

# Report on Bachelor Thesis

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

<b>Student:</b>	<b>Martin Bosák</b>
<b>Advisor:</b>	<b>Petr Pleticha</b>
<b>Title of the thesis:</b>	<b>Impact of zombie firms on the weak post-crisis growth of the Slovak Republic</b>

## **OVERALL ASSESSMENT** (provided in English, Czech, or Slovak):

*Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.*

### **Contribution**

The thesis analyzes zombie firms in Slovak economy. Assessment is done on confidential datasets from the Council for Budget Responsibility (CBR) and the National Bank of Slovakia (NBS). The various relevant financial indicators are drawn from the years 2004-2015. The analysis takes a number of related theoretical and empirical papers as a background for the study.

The key contribution is the evidence that during the researched period Slovak zombie firms were considerably less efficient than otherwise healthy companies. Major determinants of zombie firms are also identified. Further, presence of the zombie firms negatively impacted healthy firms in the economy as well as overall economic output. The analysis is short and somewhat limited in its scope but presented results are in line with the related literature on the OECD countries cited in the thesis.

### **Methods**

In the analysis, a probit model serves as a key tool to assess the probability of a firm becoming a zombie firm. Further, firm performance is assessed via a fixed effects models with selected sets of determinants. Estimated specifications are specified based on similar models taken from already published papers dealing with the zombie firm issues.

Relative weakness of the thesis is the indirect access to the data by student – estimation code was sent to the data providers and results were delivered after estimation. Confidentiality of the data is beyond the arrangement, which, nevertheless, precludes more detailed analysis and assessment.

Potential endogeneity is accounted for by the use of fixed effects. Issues related to low R-squared and residual testing are explained – in this respect, student accounted for my previous comments on an earlier draft of the thesis.

Overall, the methodology approach is fine, well-motivated and executed.

### **Literature**

The literature review section summarizes the current state of research in the field. It is relatively short but covers literature related to zombie firms in an informative and coherent way. Hence, the literature is reviewed in a detail and covers all relevant papers and angles.

### **Manuscript form**

The manuscript conforms to formal requirements for a bachelor thesis. It reads well but at some places the flow and grammar could be better. The results are presented with a sufficient detail and are also backed by a robustness check.

Introduction is short but clear and it motivates well the researched topic. Data are fully described. Hypotheses are informally stated in the introduction of the thesis in a form of three questions (p.4) but they are not formalized. Tables and figures are presented in an organized and legible manner. Appendix provides additional information on results. References seem to be complete.

### **Summary and suggested questions for the discussion during the defense**

The thesis represents a solid piece of empirical work on the subject and provides clear results on the impact of zombie firms in Slovakia.

In case of the successful defense, I recommend the grade of high B or lower A – the final grade should depend on the performance of the student during the defense.

# Report on Bachelor Thesis

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

<b>Student:</b>	<b>Martin Bosák</b>
<b>Advisor:</b>	<b>Petr Pleticha</b>
<b>Title of the thesis:</b>	<b>Impact of zombie firms on the weak post-crisis growth of the Slovak Republic</b>

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	25
<i>Methods</i> (max. 30 points)	28
<i>Literature</i> (max. 20 points)	19
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>90</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>B/A</b>

**NAME OF THE REFEREE:** *Evžen Kočenda*

**DATE OF EVALUATION:** *August 20, 2019*



---

**Referee Signature**