

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Roman Ružica</b>
<b>Advisor:</b>	<b>Michal Král</b>
<b>Title of the thesis:</b>	<b>Effects of political connections on public procurement, evidence from Slovakia</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**

Roman Ružica in his empirical thesis discusses public procurement in Slovakia and tries to find out, whether there is a link between political connections and public procurement, which would suggest corruption in the process. The relevance of this topic cannot be understated. Furthermore as Roman correctly argues, that it is especially important in case of Slovakia since the ratio of public procurement to both government spending and GDP is among the highest in OECD countries. Roman analyzed Slovak public procurement data from 2009 to 2019 with a special focus on political connections and using linear regression found a significant evidence that political connections do play a role when applying for government contract in form of both number of opposing contenders and revenue from the contract and that the type of the connections matters as well. The contribution of introducing new evidence for Slovakia seems to be clear and appropriate for Bachelor thesis.

### **Methods**

Roman demonstrated good technical skills creating a complex data set. He is aware of technical drawbacks such as joining data sets only through name or possibilities to improve the connections network, which are at the moment beyond the scope of this thesis. Also remarks how these shortcomings will affect data shows his understanding of the subject. One thing what I would like to see, is better description of the data set with more comprehensive table of basic descriptive statistics. Most of these statistics are mentioned in some form in the text, which is however little confusing, especially if reader needs to go back in the text when evaluating final model. The empirical methods are used well and the discussion of the regression results is satisfactory.

### **Literature**

The thesis is well structured and Roman made a good use of existing literature in showing the results from other countries in this field as well as introducing the specifics of public procurement for Slovakia. The description of the situation with often changing laws is quite comprehensive and helps introduce the problem of public procurement and political connections in Slovakia. The literature relevant to Slovakia might be discussed in bigger detail, especially the result of other studies and differences in methodology, since the creation and usage of the political connections network is very well done.

### **Manuscript form**

The manuscript is very good and mistakes are extremely rare and reduced to a details such as few instances of wrong double-quotes and one instance of word repeating in one sentence. However the language can be little bit chaotic and incomprehensive at times, especially in chapter 4.4 when describing the different levels of connectedness. This is as shame as creation and use of the network of political connections is one of the biggest contributions of the thesis and as I mentioned earlier, it is

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very well done and quite impressive. I would like more time to be spent explaining the network of political connections and better describing and summarizing tables 4.1 and 4.2.

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

Despite minor shortcomings Roman Ružica did a very good job writing this thesis and I recommend the overall grade of B.

Questions for defense:

What impact will the possible name mismatch have on interpretation of results?

How would you explain that firms owned by politicians seem to face worse odds in public procurement?

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	26
<i>Methods (max. 30 points)</i>	26
<i>Literature (max. 20 points)</i>	17
<i>Manuscript Form (max. 20 points)</i>	15
<b>TOTAL POINTS (max. 100 points)</b>	<b>84</b>
<b>GRADE (A – B – C – D – E – F)</b>	<b>B</b>

**NAME OF THE REFEREE: Michal Král**

**DATE OF EVALUATION: 22.01.2020**



**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.*

**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.*

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

**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.*

**Overall grading:**

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