

Report on Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Bc. Adam Maryniok
Advisor:	prof. Ing. Evžen Kočenda, M.A., Ph.D., DSc.
Title of the thesis:	Determinants of the Mode of Payment in Mergers & Acquisitions in the European Union

OVERALL ASSESSMENT:

Contribution

Mergers and acquisitions (M&As) have got attraction from both academics and practitioners in the last years. However, only few studies were undertaken on factors influencing the particular payment method of used in M&A transactions (cash/stock/mix). Adam Maryniok investigates the topic when empirical testing these factors through Bayesian Model Averaging (BMA) in the European Union in the 2010-2018 period. His contribution is therefore clear.

Methods

The author applies several methods in his research: BMA, a multinomial logit model, automatic methods (backward elimination, forward selection, stepwise regression). He correctly highlights advantages of these models: simplicity and straightforwardness. Based on these methods hypotheses are tested. The final model includes 13 independent variables.

Literature

5-page literature on related theoretical models and empirical studies seems reasonable. Adam identifies two main gaps in the literature, what makes his research valuable. First, he applies the BMA for statistical inference rather than the classical frequentist approach based on p-values with a reference to Hoeting et al. (1999) and Kječulff (2017). Second, he uses an updated data set on the EU transactions compared to previous researchers such as Faccio & Masulis (2005).

Manuscript form

Adam's thesis meets standard format requirements on bibliography, notes, figures and tables well illustrate discussed issues. The thesis is worked out nicely the estimated models has a high discriminatory power. I believe that a part of the thesis might be published in a journal with an impact factor.

Summary and suggested questions for the discussion during the defense

Adam has developed a solid academic approach, reviewed the existing literature, identified open questions and drew relevant conclusions from that. All in all, I propose Grade A from this thesis.

Questions to the defense:

- 1) Figure 6.5 on page 41 shows posterior probabilities from the BMA versus p-values from the stepwise model (bottom-left figure). Could the author explain/demonstrate a model uncertainty on two cases (CONTROL_LOSS and PRIVATE_TARGET) where the two approaches disagree on the importance of variables?
- 2) Adam concludes on page 51 that P-values might be misleading in assessing variable importance and therefore he prefers to discuss the BMA results only. Can this approach be generalized from a theoretical point of view?
- 3) Table 5.2 on page 22 implies the stock/combine payment is popular among Finnish bidders compared to the rest of EU as documented also in previous studies. What is the reason? Are there any institutional factors?
- 4) What are key recommendations for investors/regulators based on the obtained results?

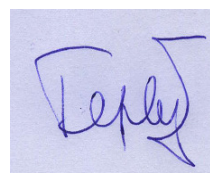
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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
Contribution (max. 30 points)	28
Methods (max. 30 points)	27
Literature (max. 20 points)	18
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	91
GRADE (A – B – C – D – E – F)	A



NAME OF THE REFEREE: Doc. PhDr. Petr Teplý, Ph.D.

DATE OF EVALUATION: January 10, 2019

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F