Report on Bachelor / Master Thesis

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

Student:	Jiří Počarovský
Advisor:	PhDr. Ing. Jiří Skuhrovec
Title of the thesis:	Political Connections in Public Procurement: a Supply Side Analysis

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

The thesis examines highly relevant topic of linkage between economic and political domains of Czech republic. Topic is original by focusing on Czech republic as well as by combining several methodological approaches to identification of political ties and their combination with procurement data.

In its findings it identifies surprisingly straightforward relation of political donors receiving larger portion of procurement and facing smaller degree of competition. Such conclusion is highly relevant and might be used in upcoming debate on law on political party financing.

All following comments are only minor, and deal generally with poor revision of the text, rather than real mistakes and problems:

1) the share of construction works on overal procurement market is a bit confused, see inconsistency between figures in Introduction and chapter 3.3

2) author claims to use vsechnyzakazky.cz database, however refers to cleaning process of the procurement data. These claim are inconsistent, since vsechnyzakazky.cz do not contain such data. Author was however provided by actually cleaned data coming from other source.

3) the figures in 3.1 lack discussion of inflation impact. Even though

4) the years in Fig 2 are inconsistent with description

5) the comment on ammount of SOEs within connected firms sample should be made. This is perhaps also a point to employ the lazy hand hypothesis, which goes agains effect proposed in hypothesis 1b and 3a,3b and most importantly 4b and 5b (which is by the way improperly denoted in text as 5a).

6) argumentation behind hypothesis 2b assumes asynchronous placing of bids, which does not match legal reality.

7) I am missing a comment on ammount of firms excluded from sample, because of lacking financial data. Since this might be correlated with explanatory variables, this is worth examining.

8) even though some of the conclusions might seem apparent from the data (such as Table 21), the results of rigorous statistical tests should be reported, to derive conclusions on various hypotheses.

9) the not-normal residuals found for instance in table 26 is not thoroughly discussed. This might be caused by heterogeneity of sample, given by type of construction works (roads, hospitals, railways..), for which might be good idea to controll.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	20
Methods	*(max. 30 points)*	25
Contribution	*(max. 30 points)*	30
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**90**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE:

Jiří Skuhrovec
DATE OF EVALUATION:

21.6.2014

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 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