

# IMESS DISSERTATION



Note: Please email the completed mark sheet to Year 2 coordinator (jiri.vykoukal@post.cz)

Please note that IMESS students are not required to use a particular set of methods (e.g. qualitative, quantitative, or comparative) in their dissertation.

<b>Student:</b>	Yinyong Dong
<b>Dissertation title:</b>	Does corruption affect FDI inflow in Visegrad countries? A Panel Data Analysis

	70+	69-65	60-61	59-55	54-50	<50
	A	B	C	D	E	F
<b>Knowledge</b> <i>Knowledge of problems involved, e.g. historical and social context, specialist literature on the topic. Evidence of capacity to gather information through a wide and appropriate range of reading, and to digest and process knowledge.</i>			61			
<b>Analysis &amp; Interpretation</b> <i>Demonstrates a clear grasp of concepts. Application of appropriate methodology and understanding; willingness to apply an independent approach or interpretation recognition of alternative interpretations; Use of precise terminology and avoidance of ambiguity; avoidance of excessive generalisations or gross oversimplifications.</i>			60			
<b>Structure &amp; Argument</b> <i>Demonstrates ability to structure work with clarity, relevance and coherence. Ability to argue a case; clear evidence of analysis and logical thought; recognition of an argument's limitation or alternative views; Ability to use other evidence to support arguments and structure appropriately.</i>			60			
<b>Presentation &amp; Documentation</b> <i>Accurate and consistently presented footnotes and bibliographic references; accuracy of grammar and spelling; correct and clear presentation of charts/graphs/tables or other data. Appropriate and correct referencing throughout. Correct and contextually correct handling of quotations.</i>			60			
<b>Methodology</b> <i>Understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.</i>				58		

<b>ECTS Mark:</b>	C/60	<b>Charles Mark:</b>	C/71	<b>Marker:</b>	Michal Paulus
<i>Deducted for late submission:</i>			<i>No</i>	<b>Signed:</b>	
<i>Deducted for inadequate referencing:</i>				<b>Date:</b>	4.9.2024

## MARKING GUIDELINES

**A (UCL mark 70+) = A (Charles mark 91-100 - excellent):** Note: marks of over 80 are given rarely and only for truly exceptional pieces of work.

Distinctively sophisticated and focused analysis, critical use of sources and insightful interpretation. Comprehensive understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.

**B (UCL mark 69-65) = B (Charles mark 81-90 - very good)**

**C (UCL mark 64-60) = C (Charles mark 71-80 - good):** A high level of analysis, critical use of sources and insightful interpretation. Good understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research. 65 or over equates to a B grade.

**D (UCL mark 59-55) = D (Charles mark 61-70 - satisfactory)**

**E (UCL mark 54-50) = E (Charles mark 51-60 - sufficient):**

Demonstration of a critical use of sources and ability to engage in systematic inquiry. An ability to engage in sustained research work, demonstrating methodological awareness. 55 or over equates to a D grade.

**F (UCL mark less than 50) = F (Charles mark 0-50 - insufficient):**

Demonstrates failure to use sources and an inadequate ability to engage in systematic inquiry. Inadequate evidence of ability to engage in sustained research work and poor understanding of appropriate research techniques.

**Please provide substantive and detailed feedback!**

## Comments, explaining strengths and weaknesses (*at least 300 words*):

### General Assessment:

The thesis analyses the impact of corruption on FDI inflows into Visegrad countries. The author utilizes panel data analysis to investigate the research questions. The thesis suffers from several major weaknesses in my opinion: 1) methodology is not properly described and the specification looks therefore ad hoc, 2) data sample is too low for some reasonable analysis while there are natural ways how to solve such problems, 3) the text needs revision to eliminate e.g. duplicate paragraphs or other problems. Therefore, I grade the thesis with C while the methodology shall be explained in detail by the author during the defence.

