

Report on Bachelor Thesis

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

Student:	Polina Fedosova
Advisor:	PhDr. Václav Korbel
Title of the thesis:	Fairness and Emotions in the Ultimatum Game: Experimental Approach

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

The thesis analyzes the role of behavior in the decision-making process. It acknowledges that pure utility maximization in economics is not a sufficient explanation of human behavior. Besides altruism which is a totally different story, decisions are influenced by human emotions. The thesis takes an experimental approach finding out a significant positive effect of offer (fair, unfair, generous) on the intensity of neutrality and surprise. A significant negative effect of offer on the intensity of disgust and anger was also discovered.

What I particularly liked on the approach was that besides the main analysis, the subjects were also analyzed 10 minutes after the offer was revealed to them giving them time to cool down. I see a huge potential in this approach for future analyses. Specifically, in further research, the author could compare more rigorously the results between the two models: (a) when a subject responds immediately after the offer is revealed, (b) when a subject is given time to cool down.

However, my issues with the thesis are the following:

- 1) My main issue is with the logics of a laboratory experiment. I do not get why a person should reject even a small and unfair offer if it gives him at least some money which one would otherwise not have. In other words, something is still better than nothing. I think that this can bias the results. **Please explain the the defense.**
- 2) Also, can we really judge on real behavior patterns from this kind of laboratory experiment? I would say that even if treated unfairly in the laboratory experiment, the subject still knows that it is just an experimnt and in fact „nothing serious is going on“. If I imagine for instance a job offer at which on is offered an unreasonably low wage, I would say that a subject decided differently at a real life situation. **Could you please explain this discrepancy at the defense?**
- 3) Is there any other way to measure emotions? The author herself mentions that FaceReader software sometimes analyzes the face mimics in a wrong way.
- 4) Only 109 subjects was analyzed. It seems to me quite few in order for asymptotic properties to be retained. It is ok for an exercise, however, the author should acknowledge it and be careful while interpreting the results.
- 5) In Table 5.2.5. confidence intervals or at least p-values are missing.
- 6) I miss a summary statistics of explanatory variables. Without it, I am quite suspicious about the effect of age. Assuming that there is no one really „old“ in the experiment, the effect of age does not really say much.
- 7) Page 30, last sentence – add a quote from the literature. The destructive nature and anger is not really obvious here.

The thesis is a nice exercise despite a number of drawbacks, thus I suggest **grade 1 (excellent)**.

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

CATEGORY	POINTS
Literature (max. 20 points)	19
Methods (max. 30 points)	25
Contribution (max. 30 points)	29
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	92
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Jana Votápková

DATE OF EVALUATION: September 5, 2017

Jana Votápková

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