



REVIEW

on a dissertation work for the acquisition of the educational and scientific degree "doctor" (PhD), Field of higher education: 3. Social, economic and legal sciences, Professional field: 3.8. Economics, Scientific specialty "Organization and management (agriculture and sub-sectors)"

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PhD student in self-study at the Department of Management and Marketing
at the Agricultural University - Plovdiv

Topic of the PhD thesis:

*IMPACT OF THE CAP ON THE COMPETITIVENESS OF SMALL
AGRICULTURAL HOLDINGS*

Member of the Scientific Jury:

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Field of higher education: 3. Social, economic and legal sciences,
Professional field: 3.7. Administration and management
Assoc. Prof. in Scientific specialty "Social Management"
PhD: 1) Organization and management in production (industry);
2) Organization and management outside the field of material production
(security and defense)

appointed a member of the scientific jury with
Order № RD-16-133 / 24.02.2021 by the Rector of the Agricultural
university

1. Brief introduction of the candidate

Nikolay Ivanov Stefanov graduated from the Master's program in Finance at the University of National and World Economy - Sofia (2009). Bachelor of Public Administration at Sofia University "St. Kliment Ohridski" (2006). In the period 2014-2018 he acquired specializations in public policy (Croatia), public relations (Germany), politics and management skills (Bulgaria). He holds a certificate "Internal Auditor in the Public Sector" - Ministry of Finance, Sofia, Republic of Bulgaria.

Work experience as a specialist in applied software and information and business software support (2008-2011), public relations expert (2011-2014), expert in the political cabinet of the Minister of Finance (2014-2017), since 2017 - Head of the Cabinet of the Minister of Education and Science.

He speaks English and Spanish.

In October 2016 he was part of the Bulgarian delegation to the Annual General Meeting of the Member States of the World Bank and the International Monetary Fund in Washington, USA.

2. Topicality of the problem

The dissertation deals with the current issue of competitiveness of small farms and the impact of the Common Agricultural Policy of the European Union (CAP). Taking into account the characteristic feature that the structure of agricultural holdings in Bulgaria includes a large number of small farms cultivating a small part of the utilized agricultural area (UAA) and a small number of large farms cultivating a significant part of UAA, the author emphasizes that small farms are important to provide employment in rural areas and can play the role of a social buffer in times of economic crisis. Another mentioned feature is that in these farms a significant part of the production is used for own consumption, and this limits the income from agricultural activity and the opportunities for investment and development.

Based on the assessment of the impact of the CAP in the period 2007-2013, which shows that more than 2/3 of the financial assistance for agricultural holdings is absorbed by large ones, the main question of the role of the CAP in supporting small and medium-sized enterprises is raised about medium-sized farms with the provision of financial and other assistance to ensure their competitive development.

In this way, the study raises a highly dissertable issue, which is also related to the future of the CAP - the "oldest" and "most expensive" EU policy, the subject of much discussion in professional and scientific circles in recent years.

The object of the scientific research are the small agricultural holdings, operating on the territory of Bulgaria.

The subject of the research is the influence of the CAP on the level of competitiveness of small agricultural holdings.

3. Purpose, tasks, hypotheses and research methods

The aim of the dissertation is to determine the impact of the CAP on the level of competitiveness of small farms.

In order to achieve the set goal, the following research tasks are formulated:

- to analyze the nature of small farms and their competitiveness;
- to analyze the CAP and its role in achieving and increasing the competitiveness of small farms;
- to develop a conceptual framework for assessing the impact of the CAP on the competitiveness of small farms;
- to analyze and assess the impact of the CAP on the competitiveness of small farms;
- to analyze the needs that small farms are experiencing on the way to their competitive development in the new CAP.

The thesis is defended that the CAP creates conditions for increasing the competitiveness of small agricultural holdings. By increasing the competitiveness of small farms we can increase employment and achieve: development of related industries, increase income, reduce the risk of agricultural activity, improve the skills of the workforce, implement innovations in production and more.

Leading sub-theses in the study are: 1) The CAP sets a framework that defines the competitiveness potential of small farms; 2) The CAP affects the competitiveness of small farms and their adaptability to market requirements.

In the study, the systems approach is perceived as basic. The methods used in conducting the research are: systematic analysis, situational analysis, comparative analysis, diagnostic analysis, statistical methods, constructive method, etc.

