generations and the social and economic development of a forest region, respectively of local communities and the population in the territory of forest regions. There is a negative tendency of deterioration of the quality characteristics of forests, loss of biodiversity, impaired economic and social functions, gross and mass forest encroachments, lack of funds to finance the necessary forestry and investment activities, problems related to the protection, control and conservation of forests. the forests.

Along with all this, conditions must be created for the creation and effective utilization of the potential of forests and forest territories for the benefit of all owners, development of a green economy and sustainable development, attracting

investments, introduction of innovations, job creation, development forest infrastructure, promoting entrepreneurship and generating more revenue, etc.

Following the institutional structural change of 1998/1999 and the adoption of the new Forestry Act in 2011, some advantages were identified such as: pluralism in ownership of land and forests in the forestry fund and in the capital of institutional entities engaged in forestry activities. The emergence of competition between economic operators engaged in forestry activities and a competitive market for timber sales. This has led to an increase in the profitability and efficiency of forest use. Maintaining the three-tier institutional structure with institutional actors at national, regional and local level, in line with the concept of strategic management of the territory, forests and forestry, while continuing the positive processes related to international cooperation and scientific support to the forestry sector. With the entry into force of the current law, although some positive effects of it, some problems remained, others deepened.

Following the institutional change in 2009 of the State Forest Agency to the Council of Ministers of the Forestry Executive Agency of the MAFF and the attempt to separate the control and management functions from the economic ones by adopting the new Forest Act 2011. did not lead to improved management of the forest system, did not affect the expressed positive economic, environmental and financial results and effect for all owners. The approach of dividing forestry and logging creates a dual economic system that partially attempts to balance market and administratively determined forest resource prices.

As the Minister of Agriculture, Food and Forestry carries out the enterprise management activity by approving the decisions of the management board and the director of the state-owned enterprise, concludes contracts with the members of the board and the director and approves the annual financial statements and the annual reports on the activity of the state-owned enterprises, all this is a prerequisite for politicizing the process of managing state-owned enterprises. The funds of the created Forest Investment Fund are spent at the decision of the Minister of Agriculture, Food and Forestry, which also makes the fund politically dependent and ineffective.

Most of the investments are related to the activities of the SOEs, not so much in fixed assets, innovation and protection of forest resources. The rational use of forest resources raises the question of maintaining and developing forest infrastructure.

Another common problem for the whole of the study period was the illegal encroachment of forests, resulting in smuggling, deliberate fires, poaching and fishing. This problem persists and is largely unresolved.

Another major problem is the state of the private sector in forestry. Lumbering in the country is concentrated in private entrepreneurs, and the same

applies to wood processing. The timber and wood processing sector has many problems related to the sustainability and competitiveness of companies, the poor condition of available machinery in the forests, the lack of sufficient and qualified staff, and others. Due to these and other factors, a large part of the forestry is in the so-called gray economy. Corruption practices and political pressures are present, blurred accountability with the involvement of government officials and private forestry practitioners. Interactions with timber users and processors are unstable and problematic, with no responsibilities in terms of supply, quantity, quality and market arrangements. Entrepreneurship in the forest sector faces numerous problems that hinder the development of the industry, job creation and sustainable development of mountainous and semi-mountainous regions.

The problems in the development and management of the forestry sector, presented in the dissertation, are primarily institutional and economic throughout the study period. This, in turn, means that the institutional structures in place do not create the conditions for the efficient running of the economic reproduction process in the forestry.

3.2. Opportunities to improve the management model of forestry enterprises in Bulgaria

On the basis of the analyzes made and the problems raised in the dissertation, the relationship between some economic indicators is modeled. There is a system of interactions between the socio-economic development of the forestry territories, the economic activity of the enterprises and their strategic management, which needs to be taken into account, both in determining the prospects in the economic and social development of the country and its regions, and in the processes of management decision making and implementation. From the available information on the activity of the forestry enterprises, the main indicators - income / expenses from the sale of timber, income from non-timber forest resources, investments made, etc., influence different factors - natural, economic, social and behavioral factors: natural and environmental conditions, the level of development of industrial and agricultural production, the state of social and technical infrastructure (roads, education, health care, social support), employment of the population and its incomes, safety, cultural and national traditions, etc.

