

Report on Bachelor / Master Thesis

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

Student:	Vojtěch Fidler
Advisor:	Barbara Pertold-Gebicka
Title of the thesis:	Efficiency and private financing in public higher education sector of the Czech Republic

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

The thesis of Vojtěch Fidler touches the up-to-date topic of higher education financing. The author posts an important question of sustainability of the current system of higher education financing in the Czech Republic and, based on experiences from other countries, proposes an alternative system which combines state budget financing with tuition fees. The author then uses empirical methods to support his proposals. First, he evaluates efficiency of higher education institutions in the Czech Republic. Second, he checks whether Czechs would be able to pay tuition fees and how these would affect their lifelong earnings.

The thesis consists of five main parts. First, Vojtěch introduces the issue of higher education financing in a broad context. In this part the student shortly discusses the human capital theory and presents measures used to evaluate profitability of investment into higher education from individual point of view. In this part we can also find some discussion about the role of higher education in the modern society and alternative proposals of how higher education should be financed. This part of the thesis is wrapped up by presenting several systems of higher education financing used around the world. This part of the thesis, although being descriptive, brings high value added as the author compiles important concepts concerning higher education in one place.

Second, a short literature review is presented. The literature review is concentrated around the two empirical methods used to evaluate higher education financing later in the text. As such, this review is useful, but on the other hand the reader misses here some broader context. I would suggest that the author presents also some literature evaluating different systems of higher education financing used around the world, for example the studies by Nicholas Barr or Bruce Chapman.

Third, Vojtěch critically describes the higher education system in the Czech Republic with special focus on the position of graduates on the labor market and on higher education financing. Here the author also discusses past efforts taken to reform the system and tries to explain why these failed. This is another very valuable part of the thesis that puts together important information that contextualize the problem of higher education financing and constitute a background for the empirical analysis.

The following two sections contain two separate empirical analyses of the Czech higher education system. First, the author aims at evaluating efficiency of public universities in the Czech Republic. He uses the well established DEA method to find out that the majority of Czech public universities perform above 80% of the frontier in teaching, while only few universities perform above the 80% of the frontier in research. This provides some support for the idea of dividing higher education institutions into research-oriented and teaching-oriented.

While the DEA method is not the most advanced approach used in efficiency analysis it well serves the goal of illustrative comparison of Czech universities. The author had limited access to the data – he had to collect all the information by himself from publicly accessible sources – and basically availability of information was the major limitation to this analysis.

Finally, Vojtěch analyzed a hypothetical scenario of introducing (partial) private financing to the Czech higher education system. Inspired by a study by Vandenberghe and Debande (2008) the student estimated lifelong earnings of individuals with different levels of education and used the imputed values to analyze the possibility to pay for education and the impact of tuition fees on individual earnings. The flow of this part is a bit messy which probably results from the number of estimations and calculations performed by the author, who would like to present them all. Nevertheless,

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this part of the thesis gives a clear message: there is space in the current system for private financing. The author shows that even if individuals were to pay moderate tuition fees, their private rate of return from investment in higher education would be positive.

To sum up, I consider Vojtěch's master thesis as a high quality piece of work. It would benefit from some smoothing and reorganizing, especially in empirical parts, but in total it presents several useful concepts and analyses that could be used by policy-makers to discuss higher education financing.

In case of successful defense, I suggest the grade 1 ("excellent").

Suggested question for the defense: Based on the results of your thesis, what system of higher education financing would you propose for the Czech Republic?

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	12
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	84
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *Barbara Pertold-Gebicka*

DATE OF EVALUATION: 14.9.2015



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