

# Report on Bachelor/Master Thesis

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

Student:	Vojtech Mravčec
Advisor:	Prof. Andreas Ortmann, Ph.D.
Title of the thesis:	Self-regulation and Government Oversight: A First Experimental Test

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

I believe this to be an excellent thesis that goes way beyond what one can reasonably expect from a bachelor student. Mr. Mravec has taken a model – a rather complicated one, I should add, from a top journal (Demarzo, Fishman and Hagerty, RES 2004) – and has provided a first test of some of its key predictions. A key prediction is that self-regulation works but only to the extent that a credible threat exists in form of latent government regulatory intervention.

After he understood the theoretical model to be tested, Mr. Mravec derived from it the strategic form of a simplified game that involved the two key actors (self-regulatory agency and government). The key parameterization turned out to be an asymmetric coordination game whose analysis is of considerable interest all by itself.

He then designed and implemented an experimental test of this game (and several related and unrelated games), organized a couple of experimental sessions (which were conducted by one of my advanced Ph.D. students, to make sure the results would not be contaminated by experimenter expectancy effects), and finally evaluated his subjects' choices econometrically.

Mr. Mravec thus demonstrated a remarkable knowledge of a) theory b) experimentation c) econometrics. It is particularly noteworthy that he came into this project without ever having taken a course on experimental or the kind of parametric and non-parametric tests that he used to evaluate the choices of his subjects. In essence, he had to take a couple of crash courses in those areas. He did indeed read quite a bit.

The results that Mr. Mravec reports are – by and far – in line with the theoretical predictions.

The write-up of the thesis – while not perfect – is accomplished and demonstrates Mr. Mravec's English skills to good effect.

I believe that this bachelor project is an ideal point of departure for a follow-up study that could turn into a master thesis that, given where the project is already now, would have a good shot at publication in an international journal. (The current thesis, once duly rewritten, stands a good chance at publication in a national journal such as AUCO, PEP, or Finance a Uver). It is clearly an unusually original contribution that one cannot reasonably expect from a bachelor student.

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

CATEGORY	POINTS
Literature (max. 20 points)	20
Methods (max. 30 points)	30
Contribution (max. 30 points)	30
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>98</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1 (excellent)</b>

### **NAME OF THE REFEREE:**

Andreas Ortmann, Ph.D.

**DATE OF EVALUATION:** June 4, 2009

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**Referee Signature**