### My comments in detail:

#### Literature Review

- I would be careful to mix concepts of international trade and FDI (chapter 1.2.2). International trade usually refers to the trade of goods or services, FDI is something different and theoretical models of trade and FDI are usually also different (e.g. microfounded gravity model of trade has different theoretical derivation than gravity model of FDI even though the final specification may look similar).
- Cuervo-Cazurra 2008 cited on page 3 is not in the list of references.

#### Methodology

- The number of observations is in my opinion low – just 92 observations (4 countries, 23 years). I can imagine modification of the strategy which would significantly increase the number of countries (include all in the dataset) to investigate the average impact of corruption on FDI and then one can identify the specific impact for V4 countries via set of dummies and interaction terms. Such results would be then more reliable in my opinion.
- The chapter 1.3.1 Definition of Corruption can be significantly reduced in my opinion. I understand that there is not just one definition but that that simply relates to the fact that corruption can have supply or demand side, can happen between various combination of actors (private x public), etc. Those “forms” of corruption then imply utilized definition. I recommend therefore to focus on the practical forms of corruption and related definitions, then there is no confusion in my opinion and one can much more easily understand corruption indices such as CPI or CCI. Good sources for such summaries are e.g. [UN \(2008\) A Users' Guide to Measuring Corruption](#), [Cuervo-Cazurra, A. \(2016\). Corruption in international business](#) or cited Heywood (2015).
- I am little bit confused about the origin of FDI data. In the chapter 2.1 author claims the source of FDI data is UNCTAD database. Then in the chapter 2.2.1 it is claimed that FDI data are from the World Bank. What is the real source of the data?
- I miss detailed debate why the chosen specification is the right one (the estimated specifications are presented at the beginning of the chapter 4 Results). The chosen specification shall be based on existing literature which is debated in the text. E.g. is the chosen specification based on a theoretically based “FDI model”? Which one and how does it differ from the specification prepared by the author? The author debates the importance of control variables (chapter 2.2.3) but I miss then the debate about the specification itself. Without that the specification looks ad hoc with the set of controls which are chosen from other papers. E.g. the author decides not to put FDI into logarithm. If the specification is theory based (e.g. such as gravity model derived from theory) then a researcher cannot do such ad hoc changes in the specification – that is the reason for such important methodological discussion which would explain the theoretical logic behind the model's specification.
- The author decides between Fixed Effects and Random Effects model just based on the Hausmann test. However, such decision demands more than just the Hausmann test – see e.g. pages 50-51 in Park (2011): Practical Guides To Panel Data Modeling: A Step by Step Analysis Using Stata (<https://appliedmicroeconometrics.wordpress.com/wp-content/uploads/2016/04/practical-guides-to-panel-data-modeling-a-step-by-step.pdf>)
- The chapter 4.9 is trying to describe “Mediation effect analysis”. The author mentions on page 64 that a three-step approach will be used. Can you explain that in more details? How are these steps related to existing research? How is this approach related to the references on Structural equation modelling or Bootstrap method you described one paragraph above?

#### Presentation and documentation

The text needs to be revised to cope with several issues, e.g.:

- E.g. the title of the chapter 1.2.4.2 “Exchange”. I expect it shall be “Exchange rate”.
- On page 19 the first paragraph is in fact the same as the second one. The author evidently has forgotten to delete one of these two versions.
- The same appears also on the page 23 where the author in the second and third paragraph explains that corruption can be divided into political and bureaucratic corruption. Then the fourth paragraph again says the same.

**Specific questions you would like addressing at the oral defence (at least 2 questions):**

- On which theoretical or empirical papers is based your specification? How was your specification derived from the literature? Please explain that in detail.
- The author mentions on page 64 that a three-step approach will be used. Can you explain that in more details? How are these steps related to the existing research? How is this approach related to the references on Structural equation modelling or Bootstrap method you described above?
- Why have you focused just on 4 countries with 92 observations? Have not you considered to work with much larger dataset and use interaction terms with dummies to identify impacts on V4 countries?
- What was the source of the FDI data? WB or OECD? In the chapter 2.1 it is claimed that the source of FDI data is UNCTAD database. Then in the chapter 2.2.1 it is claimed that FDI data are from the World Bank.