

Report on Bachelor / Master Thesis

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

Student:	Marie Kubíková
Advisor:	Matěj Bajgar, M.Sc.
Title of the thesis:	What drives cross-country differences in average earnings? Occupational structure or within-occupation wage levels?

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

The thesis asks a clear question: are average earnings in richer countries higher because more people work in high wage occupations or because people are paid more in a given occupation? It also offers a clear answer: differences across countries in wages for a given occupation are much more important than differences across occupations.

The question is interesting and the answer tells us something worth knowing about the world. The core methodology is taken over from another recent paper and skillfully applied to rich and relatively underused data from the International Labour Organisation. The author is particularly careful that within the data she has she compares comparable and not apples with oranges. If we think that the nature of individual occupations is similar across countries, the author makes a convincing case that within-occupation cross-country variation in wages is what matters.

The literature review is well structured and lucid, and it covers the main areas of literature related to the questions the author asks. The questions is original and to my knowledge has not been asked the same way before, so the author cannot simply refer to previous studies on the same questions and instead rightly discusses several areas which are in some way closely related to her topic. One potential reason for worry would be that the works she cites are often not placed in the top journals, so they may not represent the key points of reference in the literature. This point is especially striking in the case of earnings equation, where a vast literature exists.

The paper is very well written and its structure is straightforward and effective. The authors describes her methodology clearly and provides a good description of the data. Both introduction and conclusion provide a good overview of analysis and results. Graphs and table are used effectively. A minor flaw in the write up is that for some reason the author does not place full stops in the ends of footnotes.

The main reservation one can have about the thesis is that the nine broad occupational categories that the author uses do not allow the author to capture enough variation in wages across occupations and in occupational structure across countries, therefore severely underestimating the importance of structure. The author herself mentions this point in the last paragraph of her conclusion, but it would deserve more detailed discussion. Of course, one should keep on mind that her data do not allow her to use a more detailed disaggregation, and the fact that her answer to her question is not a perfect one does not mean it is not useful. But a deeper discussion of the assumptions made and their implications for the interpretation of the results, would be welcome.

Overall, the topic, methodology, style, structure and connection to the literature more than meet the standards for a good undergraduate research projects.

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

CATEGORY	POINTS
Literature (max. 20 points)	13
Methods (max. 30 points)	25
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	82
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Matěj Bajgar

DATE OF EVALUATION: 3th June 2012

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

Strong Average Weak
20 10 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě