

OPINION
for the dissertation

The shadow economy in Bulgaria in comparative terms

of Liliana Veselinova Georgieva

presented for public defense in the Department of Economics

for awarding the educational and scientific degree "Doctor of Economics"

in professional direction 3.8 Economics

Doctoral Program "Economics and Economic Policy"

from

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Administrative grounds:

The opinion was prepared based on the Order of the Rector of the Sofia University "KI. Ohridski" N : RD 38- 282/03.06.2024 for participation in a scientific jury and according to the decisions of the first meeting of 11.06.2024 (PROTOCOL No. 1 / 11.06.2024).

1. General presentation of the dissertation work

Liliana Georgieva's dissertation deals with the topic of the shadow/gray/informal economy in Bulgaria in a comparative way, researching and analyzing its characteristics and scale in the context of the European Union. The issue continues to be extremely topical and important, as the shadow economy has a significant impact on economic stability, social (in)equality and government revenues. I will use the term shadow economy as the author uses it in some of her papers in English, although I believe that the Bulgarian term "сива" should be translated as "gray" or "informal", while the shadow economy is generally considered to be translated as „сенчеста“. The dissertation itself discussed the terminology and I did not discuss this in the Bulgarian version of the opinion.

The proposed work is "impressive" with its volume of 300 pages and impresses with the wealth of comparisons and observations. I have followed various previous versions and would like to express my satisfaction with the improvements Ms. Georgieva has made after each discussion in the department or with me.

The author appropriately justifies the choice of the topic with its socio-economic significance, as well as with the lack of comprehensive comparative analyzes on the issue, especially from the perspectives skillfully chosen together with its scientific supervisor Prof. Dr. Stefan Petranov.

I know Liliana Georgieva's work "in development" - already as an active student and from her participation in various summer schools and annual conferences of the faculty, through her publications (individual and co-authored) to her activity as the manager of the Alumni Association of the Faculty of Economics and Business Administration (FEBA).

My interest in the research on shadow economy she and her colleagues from the Department of Economics, stems from my long-standing work monitoring the shadow/informal/unobserved/gray economy within the Coalition 2000 at the Center for the Study of Democracy (CSD).

2. Assessment of the structure and content of the dissertation

The structure of the dissertation is logically distributed and covers a wide range of aspects - from a theoretical examination of the concept of the shadow economy and the methods for its measurement, through an analysis of its causes and consequences, to specific comparative data for Bulgaria and selected EU countries. The research is supported by a significant amount of empirical data, which contributes to its objectivity and reliability.

Specifically, the dissertation is structured in an introduction (7 real pages, essentially 6 pages), a main part of four chapters and a conclusion (164 pages), an author's reference to scientific contributions, literature and appendices (120 pages), elements, required by art. 64 para. 2 of PURPNSZAD in Sofia University "St. Kliment Ohridski".

The dissertation work submitted for review contains sufficient scientific and scientific-applied results that represent an original contribution to science (requirement for judgment under Art. 64. para. 1 of the same regulations). The dissertation is richly illustrated with tables, graphs and figures (29 items), and the bibliography, including 269 sources, comprehensively covers all known researchers of the gray economy and, more generally, world literature on the subject (in English, Bulgarian and Russian languages).

The data used in the dissertation are from the special Eurobarometer 498 with a field survey in 2019. Despite the apparently large time lag, actually Ms. Georgieva managed extremely quickly, since the system files are published much later. The fact that she uses similar data makes her results

easily verifiable, and the detailed reporting of all tests and analyzed data in context in the appendices shows good research taste, which is not the norm in Bulgaria.

For the most part, the conclusions of PhD student Georgieva are original, at least to the extent that I have not found other studies on the data from this Eurobarometer with these conclusions.

The scientific apparatus used is adequately chosen to verify the formulated hypotheses. Of course, one can always complicate the apparatus by adding new control proxies for the countries being compared and adding new countries, but that can be done in subsequent research. I'm sure there is a lot more to say about this topic even with this data alone.

The abstract correctly summarizes the dissertation. Ms. Georgieva deserves praise because she managed to summarize what was done in the 300 pages of the dissertation in a 50-page abstract!

The doctoral student has significantly more publications (a total of 9 , of which six are independent and three co-authored) and, accordingly, "points" for registration in NACID, both the minimum and the average for doctoral students in the faculty. Two of the articles (co-authored) have been indexed in Scopus and already have one independent citation. The publications were realized in the period 2021-2024, which shows enviable research activity.

3. Scientific contributions

I accept all the stated contributions of PhD student Georgieva (pages 46 and 47 of the Abstract and pages 175, 176 and 177 of the Dissertation) and I pay special attention to the key contribution of identifying the dependence between the stated tax morality and the stated tax behavior, as well as social - the demographic and behavioral characteristics of the population and tax morale. The "hidden" pearl of the thesis is the moderating effect of happiness (or life satisfaction) on tax behavior through tax morale (Hypothesis 12, p. 158, confirms that individuals who are more satisfied with their lives have higher tax morale compared to the more dissatisfied), even more so in the context of Hypothesis 13, which validates the homogeneity of tax morale across social classes. I believe that such an article, based on all Eurobarometer data, and not only on the selected countries for the analysis for the purposes of the dissertation, would find a place in the world's top journals that publish articles related to the shadow economy and public finance.

In general, Chapter IV , which examines the differences in tax morale according to various socio-demographic characteristics, seems to me the most interesting. For example, the conclusion that

married people have higher tax morale (Hypothesis 5) or that the hypothesis that people living with children will have higher tax morale (Hypothesis 6) is rejected.

The rich statistical analyzes between Bulgaria's policy-relevant countries (neighbors and very similar in terms of Bulgaria's integration into the European Union), explained by recent similar academic research without being repeated, provide the necessary basis for data-based policy formulation , with a high chance of impacting and reducing either the levels of the shadow economy or (at least) its economic cost. Here, too, I expect effective follow-up as a result of the dissertation.

4. Critical notes and recommendations

Above, I have already mentioned two expected areas of activity (as recommendations) in which I expect "quick success" as a result of the work on the dissertation - from an academic and political point of view. There are still problematic parts of the formatting left, like the lone sentence on page 13 that should be on page 12, missing some punctuation, etc.

All my critical remarks related to the research methodology and the reporting of more statistical components in the analysis, which could be reflected in reasonable terms, were already reflected by PhD student Georgieva (in the process of the preliminary presentation of the dissertation work and the subsequent internal defense), for which thank her! Only the third and fourth chapters remained independent, but this is a small detail.

5. Questions

Although in the current protection procedure I think there is no need to formulate specific policy recommendations, I would be happy to hear the development of Ms. Liliana Georgieva's opinion, what potential ideas she has, how she can use her conclusions from Hypothesis 12, and the other hypotheses in Chapter IV about the positive influence of satisfaction on tax morale for advice to politicians? I would recommend the development of a policy brief as well addressed to the politicians with the conclusions of the dissertation, to be sent to the media as well!

6. Reasoned and unequivocal solution proposal

I firmly believe that the jury should award the scientific and educational PhD degree to doctoral student Liliana Georgieva.



Associate Professor Dr. Todor Yalemov

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