

Report on Master Thesis

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

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Advisor:	Doc. PhDr. Adam Geršl, Ph.D.
Title of the thesis:	Foreign Direct Investment in Emerging Markets: The Case of Turkey

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

The thesis focuses on main determinants of FDI in Turkey in the period 2001-2012. The results of the thesis show that mainly changes in institutional variables (such as political stability, education level, rule of law, and trade cost) are behind the large FDI inflows that Turkey experience in the analyzed period.

The thesis fulfills all necessary conditions to be recommended for a defense. The introduction clearly states the value added of the thesis compared to other similar studies (larger set of investor countries and updated time series up to 2012, as well as some other variables used as possible determinants). The thesis describes well the developments in Turkey, includes a good review of literature, a section with hypotheses (all backed by literature), a part on the data used and a part on estimates using various econometric models, including the appropriate tests for a model selection. The results are properly discussed.

There are a few areas in the thesis which could be improved. First, while presenting all the models (OLS, FE, RE etc.) and the corresponding tests is quite didactic, for a master thesis it should be enough to select the best model, present its result, and describe how the model was selected. Second, the tested model could include more variables, such as the difference in wage levels/wage costs between the home countries and Turkey, which in my view (combined with institutional variables) could be the main driving force behind FDI inflows (relocation of production to cheaper countries). Third, the work with data could be somewhat improved – e.g. some of the variables (political stability and rule of law) may be correlated, which may cause some multicollinearity problems in regressions. The author should present various versions of the model (using the same method, such as RE) with various sets of determinants as robustness checks.

Given the above, I recommend the thesis for final defence and suggest the grade 2 (good). In the defense, the author should address some of the above mentioned concerns.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	20
<i>Contribution</i> (max. 30 points)	17
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100 points)	70
GRADE (1 – 2 – 3 – 4)	2

NAME OF THE REFEREE: Doc. PhDr. Adam Geršl, Ph.D.

DATE OF EVALUATION: 15.6.2014



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