

Report on Master Thesis

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

Student:	Bc. Jan Srna
Advisor:	Mgr. Barbara Pertold-Gebicka, M.A., Ph.D.
Title of the thesis:	The impact of grandchildren on retirement timing: evidence from SHARE data

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary

The thesis estimated the effect of the presence of grandchildren on retirement decision of the grandparents using the SHARE dataset.. At least one grandchild increases the probability of being retired by 19 %. Interesting is the negative effect of an additional child on retirement. It suggests that instead providing financial support to the parents, the children require financial assistance from their parents causing that the elderly stay in the labor force longer.

Endogeneity problem is discussed and corrected for by a 2SLS methodology. The author argues that retirement decision and having grandchildren might be given by the education level of the individual which is represented by the fact that lower educated individuals set up families earlier and also retire earlier because of more physically demanding jobs. In addition, reverse causality is also discussed. It is acknowledged that the number of children is correlated with the number of grandchildren but a higher number of children often results in earlier retirement per se. Multicollinearity is corrected for by robust standard errors.

The thesis carries out a number of checks to guarantee robustness of the results.

Contribution

Although a careful literature review was carried out, I miss a clear specification what research gap the thesis fills and how. In other words, the thesis deserves better incorporation into the available literature.

Methods

The thesis uses a 2SLS methodology due to omitted variable bias and a possible reverse causality. Both of these issues are carefully discussed.

Finding a good instrument is always a challenge. However, the author does a good job testing for the validity of instruments and model selection testing for consistency of the 2SLS model. However, also other tests might be beneficial, including the weak instrument test, LM overidentification test, Sargan test, Heteroscedasticity Breush-Pagan test.

Literature

It is obvious from the literature review section that a thorough literature review was undertaken. However, the flow of thoughts of the author are not always straightforward and the development of thought is often surprising and hard to follow.

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Manuscript form

The text does not read easily. Some structures are unnecessarily complicated and thus hardly readable.

The first paragraph of the introduction does not relate very much to the content of the thesis which confuses the reader. The SHARE dataset does not have to be too extensively introduced in the introduction or in the text.

Some formulations are strange, such as:

p. 2. „a grandchildren existence“

p.5 The decision is driven concerning the whole wealth that is expected...“ expressed in a very difficult way. The author obviously means intertemporal optimization problem, but the sentence is very hard to read.

p. 6. „...no older than 15 years“ = younger than 15 years of age

p. 8. „... face decisions (relating to their retirement) – why brackets, also in subtitles, e.g. 2.2.?

Sometimes unnecessary expressions (fillers), such as:

p. 15 „A little side-note on these relationships“

Chapter 3.2. where the pure SHARE dataset is thoroughly described is marginal, it would be enough to describe the dataset and variables the author is using and mention the general set up of SHARE only briefly.

In the data section, I miss assumption on the covariates of the model and the manuscript form of the data and methodology sections largely miss academic style. Descriptive statistics of the variables is missing too.

Overall evaluation and suggested questions for the discussion during the defense

The thesis deals with an interesting topic which is definitely worth exploring and further extending in other research. However, academic style of the thesis needs polishing. Both academic English and style should improve. There is no real clear distinction between chapters/sections. Often, some parts included in the results section actually belong to methodology or literature review (e.g. figure 5.1. does not belong to the results section but literature review). However, despite my objections which are often minor and relate to the manuscript and academic style, **the thesis fulfills requirements for a Master thesis at the Institute of Economic Studies, Faculty of Social Sciences, Charles University and I recommend grade A.**

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

Questions for the defense and discussion:

1. Would the effect change for the number of grandchildren, rather than controlling for the presence of grandchildren? I would assume that if a person wants retire in order to take care of a grandchild, he/she does so already with the first grandchild, i.e. it is connected with some

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personal preferences and traits of the retiree rather than the number of children. Does the literature support it?

2. I miss a straightforward contribution of the thesis to the existing literature. What gap in the literature does it fill?
3. In the literature review section, the thesis discusses the effect of income (also proxied by education) suggesting that lower income motivates the people to stay longer in the labor force. However, I argue, that the effect of income may be very region specific depending on the institutional setup – if the social system is generous enough to the poorest, they would not stay in the labor force longer than necessary, on the other hand, education and higher income earners though not motivated by money, they opt to stay longer being motivated by joy of work. Is there any evidence in the literature regarding the effect of the institutional setup and the effect of low income on retirement timing?

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	26
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	16
TOTAL POINTS (max. 100 points)	92
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *PhDr. Jana Votápková, Ph.D.*

DATE OF EVALUATION:

digitally signed (June 8, 2021)
Jana Votápková

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 analyzed.*

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