

# Report on Bachelor/Master Thesis

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

Student:	Jaroslav Šnajdr
Advisor:	MRes PhDr. Jan Zápál
Title of the thesis:	Why do firms pay dividends?

## OVERALL ASSESSMENT:

Bachelor thesis of Jaroslav Šnajdr is an example of excellent work of a mature student. Thesis discusses a question of why firms pay dividends despite the fact that the standard economic theory tells us that firms should be either indifferent between dividends and other instruments (share repurchases, better cash-flow position) or should prefer the other instruments due to tax differentials dis-favouring the dividends.

The thesis starts with an explanation of the dividend puzzle and provides several stylized facts about firm dividend behaviour. It then proceeds by discussing several theories proposed as an explanation of the dividend puzzle. Clientele theory is discussed in section 2, asymmetric information in section 3 and agency costs in section 4.

What I particularly like about the thesis is a systematic comparison of different theories along several dimensions. The theories are discussed not only with respect to each other, but also with respect to empirical observations and the thesis carefully discusses implications or predictions of different theories about behaviour of the other instruments mentioned above.

Author not only shows an ability to systematically draw on an existing literature. For example the signalling model of section 3, despite being an adaptation of standard Spence-type signalling theory, is *not* adopted from the literature and is authors own work.

Overall the thesis shows not only familiarity with standard economic theory and arguments taught at the Bachelor level, but also with the more advanced topics taught, if at all, only at the masters level (signalling, principal-agent models, prospect theory). **Based on all those reasons I believe master thesis of Jaroslav Šnajdr deserves best of possible marks.**

## SUMMARY OF POINTS AWARDED:

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	27
Contribution (max. 30 points)	27
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>90</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

NAME OF THE REFEREE: Jan Zápál

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Referee Signature 