

Report on Bachelor / Master Thesis

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

Student:	Alina CAZACHEVICI
Advisor:	Roman Horváth, PhD
Title of the thesis:	The Determinants of Access to Finance.

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

At the first glance, this master thesis signals that its aim is a real research. Such is its structure, style of wording, treatment of hypotheses (p. 23) and their empirical testing, offering thus a highly positive first impression of the study.

The main objective of this thesis, according to the MT Proposal, was the quantitative analysis of the determining factors of „the access to finance in 28 transition countries“. This was in reality transformed into the analysis of a survey question on „obstacles in accessing finance“, whose ordinal scale was <0, 1, 2, 3, 4>. This is a very soft data based on subjective perception and one can doubt that perception of entrepreneurs in all 28 reporting countries had similar criteria. Thus an implicit part of the econometrics was to „explain“ the hidden differences (biases) in perception. I consider this a weakness. Of course, one must use only such data which exist and, most probably there was not available any „harder“ data (e.g. some statistics from the enterprise balance sheets, etc.). That precluded the researcher to analyse a more fundamental economic problem: the impact of accessed credits on the economic prosperity of the country, which is a real objective of credits. Without that the “access to finance” has little meaning.

The first two chapters (pp. 1-16) are declared to be devoted to the “theoretical background”, which in fact consisted of the description of past studies of the problem. The references are quite extensive, capturing the wide research in this field. Unfortunately, this part does not refer to any (axiomatic) theoretical base that would underpin the model selection. The rich references to other papers and their empirics cannot be taken as a sufficient compensation for that shortcoming. From that point of view the selection of explanatory variables was subjected to at least some economic reasoning, but that could not eliminate a bias to the ad hoc selection.

Chapters 3 and 4 deal with the empirical study. Figures 3.1 through 3.5 lack the Czech Republic. Was that a purpose or a mishap? Similarly, the model specification (p. 25) misses the comments on variables “concentr” and “partner”. Also the index j (country) would deserve more commenting since the original number of 28 countries varies in estimations and descriptions between 27 and 30 and the reader is at loggerheads which countries have been considered and which dropped.

Table 4.1 is crucial for explaining what in reality the estimations measured, i.e. what exactly was estimated in columns 1, 2, 3, 4 and how the individual years (2002, 2005 and 2009) were treated in the panel. The author admits on p. 34 that the presented results were rife with „unexpected outcomes“ and that the model had „possible problems with specification“. The reader, left without more detailed information how the panel was estimated and how the potential bias of collinearity and endogeneity was treated, cannot but approach the results with mistrust. Volatility in coefficients can be a sign of improper estimation but it can be also a sign of a natural heterogeneity in the behaviour of firms. This problem would deserve more attention.

The modification of the method of estimation marking the switch from non-robust to „robust“ estimation is described on mere two pages, what I consider insufficient. Can the reader be then convinced that the final estimation described in Table 4.3 is not again a spurious regression?

General comments: except that the text is too often rather less reader-friendly, the thesis has too many typos (e.g. constrain vs constraint, sing vs sign, etc.). Did the author read the final text? Otherwise I must add that my critical comments cannot undervalue the general tenor of the thesis, which I consider promising and deserving still the grade of 1 (though at a margin).

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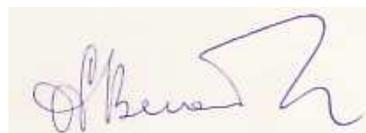
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SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	24
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100 points)	82
GRADE (1 – 2 – 3 – 4)	1 výborně

NAME OF THE REFEREE: *Doc. Vladimír Benáček*

DATE OF EVALUATION: 27.8.2013



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