

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Michal Lebovič</b>
<b>Advisor:</b>	<b>MRes PhDr. Jan Zápál</b>
<b>Title of the thesis:</b>	<b>Efficiency of public spending</b>

## OVERALL ASSESSMENT:

Bachelor thesis of Michal Lebovič deals with the efficiency of public spending. The thesis is not concerned with results of attempts to measure public sector efficiency, rather, it looks at the methods of such measurement.

After introduction in the first chapter the thesis proceeds to a discussion and rigorous definition of basic terms such as efficiency and productivity (chapter 2) and to a discussion of efficiency in public sector including its determinants and problems related to a lack of objective measures, problems that are public sector specific (chapter 3).

Chapters 4 and 5 (and to a certain extent even chapter 3) can be regarded as key contribution of the thesis. Chapter 4 discusses main problems in efficiency measurement, not only in public sector, but in general. The discussion explains specific problems and how different efficiency measurement methods deal with them.

Chapter 5 then deals with two specific methods of efficiency measurement. First method is Data Envelopment Analysis (DEA) and second method is Stochastic Frontier Analysis (SFA). Thesis clearly introduces basic rationale behind both methods and highlight their strengths and weaknesses.

Overall the thesis, despite being rather descriptive, is an example of high quality work. Author draws on the extensive literature, presents economic ideas and theories with ease, proceeds in a logical fashion and the manuscript overall shows signs of careful final proofreading.

Regarding contribution of the thesis, its main message is in my opinion inherent difficulty in assessing public sector efficiency. Both aforementioned methods then try to overcome this difficulty and success of this pursuit is clearly illustrated by the table on the page 45 of the thesis.

**Based on the reasons explained above, bachelor thesis of Michal Lebovič in my opinion overall deserves the highest grade (výborně).**

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	19
<b>TOTAL POINTS</b> (max. 100 points)	<b>84</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Jan Zápál

**DATE OF EVALUATION:** 25.5.2010

*Referee Signature`*