The study period covers 13 years (2007-2020), in which the CAP 2007-2013 and the CAP 2014-2020 operate, and the relevant restrictions in terms of time, place, methodology and scope are formulated.

Scientific publications and works of Bulgarian and foreign authors have been used; data from the Ministry of Agriculture, Food and Forestry, incl. the Agricultural report, Eurostat data and the system of agricultural accounting information, as well as a number of normative documents of the European Commission and the Republic of Bulgaria. Empirical information about the study is also provided by surveys.

4. Visualization and presentation of the obtained results

The dissertation is built in the following classical structure: introduction, three chapters and conclusion, used literature and applications. It contains 166 pages. The study is illustrated with 22 figures, 5 diagrams and 16 tables. 129 used literature sources are indicated, 60 of which are in Cyrillic.

5. Discussion of the results and used literature

The first chapter presents the conceptual framework for assessing the impact of the CAP on the competitiveness of small farms. Special

attention is paid to the concept of small farms, incl. building a theoretical model for a small farm; the competitiveness of small farms and the role of the CAP in its development. The approach and instruments for CAP intervention in the agricultural sector are analyzed, with an emphasis on the specific instruments for supporting small farms. A methodological approach for assessing the impact of the CAP on the competitiveness of small agricultural holdings is presented: assessment of the competitiveness of small agricultural holdings; assessment of the impact of the CAP on their competitiveness; organizing a survey and SWOT analysis.

The second chapter presents an analysis of the impact of the CAP on the level of competitiveness of small agricultural holdings and state support, incl. analysis of the support in the two programming periods 2007-2013 and 2014-2020. The impact of the subsidies on the competitiveness of the small agricultural holdings has also been studied. It is emphasized that the financial mechanisms for agricultural support included in the CAP, as well as those included in the state direct sectoral support, have a multiplier effect and cause secondary effects in other (related) sectors (lending, tourism, agriculture, renewable energy sources, construction, education, etc.).

In Chapter Three. Identifying the needs of small agricultural holdings to develop their competitiveness in the CAP the results of the empirical study show that small farms are highly dependent on the level of subsidies received, which determines the central role of the CAP and its intervention instruments in maintaining and developing the competitiveness of small farms. The identification of the needs of the small farms within the new CAP begins as a process, through the analysis of their strengths / weaknesses and opportunities / threats that arise from the environment.

The measurement of the level of competitiveness in the dissertation research is carried out at both macro and micro level, using a deductive approach to identify patterns. The method of expert evaluation and the questionnaire method are used.

The analysis of the credibility of the dissertation thesis takes place in two successive stages: assessment of the competitiveness of small farms and assessment of the impact of the CAP on the competitiveness of the sector and on the competitiveness of small farms.

Competitiveness is considered as a complex economic category and on the basis of the determined immanent characteristics of the competitiveness of small agricultural holdings a certain system of indicators is determined through which to analyze and evaluate the competitiveness - factorial and effective.

Five types of indicators have been adopted to assess the implementation of the CAP.

A systematic approach is applied in assessing the contribution of subsidies to the competitiveness of farms. The indicators used are grouped into two categories: 1) indicators assessing the input of the system, namely the level of subsidy of production on the farm; 2) indicators assessing the outcome of the system - this is the competitiveness of the farm.

Regression analysis seeks answers to the following questions: What is the impact of subsidies on the competitiveness of farms? What is the relationship between the subsidies received and the competitiveness achieved by the holdings? Does increasing subsidies increase the competitiveness of farms? What is the sensitivity of farm competitiveness to changes in subsidy levels?

The organization of the survey includes: preparation of a questionnaire to study the state-of-art and needs of small farms; conducting a survey and focus groups of agricultural producers in Veliko Tarnovo (March 17, 2019); conducting a survey with focus groups of agricultural producers in the city of Kardzhali (June 4, 2019), the city of Plovdiv (June 5, 2019) and the city of Sliven (June 6, 2019); processing of primary data from questionnaires and focus groups, as well as building a database (10.06.-13.06.2019); analysis of the strengths and weaknesses, opportunities and threats for the development of small farms in Bulgaria (June 14 - June 17, 2019); identification of the basic needs for increasing the competitiveness of small agricultural holdings in the future (14.07-17.07.2019); identification of the specific needs related to the restructuring of agricultural sectors, characterized by a large number of small agricultural holdings (14.08-17.08.2019).