In this study, the presence or absence of relationships and dependencies is assessed and measured by major and specific attributes, with the proving or rejection of the main thesis and hypotheses of the study dependent on the fulfillment of the relevant conditions. The measurement of relationships and dependencies between selected economic indicators was performed on the basis of regression analysis using IBM SPSS.

First, the connection and dependence between the amount of timber sold and the total revenues of state-owned enterprises was checked.

From the implementation of the regression analysis it is deduced that the correlation coefficient, in our case - $R = 0.938$. This means that the relationship between the two variables is unidirectional and strong, as the amount of timber sold increases, total revenues also increase.

Second, the existence of a link between the total revenues of state-owned enterprises and the costs incurred by them for investment was examined.

Examination of the second condition shows that the model does not satisfactorily represent the relationship between the two variables and cannot be considered adequate, there is no correlation between the investments made and the total revenues of the state-owned enterprises, therefore we cannot interpret the results. This means that the PD's total revenue factor does not affect the investments made by the SOEs, the increase in the SOE's revenues does not necessarily affect their investments.

Third, an attempt is made to model the trend of a dynamic order. First, we model the trend of the development of the total revenues from the activity of the enterprises and the value added by factor costs of the forestry sector by years. Then, in the presence of a trend, an estimate of expected revenue is given two years ahead under the current conditions of forest management.

The verification of the third condition shows that there is no clear trend. The statistical significance of the coefficient is verified by statistical hypothesis testing. The coefficient's significance is 0.05, which is exactly at the upper bound of the confidence interval, therefore there is no clear trend of development and this will not allow us to make an accurate forecast of expected revenues for the period up to 2020.

Based on the cubic function, it can be expected that the revenues from the activities of the enterprises in the forestry sector for 2020 will be 432 514 thousand BGN, and the actual value of the forecast will be in the range between not less than 186 411 thousand BGN and not exceeding BGN 678 618 thousand with a probability of 95%. The large interval in which the real value falls is obtained because the dynamic order is short and there is no clear trend of development, therefore, a definite forecast for the expected revenues of state-owned enterprises in 2020 cannot be given.

In the study, looking at Value Added by Factor Costs (Forestry), the time series trend was modeled, by years for the period 2008 - 2017, with a forecast for 2020. Value added at factor costs (forestry) is expected to be BGN 196 083 thousand, and the actual value of the forecast will be in the range of not less than 171 661 thousand BGN and not more than 220 504 thousand. with a probability of 95%.

From the statistical analysis we have shown that state-owned enterprises rely solely on the sale of timber, as the main source of revenue or 88% of the

differences in total revenues are due to the amount of timber sold. This also proves the poor use of the full potential of forests, low share of by-products and non-timber forest resources.

From the analysis of business activity of enterprises, strategic management framework and forestry policy in Chapter II of the dissertation, drawing some links and dependencies on basic indicators of enterprise activity, some suggestions and directions for improving the forest management model have been given enterprises in Bulgaria.

Decentralization of governance is needed to improve the strategic management of the SOEs. Extending powers to lower levels of government. This will allow delegation of powers, formulation of specific tasks and assignment of responsibilities. Decentralization of the SOEs will influence the decisions that are made.

According to the author, it is necessary to separate the SOEs from the MAFF in order to create a modern form of management of public enterprises by decentralizing and delegating the powers of management and decision-making processes. According to the current Forestry Law of 2011, the separation of control functions from the economic and the separation of forestry from logging is a prerequisite for the deterioration of the strategic management of the forest sector. Separation of control from management functions and economic activities in the forestry sector deprives it of some of the characteristics of successful strategic control, such as: timeliness, responsiveness in time; corrective actions should be taken before adverse effects occur. The control should cover the overall activity of the state-owned enterprises, state forestry and hunting facilities.

Restructuring the forest management system requires many reforms, institutional restructuring and major legislative changes, even with the adoption of a new Forest Law. Of course, all this requires a great deal of political will, for overall reform in the sector.

