

# Report on Bachelor Thesis

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

Student:	Barbora Majerová
Advisor:	MRes PhDr. Jan Zapal
Title of the thesis:	Flexibilita pracovního trhu, její měření a vliv na nezaměstnanost

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

Bachelor thesis of Barbora Majerová deals with labour market flexibility, its measurement and its effect on unemployment. In the first chapter labour market flexibility is defined and in the second, its measurement in an international perspective is described. The second chapter also describes development, for the Czech Republic, of two indexes measuring labour market flexibility compiled by World Bank and OECD respectively. Chapters three and four deal with Czech labour market legislature and its relation to the labour market flexibility and with flexible forms of employment. Those two chapters serve as a background for chapter five which describes one particular index of labour market flexibility developed for Great Britain in order to overcome the main drawback of the indexes by World Bank and OECD, inapplicability on a regional scale. This chapter describes in detail construction of the region specific labour market flexibility index. Chapter six then describes development of unemployment in the Czech Republic, a dependent variable used in chapter seven.

Chapter seven provides the main contribution of the thesis. It first computes two region specific indexes of labour market flexibility for period 1995 through 2010, measuring internal and external flexibility respectively, and then uses both of those indexes in a panel regression analysis in an attempt to explain region specific unemployment in the Czech Republic.

In my opinion the thesis is an example of very well executed bachelor thesis. It tackles an important economic problem and, at least for Czech Republic, contributes with fresh insights. Mere calculation of the two mentioned indexes could be seen as a contribution for two reasons. First, due to general scarcity of relevant data and second, due to the fact that region specific labour market flexibility indexes are still at a research frontier of labour economics. Their subsequent use in a regression analysis and the fact that they contain explanatory power for region specific unemployment is then an icing on a cake.

Regarding the results of the regression analysis, the thesis sheds new light on a general accepted wisdom that more flexible labour market decreases unemployment. For example, positive estimated effect of the internal flexibility (capturing mainly overtime and weekend work) on change of unemployment (see table 9 on page 48) is in my opinion driven by a simple fact that more flexible use of existing employees lowers need for a new ones and hence increases unemployment, contrary to the accepted wisdom.

Besides making a substantive contribution which goes well beyond level required for bachelor degree, the thesis is well executed, reads nicely and shows signs of careful final proof-reading.

**For all those reasons I believe bachelor thesis of Barbora Majerová deserves best of possible marks and depending on the opinion of opponent and examination committee it might be considered for one of the awards.**

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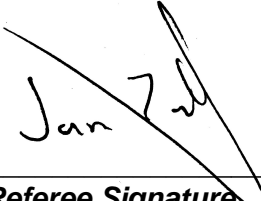
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## **SUMMARY OF POINTS AWARDED** (for details, see below):

CATEGORY	POINTS
Literature (max. 20 points)	15
Methods (max. 30 points)	29
Contribution (max. 30 points)	29
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>91</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Jan Zapal

**DATE OF EVALUATION:** 31.5.2011



Jan Zapal

Referee Signature