

# Report on Master Thesis

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

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| <b>Student:</b>             | <b>Bc. Stanislava Tydláčková</b>  |
| <b>Advisor:</b>             | <b>PhDr. Pavel Vacek Ph.D.</b>  |
| <b>Title of the thesis:</b> | How Tax, Labor Market and Product Markets Reforms Influence Foreign Direct Investment |

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

In this master thesis, the author analyses the foreign direct investment (FDI) and the main factors influencing the investment flows across different industries. The thesis is based on a comprehensive theoretical discussion of the FDI drivers, consequently tested using advanced econometric techniques.

The author presents interesting and clearly defined research questions. She recognizes the main shortcomings of the recent empirical studies, suggesting country level data are not best suited for the purpose of an empirical analysis of this type. Therefore, the author focuses her empirical analysis on the FDI determinants in selected industries across OECD countries allowing her to test the key empirical questions on a larger and more robust data set, while also applying more advanced econometrics.

Overall, the thesis is well written and it satisfies standard requirements of a master thesis at our Institute. Nevertheless, the thesis would benefit from the following:

### General comments

- The thesis needs a more detailed overview of existing academic literature on this research topic. Also, motivation for the use of explanatory variables should be supported by references to previous academic research where possible.
- Overall, the thesis does not seem to refer to previous research sufficiently. If this is because there is no previous academic research and the work is original, this should be stated more clearly in the beginning of the thesis.
- Some general statements such as ‘*Nowadays it is widely accepted that the influence of foreign companies on the politics is not usually higher than the influence of domestic firms*’ should be supported by evidence, otherwise they should be avoided.
- The thesis suffers from insufficient proofreading, as there seems to be a number of typos and other editorial mistakes.

### Comments on empirical analysis

- The empirical methodology relies on advanced econometric techniques and the author shows a good understanding of the methods used and their potential shortcomings.
- The author correctly recognizes potential shortcomings of OLS estimator (e.g. endogeneity). Nevertheless, she should also present OLS results of her analysis as a reference/benchmark scenario, as this is a standard practice in any empirical research.
- The empirical work would benefit from a more comprehensive description of the data and a presentation of full set of results (in Annex). I also missed a discussion around robustness of the results.
- The author captures the size of the market by using GDP p.c. in logs. Yet, this approach would seem to be more appropriate if we try to control for growth in GDP p.c. At the same time, the

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author includes 'real GDP growth' as an additional control variable. This does not seem to be an optimal approach, as we are using two variables capturing (at least partly) the same effect.

- The presentation of results seemed insufficient and not fully convincing, in particular given the potential shortcomings of the econometric approaches used.

For the reason stated above, I propose the grade 'Good' (2) for this thesis.

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

| <b>CATEGORY</b>                         | <b>POINTS</b> |
|---|---------------|
| <i>Literature</i> (max. 20 points)      | 14            |
| <i>Methods</i> (max. 30 points)         | 20            |
| <i>Contribution</i> (max. 30 points)    | 20            |
| <i>Manuscript Form</i> (max. 20 points) | 16            |
| <b>TOTAL POINTS</b> (max. 100 points)   | <b>70</b>     |
| <b>GRADE</b> (1 – 2 – 3 – 4)            | <b>2</b>      |

**NAME OF THE REFEREE: PhDr. Goran Serdarević M.A.**

**DATE OF EVALUATION: 02.09. 2012**

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*Referee Signature*

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|-----------------------------|--|
| <b>Student:</b>             | <b>Bc. Goran Serdarević</b>            |
| <b>Advisor:</b>             | <b>PhDr. Petr Teplý</b>                |
| <b>Title of the thesis:</b> | <b>Efficiency of EU Merger Control</b> |

## 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     | <b>1</b> | = excellent    | = výborně                 |
| 61 – 80      | <b>2</b> | = good         | = velmi dobře             |
| 41 – 60      | <b>3</b> | = satisfactory | = dobře                   |
| 0 – 40       | <b>4</b> | = fail         | = nedoporučuji k obhajobě |