

Report on Bachelor / Master Thesis

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

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| Student: | Bc. Alice Navrátilová |
| Advisor: | PhDr. Miroslav Palanský, M.A., Ph.D. |
| Title of the thesis: | Political Connections and Distortions on Public Procurement Markets: Evidence from the Czech Republic |

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

Short summary

This thesis analyzes whether the change of a mayor after an election has an effect on the composition of public procurement suppliers in a given municipality. In an event study of two elections, Alice finds ambiguous results, which leads her to investigate each election separately and focus on a more detailed analysis of potential explanations for the empirical results. She is relatively conservative in the interpretation of her results, which suggest some effect of the entrance of ANO into municipal governments in 2014, although the results are not perfectly robust. However, they are consistent with the explanation that a lot of politicians with potential decision-making power over the public procurement suppliers have stayed in office after the 2018 election.

Overall, I believe that Alice has written a strong empirical Master thesis which uses suitable methods, has included a lot of data-intensive work and has a clear contribution. She has consulted her thesis with me extensively and I am happy to report that I very much enjoyed supervising this effort.

Alice started her work on the thesis by collecting data on who was the mayor after each election, which has proven to be more difficult than expected, because even an official information request to the Ministry of the Interior has not provided suitable data. This has led her to a side-analysis in which she used election results to estimate the likely mayors; an analysis that would itself make for an interesting thesis. She then merged this data with data on public procurement at the municipal level, which has its own limitations. I believe that given the extremely challenging research question that she chose for her thesis, Alice has done a great job.

Contribution

Alice has written a thesis that advances the body of literature on connections between businesses and politicians. Especially at the municipal level, at which her analysis focuses, the literature is extremely scarce, mainly due to data limitations. These limitations in Czechia are, while still large, relatively small compared to other countries, and so Czechia is a very appropriate case study that helps to answer an important research question.

Methods

The thesis has several parts, each of which uses a suitable methodology to fulfill its objective. First, Alice implements a sophisticated analysis that uses election results to predict who served as mayor after each election. Second, in an event study, she combines the two elections to identify the causal impact of a change in the mayor on the rate of new suppliers of public procurement at the municipal level. Third, she develops a series of cross-sectional models to analyse the two elections separately and to focus specifically on the case of the dominant party in the two elections, ANO.

I find the used methods to be adequate and well-implemented. Alice describes the limitations of the methodology and carefully interprets the results in light of these limitations. One good avenue to test could have been to focus specifically on close elections, although I believe that would be somewhat beyond the scope of a Master thesis.

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Literature

Alice has identified the main literature to which her thesis contributes – both globally (where I am not aware of a study that would estimate a similar metric) and in Czechia (where recent studies study similar issues, although at different levels of government and using direct measures of political connections rather than indirect ones as done here by Alice).

Manuscript form

The thesis is well-written and I enjoyed reading it. The structure is clear and serves nicely the purpose of the thesis. It is clear that the author has taken the time to carefully read and edit the text and to think about the presentation of the results, although the readability of some figures and tables could be improved.

Overall evaluation and suggested questions for the discussion during the defense

Overall, I am happy to report that the thesis fulfills the requirements for a Master thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and, in case of a successful defense in front of the committee, I suggest the grade A.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

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

| CATEGORY | POINTS |
|---|---------------|
| <i>Contribution (max. 30 points)</i> | 28 |
| <i>Methods (max. 30 points)</i> | 29 |
| <i>Literature (max. 20 points)</i> | 20 |
| <i>Manuscript Form (max. 20 points)</i> | 19 |
| TOTAL POINTS (max. 100 points) | 96 |
| GRADE (A – B – C – D – E – F) | A |

NAME OF THE REFEREE: PhDr. Miroslav Palanský, M.A., Ph.D.

DATE OF EVALUATION: September 8, 2021

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

| TOTAL | GRADE |
|----------|-------|
| 91 – 100 | A |
| 81 - 90 | B |
| 71 - 80 | C |
| 61 – 70 | D |
| 51 – 60 | E |
| 0 – 50 | F |