

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Jiahui Wang</b>
<b>Advisor:</b>	<b>doc. PhDr. Adam Geršl, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Does Monetary Policy Uncertainty Impacts Corporate Innovation? The Case of China</b>

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

*Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.*

### **Short summary**

The thesis deals with a monetary policy uncertainty and its impact on R&D investments of Chinese listed companies. It is based on the relevant literature and data sources following the standard methodology that is commonly used in this context. The uncertainty is measured using the China monetary policy uncertainty Index constructed by Huang et al. (2020) based on the text analysis method. The research hypotheses are investigated via a panel regression with fixed effects. The conducted empirical analysis suggests that higher policy monetary uncertainty decreases corporate innovations. It further reveals that the negative impact materializes through financial constraints, companies with better cash flow positions are less impacted by the uncertainty. Finally, the study reveals that state-owned companies are more affected than non-state owned firms. Those are interesting findings, but the author could further elaborate on potential drawbacks of the applied methodology for country like China where the market economy is combined with directive measures of the central government. In this context, there might be also several global/macro factors that influence firms' R&D investments much more than monetary policy uncertainty. Those factors could be added as control variables in the estimated models.

### **Contribution**

Overall, it is an interesting topic building up on the existing literature. There is a clear contribution made by the investigation of negative impact of monetary policy uncertainty on R&D investments for the Chinese listed firms. To make the contribution stronger, the author could clearly compare the obtained results with the existing studies and discuss how they differ from other papers.

### **Methods**

The author used a standard methodology, employing panel data regression with fixed effects. The performed analysis is conducted properly and the results are correctly reported. The main model try to explain the share of firms' R&D investments by the Chinese monetary policy uncertainty index, controlling for different firms' characteristics (micro indicators). In this respect, I am missing some macroeconomic variables reflecting some global/macro factors that might have much stronger impact on Chinese companies than monetary policy uncertainty. As an example of such factor could serve US-China trade war. This will most likely not be fully captured by the firms' variables or only with some delay.

### **Literature**

The author uses the relevant existing literature. However, the empirical results obtained could be compared with the results available in other papers.

### **Manuscript form**

Overall, the thesis is well drafted and formatted. However, it contains several typos that might be corrected by more careful reading.

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

The thesis investigates an interesting topic for the Chinese economy based on the relevant literature, using a standard methodology for the conducted empirical analysis. The data sources and methods used are well described. It is overall well written despite some typos in the manuscript. However, some discussion on the usability of the applied methodology in the context of China could be discussed. In this respect, some additional control variables could be added to capture different global/macro factors as for example US-China trade war. Nevertheless, in my view, the thesis fulfils the requirements for a master thesis at IES, Faculty of Social Sciences, Charles University, therefore I recommend it for the defence and suggest a grade B. The results of the Urkund analysis do not indicate a significant text similarity with other available sources. During the defence, the author could elaborate on the following points:

- Which other factors currently not included in the model could influence R&D investments?
- What could be limitation of the conducted empirical analysis for China with market economy containing some elements that are controlled by the central government.

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution (max. 30 points)</i>	24
<i>Methods (max. 30 points)</i>	24
<i>Literature (max. 20 points)</i>	17
<i>Manuscript Form (max. 20 points)</i>	17
<b>TOTAL POINTS (max. 100 points)</b>	<b>82</b>
<b>GRADE (A – B – C – D – E – F)</b>	<b>B</b>

**NAME OF THE REFEREE:**

**doc. PhDr. Ing et Ing. Petr Jakubík, Ph.D., Ph.D.**

**DATE OF EVALUATION: 15.6.2023**

15.6.2023, Petr Jakubík  
digitally signed

**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