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Re: Review Dissertation Marian Krajč

Vienna, February 14th,
2009

Dear Professor Hanousek,

I was asked to provide a review on the dissertation of Marian Krajč, and I can fully recommend awarding a PhD for this dissertation. Please find the review attached below. Should any queries arise, please do not hesitate to contact me.

Sincerely,

Erik Hoelzl

Review of Marian Krajč, „Overconfidence in business, economics, finance and psychology: How much of a problem is it?, Dissertation, CERGE-EI

The present dissertation focuses on overconfidence, i.e., overestimation of confidence, probabilities or abilities. It explores theoretical and empirical work from different disciplines, in particular from experimental economics, psychology, finance and business. It consists of three major chapters.

Chapter 1 presents a theoretical approach to the understanding of overconfidence. It focuses on a particular aspect of overconfidence, the so-called unskilled-and-unaware problem. A model is proposed that suggests an alternative perspective of this aspect as a signal-extraction problem. This approach is innovative and it takes into account critical aspects of previous studies on this topic. Data simulated from the model shows patterns similar to those reported in the experimental literature. This chapter has been published as an article in a peer-reviewed journal. It is well-written, it provides innovative ideas and it shows the author's analytical skills.

Chapter 2 is an experimental paper that tests the model proposed in chapter 1. The author tests whether general information and specific feedback improve calibration in various tasks. These studies indicate that the unskilled-and-unaware problem is indeed mainly an information problem. The proposed model can, however, only partly explain the experimental data. On a critical note, this chapter still needs work before it seems fit for a journal article; in particular, it would need to be shortened and focused more on the central issue. However, the presented data offer a promising starting point for a publication. In its current form, the chapter demonstrates that the author is well-versed in designing and conducting economic experiments and in statistical data analysis; it also demonstrates his ability to critically reflect on his own work.

Chapter 3 is a comprehensive literature review on the phenomenon of overconfidence in various disciplines. It is based on clear and replicable rules for literature search and it provides not only an excellent overview, but it also identifies the potential problems in the different empirical approaches. Particularly noteworthy is the structuring along several research paradigms that highlight again the analytical skills of the author. Before publication as a book chapter or journal article, this chapter also would need to be more condensed and focused. However, this chapter clearly shows that the author is able to review and synthesize a large body of scientific work and to provide innovative insights.

To summarize, this dissertation is an extraordinary piece of work. It shows that the author has extensive knowledge of the field of his dissertation, that he is able to contribute to science on an empirical and a theoretical level, that he is able to critically review existing work and to provide alternative and innovative perspectives. I fully recommend awarding a PhD. for this outstanding work.

Vienna, February 14th 2009

ao.Univ.-Prof. Dr. Erik Hoelzl