

Report on Bachelor Thesis

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

Student:	Lucia Žídeková
Advisor:	prof. PhDr. Tomáš Havránek, Ph.D.
Title of the thesis:	Does Euro Adoption Reduce Central Bank Staff?

OVERALL ASSESSMENT

Short summary

This research presents an innovative exploration into estimating central bank staff sizes. The study examines the impact of Euro adoption on central bank employee numbers, given that a significant portion of their responsibilities is transferred to the ECB. While the research faced challenges and yielded inconclusive results, the author's dedication and contribution are commendable, particularly given the context of a bachelor's thesis.

Contribution

The primary contribution lies in the development of a dataset detailing the evolution of staff numbers in central banks globally from 1990 to 2023. Additionally, beyond evaluating the effects of Euro adoption, the study offers an interesting comparison of central bank sizes worldwide and analyses staffing trends. However, the results were largely inconclusive, failing to definitively demonstrate the negative impact of Euro adoption.

Methods

The author employs the synthetic control method (SCM) for analysis. The research encountered several challenges, including significant heterogeneity in the data, a limited dataset, and a low pre-intervention fit. These limitations are transparently addressed, with their implications evaluated and, where possible, mitigated. A potential critique is the reliance on headcounts rather than Full-Time Equivalents (FTEs), a point elaborated upon in the defence questions.

Literature

Given the novelty of the topic, the challenge in finding related studies is understandable. In the estimation several challenges especially due to the lack of data are encountered. The thesis could have benefited adding examples how similar challenges were faced in other fields of research based on SCM. Overall, the summary of streams of research dedicated to SCM is too brief and should have been extended. The methodology part on the other hand is covered well, no objection there.

Manuscript form

We have here a quite extensive piece of research. The document is well organised, the structure helps understand well the presented insights. The usage of LaTeX template is appreciated. A minor objection can be made regarding the different appearance of figures (e.g. 4.1 compared to 3.28 – colours vs. black and white).

Overall evaluation and suggested questions for the discussion during the defence

The results of the Urkund analysis show no issues. The thesis matches the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I therefore recommend it for the defence and suggest a grade A.

Points to be addressed for the defence:

- The reliance on headcount over Full-Time Equivalent (FTE) could potentially introduce bias. In project management, reducing FTEs (e.g., from 100% to 80%) is a prevalent cost-saving strategy. It reduces the staff costs while keeping the headcount (thus expertise within teams) constant. The risk can be particularly relevant because of having the data from central banks using headcounts (or their averages). What do you think?

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- Post-Euro adoption, what staffing changes would you anticipate in a typical central bank? While defining a "standard" central bank could be a discussion in itself, let's focus on the expected changes. I offer two suggestions; what are your thoughts?
 - A steeper decline in the employees' numbers can be explained by the lack of strong intrinsic motivators to pursue cost-efficiency measures via staff reduction.
 - Another reason could be that staff reduction after the adoption of the Euro was carefully planned years ahead and thus the staffing policies were adjusted (mentioned as anticipation effect).

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	27
<i>Literature</i> (max. 20 points)	15
<i>Manuscript Form</i> (max. 20 points)	19
TOTAL POINTS (max. 100 points)	91
GRADE	A

NAME OF THE REFEREE:

DATE OF EVALUATION:

*Digitally signed (28.8.2023):
Nicolas Fanta*

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 analysed.*

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