

Report on Master Thesis

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

Student:	Bc. Petra Konečná
Advisor:	Prof. Ing. Lubomír Mlčoch, CSc.
Title of the thesis:	Social Business

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

The aim of this thesis is to introduce the concept of social business. Further, Petra aims to test empirically whether official development aid affects human rights. The goals of the thesis are important and relevant for our understanding of development, not only in strictly economic sense but also in other dimensions. Generally, the choice of the topic is original and the topic understudied. I would also like to appreciate the interest of the author in economic development and social business which seems to be of long-term nature, documented also by her voluntary work in Indonesia and Vietnam.

In my view, there are two serious shortcomings.

- 1) The thesis consists of several parts and it is difficult to see how they relate to each other. The first two parts provide a comprehensive and nice description of social business and human rights issues. Then, the empirical part follows where Petra studies the link between official development assistance (ODA) and human rights. These parts do not seem to be tightly related since social business is clearly different from ODA and only hardly approximated by it. While social business is a non-loss, non-dividend *company* designed to address a social objective often within the same country, ODA is international assistance provided by *official* agencies, typically by state and local governments or their executive agencies, and not by private firms.
- 2) The econometric analysis of the link between ODA and human rights suffers from several drawbacks. Let me mention the major points.
 - The analysis does not deal with the issue of causality which makes the interpretation of the results questionable. The author finds negative correlation between development aid directed to economic infrastructure and the empowerment index, a measure of respect for human rights. She interprets this finding such that aid to economic infrastructure harms human rights in developing countries. However, this is a correlation and the analysis does not shed light on its direction. For example, there might be reasons why countries with low respect for human rights attract this type of aid.
 - The literature review is a mixture of studies which focus on both directions of the causality and does not properly distinguish between them.

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- It is not clear whether ODA variables are measured in amounts or shares on total ODA which is important for the correct interpretation of the results.
- A specific index of human rights is used as dependent variable. The author claims that this index tended to be avoided in empirical studies. It would be worth explaining why this particular index is used in this study and it might be useful to use more indices as dependent variable including the ones typically used.
- In the concluding discussion the author does not take into account (non)significance of the results when she claims that she stated four hypotheses and all were confirmed by the data - some of the coefficients have the expected sign but are insignificant statistically.

Overall, I find the quality of the thesis sufficient for the defence at the Institute of Economic Studies and recommend grade B (2) or C (3) depending on the defence of the thesis.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	15
<i>Contribution</i> (max. 30 points)	12
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	60
GRADE (1 – 2 – 3 – 4)	2-3

NAME OF THE REFEREE: *Julie Chytilová*

DATE OF EVALUATION: *January 16, 2014*



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