The following management structure is proposed in the dissertation:

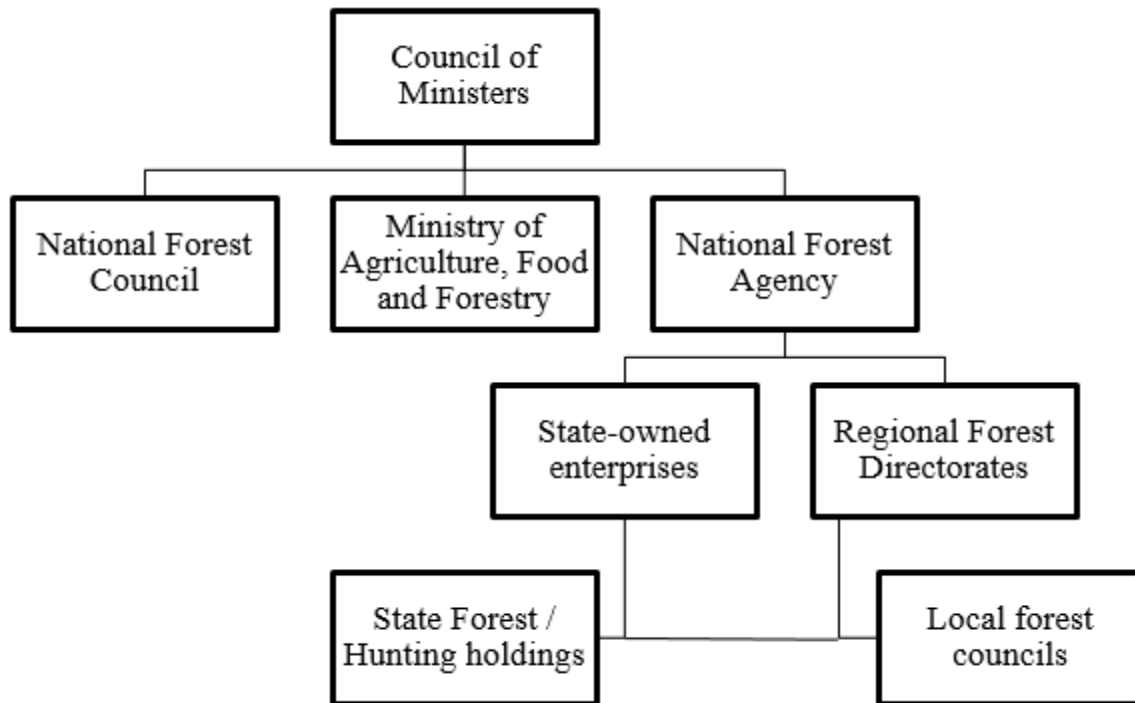


Fig. A new institutional structure for managing state-owned enterprises

To improve the management and strategic decision-making process, it is proposed that Local Forest Councils be set up, involving representatives of stakeholders at the local level. Such can be: representatives of NGOs, the public, representatives of local authorities, regional forest directorates, regional environmental inspections, etc. These local councils will be able to take into account the specific problems of the respective forest areas, local traditions and regional economies. All this enables effective decisions to be made towards improving the state of forests and their multifunctional management, taking into account the local business environment and the benefits to local communities. This will allow bottom-up decision-making, enabling better reporting of problems and offering solutions to people closer to the problem itself, which will improve the strategic management of the state-owned enterprises, state forestry and hunting facilities and taking into account the territorial features.

In order to improve the condition and development of private enterprises, the dissertation proposes to improve the cooperation between them and state-owned enterprises. As the majority of forestry companies are SMEs, it is important to create favorable conditions for cooperation. This can result in the creation of clusters that will make timber and timber processing enterprises more stable and sustainable and, on the other hand, make state-owned enterprises more efficient. The creation of an appropriate environment by the state for the formation of such

cooperatives is a prerequisite for the development of forestry and for increasing the competitiveness of enterprises in the sector.

The conclusion of the study is that improving the business climate in the forestry sector is a prerequisite for improving the economic situation of enterprises and creating sustainable employment in the mountainous, semi-mountainous and rural areas, relying more on forest resources and the benefits of forestry. the forests. All this, in turn, will affect the local socio-economic development of areas affected by forestry and forest functions.

