# Report on **Bachelor / Master Thesis**

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

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|---|---|
| **Student:** | **Ladislav Habiňák** |
| **Advisor:** | **PhDr. Michael Princ** |
| **Title of the thesis:** | **Relationships between Corporate Governance and Firm Performance: Effects on Czech Export Oriented and Financial Industries** |

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

The Bachelor thesis attempts to analyse possible effects of corporate governance on the performance of firms in the Czech Republic. To achieve this objective the author chooses to focus on the key sectors manufacturing and financial industries. The first part of the thesis discusses the theoretical underpinnings of the corporate governance. The second part then focuses on the empirical model testing the relationship on the selected dataset.

As far as the first part of the thesis is concerned, Chapter 2 presents a fairly broad literature overview on the topic of institutions and corporate governance. Later in Chapter 3 the author mentions the paper Bermig & Frick (2010) serving as the main reference especially with respect to the methodology of the thesis. Even though the author briefly presents the findings of Bermig & Frick (2010), I would very much welcome a more extended analysis of the paper, as it plays such an important role in the thesis.

Yet, the main contribution of the thesis lies in its second (empirical) part. Here, the author presents a simple OLS model to analyse the corporate governance - firm effectiveness relationship. With that being said a number of questions and comments are in order:

- In the paper the author presents a careful explanation of an OLS method. Yet, what a reader might probably appreciate more is a justification of the selected method.
- The author states that the methodological basis of the analysis comes from Bermig & Frick (2010) that, however, worked with more then 300 listed companies in Germany and presented a comprehensive panel data set of more than 2000 firm-year-observations. **In the defence, I would like the author to explain why he opted for a cross-sectional analysis of 60(64) Czech companies only for a year 2009. Has the author considered constructing the panel or at least testing the effects on a wider time period (in particular years that could have been less affected by the crisis)?**
- With respect of the method chosen (OLS), I am not very sure about its adequacy as well as a large number of explanatory variables. As a result, I would be more cautious in commenting on the actual results of the models presented.
- Chapter 4 presents the “Stepbacks” of the analysis. Here, the author demonstrates critical thinking towards the selected methods from the previous chapters. Unfortunately, it would be of a much larger contribution if he managed to incorporate them in the actual models (namely the data extension as I believe the data is available and with a little more effort could result in a much more value-added analysis).

The last point is the manuscript form. I will only raise the most relevant remarks here:

- Please be consistent when citing the literature. Especially in case of the main reference paper as the thesis refers to both Bermig & Frick (2010) and Bermig & Frick (2011).
- Pay attention to the numbering of chapters and sub-chapters. It causes confusion when the thesis refers to sections that do not exist (4.2.1., 4.3.1. instead of I believe is 3.2.1, 3.3.1).
- Furthermore, instead of lengthy passages on fairly basic concepts, a reader may appreciate some stylized facts about the nature of the problem, corporate governance in Czech Republic or characteristics of selected industries of the Czech Republic in particular.

In the case of a successful defence, I recommend grade **Good (velmi dobře, 2)**.

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

| **CATEGORY** | | **POINTS** |
|---|---|---|
| *Literature* | *(max. 20 points)* | 15 |
| *Methods* | *(max. 30 points)* | 15 |
| *Contribution* | *(max. 30 points)* | 18 |
| *Manuscript Form* | *(max. 20 points)* | 13 |
| **TOTAL POINTS** | *(max. 100 points)* | **61** |
| **GRADE** | **(1 – 2 – 3 – 4)** | **2** |

***NAME OF THE REFEREE:*** Martina Jašová

***DATE OF EVALUATION:*** 10.6.2013

***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 |