

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Michael Janský</b>
<b>Advisor:</b>	<b>Jiří Novák</b>
<b>Title of the thesis:</b>	<b>" Executive Compensation in Firms Producing Addictive Goods"</b>

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

The author investigates whether firms that produce addictive products such as alcohol, tobacco and gambling pay their top executives more than firms of comparable characteristics. The author documents a significant premium in executive compensation in these firms and he provides evidence that is consistent with the social stigma explanation of this result.

The thesis originated from a research project that the author was a part of. Besides the review of literature and the empirical analysis that he performed the author also contributed throughout the whole process with his original ideas that opened new avenues for the project. I find the author's discussion of the executive migration patterns particularly interesting and important for distinguishing between the alternative hypotheses. During the entire time when the author worked on the thesis he invested very heavily in the project. I believe, this is clearly reflected in the quality of the final output. Both when it comes to the relevance of the research question, the quality of the empirical analysis, and the way it is written up.

I appreciate both the research question and its execution. I find the research question relevant both for corporate finance literature on executive compensation, for labor economics literature on the monetary and non-monetary labor cost as well as for the sociology literature on the impact of social norms. The author has also successfully found his own angle on the research question that differentiates his work from the project.

I believe the author has also crafted the thesis very well. The literature review and the discussion of the connections to the existing work shows that he has acquired good insight into the discourse in the relevant areas and he is able to benefit from his understanding to formulate the question in a way that builds on and extends past research. The empirical analysis is sophisticated and extensive, it is logically organized and it is used effectively to support the main argument of the thesis. The author has also refined the text well; I find the text well organized and easy to follow.

Because of the above I value the thesis highly and hence I recommend the committee the grade 1 (výborně). Due to the ambition of the research question and the sophistication of the analysis and recommend the committee to consider granting the author distinctions (pochvala).

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	29
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	19
<b>TOTAL POINTS</b> (max. 100 points)	<b>97</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Jiří Novák

**DATE OF EVALUATION:** January 6, 2015

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**Referee Signature**