

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Marek Krečmer</b>
<b>Advisor:</b>	<b>PhDr. Ing. Jiří Skuhrovec</b>
<b>Title of the thesis:</b>	<b>Expenditures of Public Institutions on Purchase of Goods and Services</b>

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

Bachelor's thesis "**Expenditures of Public Institutions on Purchase of Goods and Services**" deals with public procurement in the Czech Republic. It provides an introduction to the theory of public expenditures and it analyses public procurement with publicly available data of the Czech ministries and municipalities from 2009 to 2011. The main task of the work is to compare selected authorities in terms of best practice of public purchase through public procurement. The good practice is measured by the ratio of procurable expenditures procured through the Information System of Public Procurements.

Chapters 1 to 3 introduce the topic and provide literature overview and theoretical background for the analysis in following chapters. Since the last year the improvement of the thesis is noticeable. The thesis got a structure of academic work. Chapters are longer and more profound, sentences are written with care and overall appearance of thesis is much more professional, undoubtedly thanks to the use of LaTeX. Also, the most of mistakes that occurred in the first version of the thesis have been corrected.

Apart from all that was said above, there is still some space for improvement regarding the rules of scientific writing. On p. 6 there is quotation without proper mention of its source (only the author is mentioned): "*According to Pavel it means respecting "the principle of 3E" - Economy, Effectiveness and Efficiency.*" The same problem is on p. 7, first paragraph.

Some strong statements lack the support of empirical evidence or related literature and they seem to be more subjective assessments rather than facts. For example:

- "*In addition, the controlling authorities concentrate only on compliance with the three directive principles and do not care about economy logic behind the procurements.*" (p. 6) – Can the author prove it by statistics, empirical evidence?
- "*Hence, especially in countries with low quality state administration like the Czech Republic, the public control is essential.*" (p. 12) – Does the author have at his disposal some measurement of the quality of state administration? If yes, he could mention it in his work.

Regarding the analytical part of the work (Chapters 4 – 5) I appreciate the effort with which the author collected data for his analysis, particularly collecting data manually, as much of the relevant information is not covered in public databases yet. However, I have the following concerns:

- I miss deeper explanation of how the author has chosen cities for his analysis, in my opinion, saying that the choice was random is not sufficient (p.17).
- I am not happy with correction of data described on p. 25: "*The problem was that sometimes it was, in fact, impossible to acquire all the needed data, and therefore the procurement value was used as if it was spent all in the contracted year.*" It might be better to subtract these data from the analysis (as was done with the Ministry of Finance) or at least to evaluate the magnitude of bias that may occur. Also, it would be useful to know what portion of all procurements are those that have been corrected in this way.
- I have doubts about following methodology: "*Another issue with the data on public procurements is that their values are without VAT, therefore they had to be adjusted to include the VAT as expenditures in the budgets are including VAT. The values were multiplied by 1.19 for the year 2009 and 1.2 for the years 2010 and 2011.*" (p. 26) In the Czech Republic, there are two VAT rates. Some goods and services are taxed with lower taxation rate, thus the use of one rate might distort the data. The author did not mention it.

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From the thesis appearance point of view, there are only minor errors in format (i.e. section Literature). Also, I would suggest larger text font in figures on pp. 21 – 22. In overall, I appreciate thesis appearance.

Suggested question for the defence is:

- “How did you obtain constants 0.25, 0.35 and 0.4 in the equation on p. 26? I agree that more weight should be put on recent years than on older data, but still how did you decide that the weights should be set as you did?”

In case of successful defence, I recommend grade “**velmi dobře**” (good, 2).

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

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	19
Contribution (max. 30 points)	19
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>74</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>2</b>

**NAME OF THE REFEREE:** PhDr. Tatjana Vukelić

**DATE OF EVALUATION:** 09 June 2013



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

