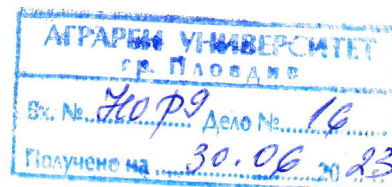


## STATEMENT



On a dissertation for obtaining a PhD in:

**Field of higher education:** 3. Social, economic and legal sciences

**Professional field:** 3.8. Economics

**Scientific speciality:** Organization and management of production (agriculture and subsectors)

**Author of the dissertation:** Lela Slave Krstevska – PhD student in independent training at the Department of Management and Marketing.

**Thesis:** "Strategic risk management in the investment process of agricultural holdings"

**Statement author:** prof. Ivan Petrov Paligorov, PhD – University of forestry, Sofia.

**Field of higher education** 3. Social, Economic and Legal Sciences

**Professional field:** 3.7. Administration and management

**Scientific speciality:** Economics and Management

Appointed as a member of the scientific jury by Order No RD – 16 - 581 of 22.05.2023 by the Rector of the AU and decision of a meeting of the Scientific Jury from 05.06.2023.

### 1. Topicality of the problem

Agriculture is one of the industries that produces and supplies a significant part of the population's food. This defines it as attractive in the eyes of potential investors, despite the slower recovery of invested capital. The interest is also maintained due to the possibility of receiving subsidies that countries provide within the framework of their national policy and from EU funds, in line with the priorities for the development of agriculture and rural areas, as part of economic development. Strategic risk management in the investment process of agricultural holdings makes it possible to avoid in the long term distortion of market relations and to create problems in ensuring the food supply of the population.

This defines the developed problem as very topical, and the dissertation work provides opportunities for improving the strategic risk management in the investment process of agricultural holdings.

### 2. Goal, tasks, thesis and methods of the study

I consider the goal of the study to be correctly formulated. A systematic approach is applied, in which, based on analysis and evaluation of the existing methods for strategic management of the investment process, a proposal for reliable tools for improving investment management is made.

The tasks of the study are systematically arranged to achieve the purpose of the study, and their number is sufficient to be able to offer a solution to the management problem in the dissertation work.



The thesis is formulated correctly and allows to express the indisputable advantages of the approach of strategic risk management in the investment process in agriculture as a reliable tool for achieving the maximum effect of investments.

The object of study are agricultural holdings to which solutions to the management problem should be proposed.

The approach of the study is based on the one hand on the neoclassical theory of the enterprise, in which the effect of investments made in the agricultural holding is considered as a result of the use of the main factors of production – land, labor, capital and entrepreneurship, correctly indicating the restrictions related to the equilibrium of the market, adequate legislation, etc.

On the other hand, the Institutional Theory is used, which assesses the competitiveness of agricultural enterprises, taking into account the level of transaction costs in their organization and management. The approach is implemented in the following sequence: the main types of transaction in which farm managers are involved are defined, then the level of costs for these main types of transactions is determined.

The sources of information in accordance with the tasks include the study of contemporary scientific publications and works of Bulgarian and foreign authors in the field of strategic investment management, newsletters of international organizations, reports and bulletins of the Ministry of Agriculture and Food, FAO data, as well as a number of regulations.

Own empirical information about the survey was collected, as well as results of questionnaire surveys conducted at farm level on questionnaires prepared by the author, using a sampling method.

### **3. Visualization of the results obtained**

The presentation of the dissertation is well structured in an introduction, three chapters and a conclusion, in a volume of 125 pages, used literature and applications. The study is illustrated with 10 figures and 5 tables, 142 literature sources were cited.

### **4. Discussion of results and literature used**

The dissertation presents a summary of the modern methodology for strategic risk management in agricultural investment decision-making, with a focus on small farms. The link between innovation and the possibilities in decisionmaking from the point of view of their application on agricultural holdings is highlighted.

The advantages and disadvantages of traditional investment evaluation methods are analyzed. The relationship between uncertainty in farm management and investments in the direction of different approaches with risk analysis is revealed.



The theoretical consideration of risk management strategies is the basis for applying the real options method to the assessment of strategic investments. The main emphasis is placed on strategies for managing market risk based on futures and insurance contracts.

On the basis of the new institutional economic theory and transaction costs, the logic for concluding effective insurance contracts in agriculture is considered in methodological terms. The information asymmetry of market failures is analyzed. The role of government is seen in terms of agricultural uncertainty depending on whether the country's economy provides the most appropriate "set" of markets. The role of government in this process is defined.

A comparative analysis of traditional methods of analysis and that of real options is made. Traditional investment valuation methods take into account the future with a certain degree of certainty, which implies a passive approach to investment analysis. Traditional models, such as net present value, suggest that managers lack the flexibility to change investment choices and the decision is "all" or "nothing".

Real options analysis as an investment decision tool outperforms other similar instruments in quantifying uncertainty and correctly models management flexibility, which can be as follows: "quit," "exercise," or "wait." From a theoretical point of view, an analysis of the application of real options has been made.

The author's contribution is the results of his own survey.

On the basis of the analysis, conclusions are summarized that highlight the contribution moments of the research in the dissertation.

## **5. Contributions of the dissertation**

I accept the reference to the contributions of the dissertation indicated by the author and I allow myself to group them as follows:

### **Scientific contributions**

1. The theoretical nature of investment risk in agriculture is clarified;
2. A conceptual framework for risk analysis and assessment in the investment process in agriculture has been developed and proposed;

### **Scientific and applied contributions**

1. The main methods for risk management in the investment process in agriculture are analyzed and evaluated;
2. A strategy for managing investment risk in agriculture, based on the real options method, is proposed.

## **6. Critical remarks and questions**

No significant contradictions and omissions were found in the text of the work. There are admitted typical for this type of research generalizations that show the preparedness of the doctoral student in the field of research. There are some minor technical and spelling errors, the elimination of which requires



greater precision. I recommend as is customary in some universities that the dissertation work be printed as a book, which would allow a wider range of readers to become familiar with the results obtained.

## **7. Published articles and citations**

The submitted publications are from 2023, they are available at the links listed on the Internet. They present elements and results of the research. Citations to the publications submitted were not established.

The autoabstract reflects the content of the dissertation and meets the accepted requirements

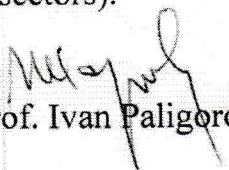
## **CONCLUSION**

On the basis of the documents attached by the doctoral student, the presented research, carried out according to the relevant research methods and the results obtained, the analyzes performed and the conclusions formulated, I believe that the dissertation presented is a completed scientific study and meets the requirements of the LASDB and the Rules of the AU for its application, which gives me reason to evaluate it **POSITIVELY**.

I would like to propose to the venerable Scientific Jury to vote positively and award to Lela Slave Krstevska PhD in the scientific specialty "Organization and Management of Production" (agriculture and subsectors).

28.06.2023

Statement author:

  
Prof. Ivan Paligorov, PhD