

Report on Bachelor / Master Thesis

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

Student:	Eva Sobková
Advisor:	Petr Janský
Title of the thesis:	Time preferences of Ghanaian cocoa farmers

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

Summary

The author investigates the influence of time preferences on individual willingness to join microcredit program which provides funding for investments into a new and largely profitable fertilizer. The sample are cocoa farmers in Ghana and the analysis is based on interesting data set collected by researchers affiliated with CSAE at Oxford University. The main finding is that farmers who have present-biased preferences (and thus likely to have limited self-control and demand for commitment) are more likely to join the program. The present-biased farmers are not less likely to drop out. The author also reports correlations with observable characteristics (gender, age and education) and compares them with findings from other studies.

Comments

The question how individual preferences affect financial decisions and adoption new technologies is an interesting one and subject to active research. I remember that Petr Janský, supervisor of thesis, has worked on this data collection and the question how time preferences affect participation in this agricultural/microfinance program has been one of the questions he and his collaborators have been interested in to explore. I recommend to discuss during defence how much the author has contributed to identifying the research question.

The thesis would benefit from more straightforward organization of sections. For instance, the literature review section should be placed before the sections about data and background.

The literature review contains a lot of references on related studies, but there is quite little effort to synthesize the literature and inform hypotheses.

I was missing a clearer conceptual underpinning of the hypotheses. The hypotheses should be stated earlier in the text, so that helps the reader to think about existing studies. Also, some theoretical work on present biased preferences and demand for commitment should be discussed so that a reader who is not familiar with literature can understand why there may or may not be a link with participation in the studied program.

The title of the section „Theoretical framework...” is a bit misleading since the section only discusses empirical findings.

Chapter 5 -- I don't think it is necessary to describe and define basic estimators (ttest, probit and logit), one can look it up in econometrics/statistics textbooks.

Results. Note that this is not a representative sample, but a self-selected sample of farmers. Observable characteristics such as age, gender or education likely affect whether somebody is a farmer or not (for instance many highly educated individuals probably do other types of jobs than farming or migrate). Thus, while the observed correlations between patience and gender/age/schooling are interesting, they need to be interpreted cautiously.

Reported results in Tables are hard to follow. Why means and ttest for sub-groups are not reported in a single table? Or, one might want to run a simple regression with a patience measure on a left side and all observable characteristics on the right-hand side.

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I don't understand why the author decided not to use a more continuous measure of discounting in the main analysis and instead used arbitrary cutoffs to create dummy variables for more/less patient individuals. For comparison, it would be worthwhile to use similar regression specifications as in Ashraf et al. (2006) or Bauer et al (2012). Is the link between present bias and participation in the program robust to different cutoffs? To controlling for observable characteristics?

The way how regressions are reported is somewhat confusing (Tables 6.7 and 6.8). It's not clear what is dependent and what is independent variable. Why standard format of reporting regressions is not used? Why coefficients for other explanatory variables is not reported? Ideally, each table should be self-explanatory.

Evaluation

In sum, this is a thesis on interesting question (although I am not sure about author's contribution in identifying it), the author could have spent more effort to motivate better the thesis and write the text such that it is easier to follow. I would also expect a more elaborate data analysis, given how rich the available data set is. I think the thesis is a borderline case between grades B and C.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	15
<i>Methods</i> (max. 30 points)	15
<i>Contribution</i> (max. 30 points)	18
<i>Manuscript Form</i> (max. 20 points)	13
TOTAL POINTS (max. 100 points)	61
GRADE (1 – 2 – 3 – 4)	2-3

NAME OF THE REFEREE: Michal Bauer

DATE OF EVALUATION: February 2nd, 2016



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