Report on **Bachelor / Master Thesis**

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

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Title of the thesis:	Foreign Direct Investment in Emerging Markets: The Case of Turkey

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

The thesis examines the determinants of FDI in Turkey using panel data analyses with 63 pages of survey and 3 pages of annex. The main finding is that similarity index between host and home country (Turkey) is not significant as a determinant of Turkey's FDI; political stability, educational level, rule of law and trade cost have significant impact on FDI inflow in Turkey. There is not much to say to Chapters 1-3, which essentially introduce the development of FDI and macroeconomic stabilization in Turkey. The hypotheses of research well defined which make it easy to understand the topic of the thesis. However, I have the following concerns:

- Literature review describes bilateral treaties and labour market; however the author did not include these impacts on econometric model. Econometric model might suffer from omitted variable.
- The author chooses the data sample from 2001 to 2012, where the reason claimed that most of FDI inflows in Turkey developed during 2001-2012. However, it might cause selection bias. Why not expanded the data set to provide even stronger and robust conclusion?
- What is main institution behind adding educational variable into model?
- "Rule of law" and "Political stability" both represent institutional quality across countries (Kaufmann and others, 2003; 2008; 2012), where these two index highly correlate with each other. When the author adds the both of indexes into same model, it causes multicollinearity. The author might exclude one of them and use different model specification, even might add other four institutional index variable by Kaufmann to check the robustness of his finding.
- "Similarity index" might explain in detail. What does **GDP**$_{iht}$ indicate?
- The author does not need to present all econometric methods, it is enough presented only best one.
- The author might explain in detail about cif/fbi data, and why it gave contradictory conclusion to the author's hypothesis.
- Four pages conclusion is too long and, mostly, hypotheses those the author made were rejected. Additionally, the author provide new and moreover information in the conclusion (ex: David Fagan, 2008; Tidiane and Kinda, 2008 etc.).
- Why core bibliography, reference and data source represent separately? Table in Annex might represent standard table rather than as R output?

Suggested question for the defence is:

Is it possible that the negative effect of trade cost on FDI related either measurement of trade cost or misspecification of econometrics model?
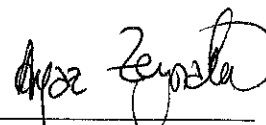
In the case of successful defence, I recommend **"dobře"**

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

CATEGORY		POINTS
Literature	(max. 20 points)	15
Methods	(max. 30 points)	20
Contribution	(max. 30 points)	15
Manuscript Form	(max. 20 points)	10
TOTAL POINTS	(max. 100 points)	60
GRADE	(1 – 2 – 3 – 4)	3

NAME OF THE REFEREE: Ayaz Zeynalov
DATE OF EVALUATION: 6 June 2014

Referee Signature