3.3. Forest Management Opportunities for Local Economic Development (Following the example of the High Western Rhodopes LIG)

The dissertation recognizes the close link between the strategic documents for forestry development and management with those at regional and local level, which requires coordination and comparability of forest policy with regional and local development policy. All strategic documents for regional development (Regional Plans, District Strategies, Municipal Development Plans) take into account the impact of forests and their functions for socio-economic development of the territory. The future economic development of the regions should be geared towards reducing the negative impacts on the environment and the more efficient use of resources in the context of the Europe 2020 Strategy.

Improving the economic situation of the forestry sector, the state of state-owned enterprises and their strategic management, as well as improving the business climate and the state of private companies in the sector, will inevitably affect the socio-economic status of local communities, especially in areas where logging and woodworking is a traditional activity. For areas of the country where forestry is one of the major sectors, it is essential to maximize the use of forest timber and non-timber resources, their rational and sustainable use, environmental protection and biodiversity in order to be able to be discovered and exploited. all the potential that forests and forest areas offer. This is one of the main prerequisites for the multifunctional forest management and the effect on local development, for increasing the regional competitiveness of territories with predominant forest resources.

The derived effects of forestry on local economic development are particularly high in mountainous and semi-mountainous regions. Improving the condition and management of forestry enterprises is essential for the economic condition of municipalities with predominantly forested territories. This is the case with the municipalities of Borino, Dospat and Sarnitsa, which form the association "Local Initiative Group of the High Western Rhodopes".

The survey conducted in the three municipalities clearly shows the importance of forests to local communities and the effects that forest areas create.

The rational use of forests and forest territories as well as the efficient and effective use of their resources is a prerequisite for improving the socio-economic status of the regions of the country. Improving the strategic management of enterprises and the sector as a whole enables the social, economic and environmental functions of forests to be revealed.

The use of non-timber resources and the maximum utilization of the natural resources of the forest territories is a prerequisite for the sustainable development of the Bulgarian regions. The development of various activities in the forest territories, such as: tourism (ecotourism, rural, adventure, ornithological, mountain biking and other species), the collection of medicinal plants and mushrooms, the production of biomass energy, etc. is a condition for increasing the added value of the forestry sector and improving the well-being of local communities.

3. 4. Main conclusions from Third Chapter

The structural and economic problems raised in the state of the forestry sector require decentralization and depoliticisation of the process of management of the enterprises in the sector.

Integrating control and management functions into one system is essential for strategic management. The strategic control of enterprises focuses on the strategic management process, proposes specific methods and procedures for its effective implementation, monitoring the achievement of strategic goals and the implementation and refinement of strategic plans.

The dissertation proposes institutional restructuring and regulatory reform of the entire sector, separating the forest management system from MAFF, making it more politically independent and allowing for improved control, as a key management function, for strategic decision making. solutions. It is necessary to create the right conditions for private entrepreneurs and improve the business climate in the sector. This is possible by creating conditions for public-private partnerships and forestry clusters involving private logging and timber processing enterprises, NGOs and other organizations, the public and state-owned enterprises as partners.

Chapter 3 concludes that improving the status of enterprises in the sector and their strategic management, as well as multifunctional management, maximizing the use of forest potential and efficient utilization of forest resources are a prerequisite for improving the socio-economic development of regions and increasing the well-being of local communities.

CONCLUSION

The implemented forest policy and management model is defined as a conservative model, although the presence of private forest owners, companies, companies and associations is regulated by law, however, the functions of forest

management are predominantly state-owned. Undoubtedly, the concept of strategic management and development of the forest sector overlaps with those of different sectors. The state of the forestry sector is reflected in the development of other sectors and vice versa, which shows the importance of the forestry sector for the overall socio-economic development of the country.

The analysis and evaluation of the concept of strategic management of the forest sector clearly reveals a significant problem, contrary to the generally accepted modern theory and practice of strategic management, namely the separation of control functions from management. This is a prerequisite for interrupting feedback, deteriorating the management and planning process, and making untimely strategic decisions for refining the plan and meeting the goals set in advance.

The problems identified during the course of the survey, which affect the business activities of the enterprises and the development of the forestry sector, suggest that there is a lack of overall understanding of the strategic management process of the sector.

