

Report on Bachelor Thesis

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

Student:	Enkh-Amgalan Renchindorj
Advisor:	Doc. Ing. Vladimír Benáček, CSc.
Title of the thesis:	Foreign Direct Investment in Mongolia – Its determining factors and policies

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

Mr. Renchindorj is coming from Mongolia and he has chosen a topic which is of a crucial importance for the Mongolian economy. The positive aspect of the choice must be stressed. The text comprises approximately 50 pages (including annexes), of which a half is a comprehensive description of the role of FDI in national economies and pages 31-48 are a quantitative analysis of the Mongolian FDI. The first half (equivalent to chapter 1) represents a text moving at a level of a textbook description of FDI (often transgressing to explanations used at the business literature), the second half (i.e. chapters 2+3) is the core of the work.

The chapter 1 deals with many theories explaining the existence of FDI, however, no description attempts at a more formal explanation. The choice of literature is correct but it would be worth while concentrating more deeply on some features pertinent to Mongolia. E.g. there is a hint about the Dutch Disease, unfortunately covering mere 1 ½ pages. There are present formal mistakes (e.g. typos or a confusion between millions and billions, as in Table 1.1. or the quoted D. E. Lilienthal not being included in References). Classification of FDI on pp. 26-27 could have been more systematic (e.g. according to UNCTAD or referring to such experts as Agarwal (e.g. his 1996 Kiel WP). Part 1.4 on FDI and growth is crucial for the further research – it would deserve more than 2 pages. I have also a reservation to the style of quotation in References – it could have been definitely more compatible with the citation norms at FSV.

Chapter 2 describing the Mongolian FDI is more generous. It offers a lot of data in graphs and tables. Here I would welcome more personal contribution: the rough data taken generally from the World Bank and Mongolian sources would deserve more processing – e.g. the analysis of trends and structures, or relating the industrial and country structure of FDI in Tables 2.1 and 2.2 to the theories of investment or capital movements, etc.. Fig. 2.7 is not very informative for its small size and missing units of accounting.

Chapter 3 is the most inventive, offering an estimation how the FDI and domestic investments contribute to the GDP growth. By its topic this is related to the accelerator-multiplier theory. The author however proceeds directly to econometric estimation without propounding the theoretical background. This is followed by another logarithmic estimation, testing how FDI depends on three economic and two institutional factors. This model could become the core of the thesis, provided it would be preceded by a specific theoretical survey and a more congruent set of explanatory variables.

My impression from the thesis of Mr. Renchindorj is rather mixed – it offers some positive spells but in many parts it could have been worked out in more depth and concentrated around 2-3 hypotheses, which would target the Mongolian FDI in a more focused investigative manner.

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

CATEGORY	POINTS
Literature (max. 20 points)	10
Methods (max. 30 points)	11
Contribution (max. 30 points)	14
Manuscript Form (max. 20 points)	8
TOTAL POINTS (max. 100 points)	43
GRADE (1 – 2 – 3 – 4)	3

NAME OF THE REFEREE: Doc. Ing. Vladimír Benáček, CSc.

DATE OF EVALUATION: 24.8.2012

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