

# Report on Master Thesis

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

<b>Student:</b>	<b>Jiahui Wang</b>
<b>Advisor:</b>	<b>Doc. Adam Geršl</b>
<b>Title of the thesis:</b>	<b>Does Monetary Policy Uncertainty Impact Corporate Innovation? The Case of China</b>

## OVERALL ASSESSMENT

### Short summary

This is a nice study of the link between monetary policy uncertainty and corporate innovations using micro-data from China. It uses good firm-level data, a recently constructed index of monetary policy uncertainty, and additional control variables. The results suggest that monetary policy uncertainty inhibits corporate innovations as captured by R&D investments and number of patents.

### Contribution

There is a strong value added as such a study has not yet been done for Chinese companies. One reason is that the capturing the monetary policy uncertainty using observed monetary policy stance is tricky in the Chinese context, and the uncertainty index used in the thesis (which is based on media articles) was constructed only recently (in 2020). The value added of the thesis could have been formulated directly in the Introduction, though, and a better comparison of the results with similar papers done on this topic in other countries provided.

### Methods

The student very systematically and in a detailed yet clear way describes the data, the definition of variables, and the regression models used. The construction of the models to test the hypotheses formulated in the thesis is very transparent and well done, with a number of alternatives and robustness checks to explore the relationship from various sides and angles. The performed tests suggests a fixed effect panel model, which is consistently used in the thesis. The regressions include a large number of controls, which are all explained well.

### Literature

The diploma thesis includes a well-written review of literature on macroeconomic uncertainty and its impact on the real sector as well as on corporate innovations and R&D investments. It explores studies that discuss both theoretical and conceptual issues as well as empirical papers and articles that focus on how to measure such uncertainty and R&D intensity/innovation activity.

### Manuscript form

The thesis is well structured and easy to read, although here and there some small drafting/wording issues or small typos/punctuation issues can be found. Also, the text is at a few places somewhat repetitive and the discussion of data and results sometimes too "mechanical". Charts and tables are reasonably sized and structured to facilitate understanding.

### Overall evaluation and suggested questions for the discussion during the defense

The results of the Turnitin analysis do not indicate significant text similarity with other available sources. In my view, the thesis is fulfilling all the requirements for a Master Thesis at IES, Faculty of Social Sciences, Charles University - I recommend it for the defense and suggest a grade B.

For the defense, I suggest two questions for the discussion:

1. Through which means could the Chinese central bank decrease the perceived level of monetary policy uncertainty?
2. In your view, would a change in the monetary policy regime in China towards a more standard regime typical for the US or the euro area (i.e. providing a higher degree of exchange rate flexibility and moving to a more direct inflation targeting approach) increase or decrease monetary policy uncertainty?

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

CATEGORY	POINTS
Contribution (max. 30 points)	28
Methods (max. 30 points)	27
Literature (max. 20 points)	19
Manuscript Form (max. 20 points)	15
<b>TOTAL POINTS</b> (max. 100 points)	<b>89</b>
<b>GRADE</b> (A – B – C – D – E – F)	<b>B</b>

**NAME OF THE REFEREE:** Doc. Adam Geršl

**DATE OF EVALUATION:** June 8, 2023

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**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