

The aim of the thesis is to describe first order stochastic dominance, second order stochastic dominance and then to motivate and describe stochastic dominance generated by utility functions with a decreasing absolute risk aversion. A numerical application of described methods follows. Efficiency in the meaning of stochastic dominance generated by utility functions with a decreasing absolute risk aversion and second order stochastic dominance is tested. Connection between the results is clarified and used methods are compared in the meaning of computational demands.