

Report on Bachelor / Master Thesis

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

Student:	Alžběta Kočová
Advisor:	PhDr. Lubomír Cingl
Title of the thesis:	Does the probability to herd decrease when decisions are of higher importance

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

The goal of the thesis is to design experiment to confirm causal relationship between herding and the importance of the decision. Alzbeta designs laboratory experiment to test hypothesis that with higher payoff, players rely more on their private signal rather than on the public one. Alzbeta concludes that the most suitable is the model by Anderson and Holt (1997).

In the first part of her thesis Alzbeta focuses on the literature review of the related research. She shows that she read and understood the state of the art papers in the relevant literature. The methodology is discussed in the second part of the thesis. The chapter is, however, rather literature review on the methodology than real outline of the methodology utilized in the theses. The last chapter explains the design of the experiment. In this chapter she demonstrates that she is familiar with basic concepts in statistics and that she theoretically knows how to utilize statistics tackling issues in experimental economics.

Comments:

- 1) I am missing the quantitative part of the thesis. You should have run at least simplified version of your experiment to prove that you really understand what you write about. One may think you are just rephrasing the literature.
- 2) It is not obvious what is your contribution, how do you modify model of Anderson and Holt (1997)
- 3) You argue that people rely more on themselves as the importance of the question rises. To measure the importance you use monetary reward. How do you control for the fact that people have different risk aversion and wealth. For some players 100 dollars may still be small reward for other players already a lot of money?

Question: Is your experiment free of the environment? Consider following example: you are at the unknown place and see two restaurants, in the one on the left hand side there is last free table, the one on the right hand side is empty. Most people herd and take the last table. However, I believe if this was your town and you knew that the cook in the empty restaurant is excellent you would follow your private signal. This would be regardless of the price category (pay off) of the restaurants. What do you think?

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	20
<i>Contribution</i> (max. 30 points)	21
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	81
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: *Aleš Maršál*

DATE OF EVALUATION:

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