

IMESS DISSERTATION

Note: Please email the completed mark sheet to Year 2 coordinator
(cc Chiara Amini chiara.amini@ucl.ac.uk and fiona.rushworth@ucl.ac.uk)

Please note that IMESS students are not required to use a particular set of methods (e.g. qualitative, quantitative, or comparative) in their dissertation.

Student:	Bin Yu
Dissertation title:	Corruption Distance and Foreign Direct Investment: Evidence from European Transition Economies

	70+	69-65	60-61	59-55	54-50	<50
	A	B	C	D	E	F
Knowledge <i>Knowledge of problems involved, e.g. historical and social context, specialist literature on the topic. Evidence of capacity to gather information through a wide and appropriate range of reading, and to digest and process knowledge.</i>	X					
Analysis & Interpretation <i>Demonstrates a clear grasp of concepts. Application of appropriate methodology and understanding; willingness to apply an independent approach or interpretation recognition of alternative interpretations; Use of precise terminology and avoidance of ambiguity; avoidance of excessive generalisations or gross oversimplifications.</i>	X					
Structure & Argument <i>Demonstrates ability to structure work with clarity, relevance and coherence. Ability to argue a case; clear evidence of analysis and logical thought; recognition of an argument's limitation or alternative views; Ability to use other evidence to support arguments and structure appropriately.</i>		X				
Presentation & Documentation <i>Accurate and consistently presented footnotes and bibliographic references; accuracy of grammar and spelling; correct and clear presentation of charts/graphs/tables or other data. Appropriate and correct referencing throughout. Correct and contextually correct handling of quotations.</i>		X				
Methodology <i>Understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.</i>	X					

ECTS Mark:	A	Charles Mark:	70	Marker:	Michal Paulus
<i>Deducted for late submission:</i>				Signed:	
<i>Deducted for inadequate referencing:</i>				Date:	10. 6. 2019

MARKING GUIDELINES

A (UCL mark 70+) = A (Charles mark- excellent): Note: marks of over 80 are given rarely and only for truly exceptional pieces of work. Distinctively sophisticated and focused analysis, critical use of sources and insightful interpretation. Comprehensive understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.

B (UCL mark 69-65) = B (Charles mark – very good)

C (UCL mark 64-60) = C (Charles mark – good): A high level of analysis, critical use of sources and insightful interpretation. Good understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research. 65 or over equates to a B grade.

D (UCL mark 59-55) = D (Charles mark – satisfactory)

E (UCL mark 54-50) = E (Charles mark – sufficient):

Demonstration of a critical use of sources and ability to engage in systematic inquiry. An ability to engage in sustained research work, demonstrating methodological awareness. 55 or over equates to a D grade.

F (UCL mark less than 50) = F (Charles mark - insufficient):

Demonstrates failure to use sources and an inadequate ability to engage in systematic inquiry. Inadequate evidence of ability to engage in sustained research work and poor understanding of appropriate research techniques.

Please provide substantive and detailed feedback!

Comments, explaining strengths and weaknesses (*at least 300 words*):

The thesis presents an interesting contribution to the existing literature on corruption distance applying gravity models on FDI flows. The thesis is based on a microfounded gravity model for FDI which is augmented by a newly proposed measure of corruption distance. The thesis presents a rich set of estimates (focused on transition economies) and relevant robustness checks. However, the contribution of the thesis does not rely just on the methodological innovation concerning the corruption distance, but also on the empirical tests of FDI flows of transition countries combined with application of “structural” FDI gravity.

As a supervisor I also appreciate the attitude of Bin who invented the research question and the contributory idea (adjusted corruption distance) independently and was actively working on his thesis whole academic year.

Therefore, I grade the thesis as **excellent (70 points)** even though I have some critical minor comments which are explained below.

Generally, I would recommend the author to focus more on the methodological part of the thesis and very clearly and transparently describe the estimation procedure and strategy. Some empirical steps are in fact explained in the result chapter which is too late. All the necessary estimation steps (what is estimated and how) shall be found in the chapter on methodology.

- How is the baseline model used to nominate the excluded variable? What is the logic behind the decision to exclude a variable? That shall be properly explained on page 35 before the results are presented.
- I would welcome one large table clearly identifying all 17 models (but see my other comment below...). It would be more transparent than the Table 2 with just three equations.
- On page 34 the author claims he is estimating 17 models. However, that is true just for section 5.1. Once other sections are considered the number of estimated models is simply larger (e.g. 5.2 or 5.3.). The estimation strategy shall be clearly presented in the methodology chapter.
- I am still partially confused about definition of the variable *ParCorr* (page 58 or 76). How is the variable constructed? The description is simply a little bit confusing to me.
- I have not found the list of transition economies used in the estimation. Appendix 2 presents just developing and developed countries.

Finally, I have one minor discussion comment. I would be more careful concerning the consensus on general effects of corruption. The author claims that there is “*lack of universal consensus (at least at the theoretical level) on the effects of host country corruption on FDI*” (p.12). I agree that we can find some papers presenting positive effects of corruption on FDI flows but still in my understanding of the literature the vast majority of authors would support conclusion about overall negative effects of corruption while the positive effects apply usually to specific cases or relationships.

Specific questions you would like addressing at the oral defence (*at least 2 questions*):

How is the baseline model used to nominate the excluded variable?

How is the variable *ParCorr* constructed?

Do you have an explanation why the results for the CPI index are so much different compared to other used corruption indices (usually there is a high correlation between CPI and CoC)?

In you model you mainly used 5-year lag (followed by 10 and 15-year lag but just for ICRG index). What was the reason behind this choice (5-year)? Have you thought about some robust method or analysis properly choosing the lag for the adjusted corruption distance?