

Institut ekonomických studií

Fakulta sociálních věd, Karlova universita Praha

Referee report on the Master Thesis submitted to State Exam

Student Name:	Jordan Gešev
Thesis Supervisor Name:	Ondřej Schneider
Thesis Title:	Executive Compensation in Theory and Czech Pract..

Overall Evaluation: It is very difficult to evaluate this thesis. The author has produced a neat and in many respects very comprehensive text that covers most of topics related to its goal. The text is carefully written, with a reasonable list of literature and several insights well worth it. The author sought to incorporate my comments whenever was possible. On the other hand, one can't help feeling that the whole essay is void of any substantial, hard-data content. On several occasions, the author makes unsubstantiated claims that might not stand. After all, I recommend the thesis for the defense and suggest **grade B, i.e. "Very good"**.

The thesis has a clear structure and the chapters are properly organized. After a brief intro, the second chapter deals with basic corporate governance models and discusses their pros and cons. The third chapter looks at compensation packages that boards typically bestow on managers. The discussion and occasional charts suggest that the compensation is difficult to explain by economic and financial factors only. I find it difficult to interpret striking differences in compensation structure as suggested by table 3 (page 26). Part 3.4 discusses stock options and their role in compensation structures. The author makes some interesting, but unsubstantiated claims, as his discussion of managers' motivation on page 36 witnesses. Chapter 4 looks at managers' motivation but concentrates on the Czech – very specific – experience with transition from planned to market based economy. The fifth chapter analyzes legal aspects of the corporate governance. It mixes discussion of the Czech experience with an analysis of tax issues, inspired by the U.S. data. The conclusion summarizes the thesis.

The thesis is a frank and reasonably researched attempt to classify and analyze main aspects of the management compensation in incorporated firms. It uses sources from the U.S, but also brings in some data on the Czech firms, which is always a novelty. On the other hand, the thesis does not bring any substantially new empirical analysis and its theoretical parts suffer from some unsubstantiated claims.

Overall, I do recommend the thesis for the defense and I suggest **grade B, "Very Good"**.

SUMMARY OF POINTS AWARDED:

CATEGORY	POINTS
Quality of Research	25
Clarity and Readability	8
Content/Quality of Ideas	28
Organization & Development	10
Manuscript Form	5
TOTAL POINTS	76
LETTER GRADE	B

(Signature – Defense Opponent)

Ondřej Schneider

Evaluated on: 14 June 2007

