

Report on Master Thesis

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

Student:	Adam Jankura
Advisor:	Jana Votápková
Title of the thesis:	Changes in Hospital Financial Performance after Legal Form Conversion

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

The thesis analyzed the effect of corporatization, i.e. legal form conversion towards joint-stock companies, of public hospitals in the Czech Republic. It takes advantage of the difference-in-differences methodology. Two different models, analyzing costs and revenues, are estimated, each three times for three different transformation periods.

The thesis found no evidence of corporatization effect on the overall financial performance, however significant effects on revenues and costs per inpatient day were identified for the hospitals corporatized in the first (2003 & 2004) and the second (2005) subsamples. These changes were gradual for revenues and temporary for costs in the former case and permanent in the latter case. Some control variables proved to have influence on the revenues and costs, although when analyzed for the overall financial performance or hospitals, the effects of the control variables cancel out, except for the effect of salary.

This thesis fills in the gap in the empirical research in the Czech Republic. To my knowledge, there is a lack of quantitative studies comparing the effects of corporatization here.

It is an excellent example of independent academic work. Besides the empirical analysis, which is of a very high quality, I appreciate the way Adam approached the literature review considering that not many studies have dealt with this problem, the more so, that corporatization is different in each particular institutional context, thus it is difficult to compare results even cross-nationally. Adam divided the related literature into three groups which in overall provide a nice empirical background for the thesis.

Furthermore, Adam does a very good job searching for the link between the analysis and some theoretical explanations engrained e.g. in the principal-agent problem, public choice theory and property rights theory, which are first introduced and after the analysis has been carried out, Adam links the results of the empirical analysis to each of the theories. Moreover, figures and tables included in the theoretical part of the thesis nicely complement the text.

There are only very few and very minor issues in the thesis:

" p. 16 wrong link to table 3.1.

" p. 37 wrong link to table 6.2.

" There is a slight imprecision caused by typos on p. 26 "...when the individual specific error component u_i is correlated with some of the explanatory variables, ..., the estimator is inconsistent....Fail to reject the null hypothesis of no correlation between the explanatory variables and the random effects means that the estimator is inconsistent."

" p. 31 a fixed space should be used with 48 000

" p. 46 hasn't, rather has not

" p. 48, second paragraph, subsample instead of period.

The thesis reads well, it is very well structured, uses appropriate reasoning and justifications, and very good academic English. The thesis is ready to be converted into an IES working paper.

For all the above stated reasons, I strongly recommend the thesis for Dean's Award.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	29
Contribution (max. 30 points)	30
Manuscript Form (max. 20 points)	20
TOTAL POINTS (max. 100 points)	99
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Jana Votápková

DATE OF EVALUATION: August 13, 2013

Jana Votápková

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	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k