

Institut ekonomických studií

Fakulta sociálních věd, Universita Karlova Praha

Referee report on the Rigorosis Master Thesis submitted to State Exam

Student Name:	Michaela Lapešová
Thesis Supervisor Name:	Magda Pečená
Thesis Title:	Externí rating a jeho validace

Overall Evaluation:

In my opinion, the submitted work does not fulfill formal requirements for Rigorosis Master Thesis. According to the guidelines at the IES webpage, the Rigorosis Master Thesis should not be identical to the Master Thesis with an exemption that the thesis is granted an honor from the dean of Faculty of Social Sciences. In contrast, the submitted work is almost identical to the one submitted for the Master Thesis and to my knowledge, it did not receive the dean's honor.

Apart from formal requirements, the thesis is a well-written descriptive work on external rating issues. It gives an introduction to a topic followed by a discussion of various aspects of rating formation. Next, it tries to analyze empirically the link between the ratings and macroeconomic characteristics in a set of countries from Central Europe.

I am somewhat surprised by low quality of empirical part of the thesis (to be honest, students that I supervise for their B.A. thesis are more careful in their econometric work). Here is why. First, the choice of macroeconomic characteristics seems to be completely *ad hoc*. I would expect at least some reference to literature motivating the choice of explanatory variables. I am quite puzzled by the fact that the author tries to explain the variation in external rating by the GDP levels in euro! At the outset of empirical analysis, the author states that there is an issue of external rating procyclicality (e.g. the ratings vary with the economic cycle). So why the GDP growth is not used? There is of course another adverse implication of using GDP level in foreign currency – euro, as (equilibrating) exchange rate changes impacts, according to the author, the ratings. On the top of that, the dependent variable in the model (ratings from agencies such as Moody or Fitch) is not continuous, but categorical variable. In consequence, the estimates by ordinary least squares have a number of unpleasant characteristics (see popular textbook by Greene (2003), chapter 21) and multinomial logit should be used instead.

Next, the drawback of thesis is also that very little emphasis on economic theory (for example, information asymmetry theories are quite relevant for external rating formation, but are not mentioned at all) is made.

All in all, it is a well-done descriptive work with no value-added in the empirical part.

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SUMMARY OF POINTS AWARDED (for the explanation of categories and scale, please, see below):

CATEGORY	POINTS
Quality of Research	4
Clarity and Readability	8
Content/Quality of Ideas	15
Organization & Development	13
Manuscript Form	4
TOTAL POINTS	44
LETTER GRADE	

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Roman Horvath, M.A.

Evaluated on: 19.3.2008