In Bulgaria, a stable and secure institutional environment of the forestry sector has not yet been established, it is not possible to focus efforts on ensuring sustainable development, analysis and evaluation of the economic, environmental and social performance of forestry operations.

From the present study, a structural deficit is clearly identified, which necessitates the emergence of a new strategic framework, adapted at national, regional and local level, taking into account a longer period of time. The dissertation proposes institutional restructuring, legislative reforms, decentralization and depoliticisation of state-owned enterprises and the forestry sector as a whole. The state's forestry policy should be aimed at creating favorable conditions for the development of entrepreneurship and improvement of the business environment in the sector. Improving economic conditions and creating an appropriate partnership between public and private companies is a prerequisite for improving the state of the forestry sector. Therefore, a more in-depth approach is needed to analyze and evaluate the management process, taking into account regional peculiarities and potentials of forest territories and their impact on local socio-economic development and improving the well-being of local communities.

IV. SCIENTIFIC CONTRIBUTIONS

1. A systematic and methodological review of strategic management has been made in the context of the problems of planning, programming and functional structuring of the forest sector, with discussion theoretical and practically applied problems on the topic of the research. On the basis of theoretical generalizations and statements, the basic concepts used in the dissertation are specified.
2. The current problem related to forest management in the Republic of Bulgaria has been analyzed by proposing a methodology for the development of the economic activity of the enterprises in the forest sector their economic activity. An assessment was made and an analysis of the current legal and institutional framework, the state policy pursued and the concept of strategic management of the forest sector.
3. A theoretical and constructive model for the functioning and management of forestry enterprises has been developed with an emphasis on European regulations requirements for competence and the actual process of functioning of forestry farms and the role of economically active persons in this process.
4. The experience in the organization of forest management, economic activities in forest territories by state-owned enterprises and the activity of private companies through the regression and correlation analysis, using SPSS, to prove the relationships and relationships between the amount of timber sold and total revenues in sectors.
5. An experimental model has been tested by setting up the Local Initiative Group (LIG) to improve the forestry sector management process, as well as developing cooperation between private and public enterprises, to promote local socio-economic development, in areas where forestry activities are traditional livelihoods.

V. LIST OF DISSERTATION PUBLICATIONS

1. Kolarov, R., Rural Development Opportunities in the North-East Planning Region, Proceedings of the Scientific Conference “Geographic Aspects of Territorial Planning and Use in the Conditions of Global Change”, Varshets, Bulgaria, 2016;
2. Kolarov, R., The Institutional Structure of Forestry - An Important Factor for Its Strategic and Sustainable Management, Proceedings "Challenges to Agricultural Business and Rural Areas", UNWE, Sofia, pp. 283-288;
3. Kolarov, R., Policy analysis and development models of forestry in Bulgaria. International Scientific Conference on "Trends in Regional Development and Security Management" 2018 October 4-6 at the PSA - Ravda. UNWE, p. 202-209;
4. Kolarov, R., The Importance of Road Infrastructure as a Factor for Improving the Condition of Forestry Enterprises, Proceedings of the Scientific and Practical Conference "The Economy of Bulgaria - 30 Years after the Beginning of the Changes", Svishtov, 2019, (in press);

VI. DECLARATION OF ORIGINALITY AND ACCURACY

(based on Art. 27, Para 2 of Rules for the implementation of the law for the development of academic staff)

Concerning the procedure for obtaining a doctoral degree in higher education 3. Social, business and legal sciences, professional field 3.8. Economics, scientific specialty "Organization and Management of Production", I declare that:

1. The results obtained, described and published by other scholars are cited in the literature used, respecting copyright requirements;
2. This dissertation is an original copyrighted product and in its development has not been used in violation of their copyrights foreign publications and developments;
3. The information provided by the author in the form of copies of documents and publications, personal reports and other corresponds to the objective truth;
4. The scientific and applied contributions in the dissertation on the topic: "Strategic Management of Forestry Enterprises" are entirely copyrighted and are not borrowed from studies and publications in which the author is not involved;
5. I am aware that in the event of plagiarism found in the thesis submitted, the Committee on Defense is entitled to reject it;
6. This dissertation has not been submitted to other universities, institutes and other higher education institutions for the degree of education and science.

Date:

Declarant:

Plovdiv

/ Ruslan Kolarov /