The database of the Rural Development Directorate and the Compensatory Measures Directorate at the Ministry of Agriculture and Food - Sofia was used as a source for the formation of the sample. The obtained general population consists of 10,542 organizations that meet the criteria defining them as the small farms on the territory of the country. In the formation of the sample, the method of simple random sampling was used, as its constituent units were selected by irreversible selection. The sample size is of 140 small agricultural holdings.

The strengths and weaknesses, as well as the opportunities and threats, arising from the external business environment are determined on the basis of the results of the discussions, conducted in two focus groups by the owners of small farms in the dissertation research. A methodical approach for determining the financial problems and potential solutions for the development of financial competitiveness is presented.

It is concluded that small farms have the potential to take advantage of the opportunities arising from their specific features to put the amount of income in the first place among their goals, taking into account family ties and traditions and personal qualities. Exploiting and developing this

potential can lead to an improvement in the status of farmers and their families, which can also have an impact on raising living standards in rural areas. Moreover, the threats faced by small farms cannot be overcome through the strengths available. The strengths-threats link is manifested singly, most often with a low degree of significance, which puts the competitiveness of small farms at a great risk. The most critical weakness in terms of the competitiveness of small farms is identified as low market awareness. High production costs also have a high degree of significance for the competitiveness of small farms, along with low creditworthiness, low degree of standardization of production, low degree of mechanization.

It is summarized that the competitive positions of small agricultural holdings are highly endangered and they find it difficult to compete through the strengths, which requires very active work to overcome the weaknesses, and supporting their efforts in innovation, risk and marketing management. In this context, the main needs of small farms for the development of their competitiveness are defined. The conditions of the CAP indicate the following obstacles to increase their competitiveness: limited access to certain production resources and high production costs; insufficient working capital; low mechanization of production; limited market access; competitive imports of agricultural products, as well as frequently changing regulations; the lack of sufficient experience in the management of the projects financed under the individual measures. As a main limiting factor in increasing the size of the farm, the problems with the available agricultural land are analyzed.

Based on the identified needs and analyzes, proposals are made for specific solutions, described in detail and substantiated in the dissertation.

6. Contributions of the PhD thesis

I accept the contributions of the dissertation formulated in the abstract as authentic and personal work of the author, allowing myself to reformulate and supplement them as follows:

Scientific contributions

- A conceptual framework for assessing the impact of the CAP on the competitiveness of small farms is proposed, including a theoretical model of the small farm;
- Enrichment of basic formulations in the theory of competitiveness in the context of the development of small agricultural holdings;
- The role of the CAP in the development of the competitiveness of small agricultural holdings is analyzed, with an emphasis on the specific instruments for intervention, and the influence of the CAP on profitability and competitiveness is established;

Scientific and applied contributions

- A methodological approach for assessing the impact of the CAP on the competitiveness of small farms has been developed and applied;
- The influence of the CAP on the level of competitiveness of small agricultural holdings, incl. analysis of the support by subsidizing their expenses through regression analysis;
- A SWOT analysis was performed, the needs of small agricultural holdings for the development of their competitiveness in the conditions of the CAP (restructuring, innovation, risk management, marketing) were identified, their potential was revealed and proposals for specific solutions were made.

7. Critical remarks and questions

I have no critical remarks on the dissertation submitted for review. I accept it as an original and complete scientific research.

8. Published articles and citations

The dissertation is accompanied by three scientific articles on the subject, sufficient to cover the required points on scientometric criteria. No citations were noted.

The presented abstract objectively reflects the structure and the content of the dissertation.

CONCLUSION:

Based on the different research methods learned and applied by the doctoral student, the correctly performed experiments, the summaries and conclusions made, I believe that the presented dissertation meets the requirements of Law for development of the academic staff in the Republic of Bulgaria and the Rules of the Agricultural University for its application, which gives me reason to evaluate it **POSITIVELY**.

I take the liberty of proposing to the esteemed Scientific Jury that it also vote in favor and award **NIKOLAY IVANOV STEFANOV** the educational and scientific degree "**Doctor**" in the scientific specialty "Organization and Management (Agriculture and Sub-sectors)"

Date: 01.04.2021
Plovdiv

Reviewer: 
(Assoc. Prof. E. Arabska, PhD)