Report on **Bachelor Thesis**

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

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Advisor:	Adam Gersl
Title of the thesis:	Privatization through FDI in the Czech Republic: Effects of Privatization Properties on the Companies' Performances

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

This bachelor thesis represents a unique research study on data collected by the author himself in the privatization archives of the Czech Ministry of Finance. The thesis looks at whether certain features of the individual privatization processes within the large-scale privatizatin in the early 1990s had effects on the probability of the privatized company to perform well during the economic recession of the Czech Republic in 1997-1998. As some of the data have never been explored before, the thesis also offers an important value added in analzing this data for the first time, contributing to our understanding of how different features of privatization affects future performance of companies.

The thesis has a balanced structure and includes a survey of relevant literature as well as a thorough discussion of the economic perfomance and privatization periods of early 1990s. The inflows of FDI is also discussed in detail, together with possible direct and indirect effects (spillovers) found in literature. The empirical part is based on a carefully selected method to estimate the „treatment" effects, as a simple regressing of performance of a company on a number of explanatory variables would neglect the strong endogeneity and self-selection bias (maybe the best companies were privatized only...). A considerable amount of work has also been invested in the data collection for this thesis. Moreover, the performance of the companies is measured by estimating a TFP using an advanced Levinson-Petrin method, and this has been further used in a difference-in-difference type of regression looking at the changes of TFP between 1996 and 1998 in the treated versus control group (which was created synthetically due to data limitations). Despite the low number of observations, the thesis has a strong value added. Moreover, the estimation procedure is well advanced and clearly lies beyond standard requirements for a BA thesis.

The author was in intensive contact with the advisor of the thesis and tried out a number of possible estimation strategies and data analyses before converging to the final version. The cooperation was excellent.

I fully recommend the thesis for defence and suggest the grade 1. At the same time, I suggest this thesis to be given a „honour" from the dean (pochvala dekana) and nominated for one of the students' prizes.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	20
Methods	*(max. 30 points)*	30
Contribution	*(max. 30 points)*	30
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	**100**
GRADE	(1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *Adam Gersl*
DATE OF EVALUATION: *11 June 2012*

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong	*Average*	*Weak*
20	*10*	*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.*

Strong	*Average*	*Weak*
30	*15*	*0*

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.*

Strong	*Average*	*Weak*
30	*15*	*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.*

Strong	*Average*	*Weak*
20	*10*	*0*

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě