REVIEW OF THE BACHELOR'S THESIS
SUPERVISOR

Student's name: Robert Vácha ....

Thesis title: Investor homo oeconomicus or human? What deviates financial market decisions

from rationality? ....

Name of the thesis supervisor: Ing. Helena Chytilova, Ph.D., M.A. ....

	1	2	3	4
Assessment of the topic itself (irrespectively of the student)**:**				
1.1 To what extent is the topic current and significant?	☒	☐	☐	☐
1.2 How challenging is the topic in respect of theoretical knowledge?	☐	☒	☐	☐
1.3 How challenging it in respect of practical experience or fieldwork?	☒	☐	☐	☐
1.4 How difficult is it to get background materials?	☒	☐	☐	☐

Verbal assessment (several sentences), in particular:
Subsection 1.1: Behavioral economics represents emerging field with the research on the uptrend and especially in the area of financial markets, which is due to famous prospect theory slowly merging with the mainstream economics.
Other (as appropriate): I especially appreciate author´s effort to investigate behavioral features of financial market decisions in the field, which was associated with substantial transaction costs. Further, practical implications of author´s investigation are indisputable.

2. Evaluation of the thesis structure and logical cohesion:	1	2	3	4
2.1 To what extent is the thesis structure logical and transparent?	☐	☒	☐	☐
2.2 To what extent does the author use current / suitable sources?	☐	☒	☐	☐
2.3 How properly did the author select methods in respect of the topic?	☒	☐	☐	☐
2.4 How sufficiently and functionally did the author use in the thesis original charts, tables, data, annexes, etc.?	☒	☐	☐	☐
2.5 What is the compatibility level for the thesis basic line elements: topic – thesis assignment –objective – structure - conclusions?	☐	☒	☐	☐

Verbal assessment (several sentences), in particular:
Subsection 2.1: Author tried to provide the reader with logical structure. Unfortunately, his effort is a bit alleviated by the fact that third level of headings is highly non-standard feature, which might worsen the orientation for the reader and these subchapters are missing in the table of contents, (for instance section 1.2.3 Herding Bias). Logical structure is also distorted a bit in empirical part, when evaluating experimental results,(confusion between question number X and type of compound, or not clear division of prospect theory test and mental accounting test).

Instructions for the review: Author of the review must provide verbal assessment for the specified subsections, which are pivotal for the thesis assessment, particularly for the defense; therefore, the assessment must have reasonable explanatory power.
Note: Classification method: 1 = exceptional, 2 = very good, 3 = good, 4 = failed.

Subsection 2.5: See subsection 3.6
Other (as appropriate):

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3. Assessment of the thesis text quality:

3.1 How well – in terms of depth and quality – did the author
   analyze the topic? ☐ ☒ ☐ ☐

3.2 Did the author formulate the thesis objective clearly and with logical
   structure? ☐ ☒ ☐ ☐

3.3 Did the author fulfill the defined thesis objective and approved
   assignment of the thesis that contains the objective? ☒ ☐ ☐ ☐

3.4 How well – in terms of depth and quality – did the author cover
   the theoretical part of the thesis? ☒ ☐ ☐ ☐

3.5 How well – in terms of depth and quality – did the author cover
   the practical / analytical part of the thesis? ☐ ☒ ☐ ☐

3.6 To what extent are the thesis conclusions logically structured
   and show quality, and what is their added value? ☐ ☒ ☐ ☐

Verbal assessment (several sentences), in particular:

Subsection 3.2: The main aim of the thesis outlined by the author in abstract and introduction is to describe behavior of subjects on financial markets, (especially of investors and financial advisors in the field of mergers and acquisitions) and how it differs from human decision-making, followed by experiment comparing behavior those two groups in terms of anchoring.

Subsection 3.3: The author has outlined the goal of the thesis in the abstract, but I would expect its proper (and not general) delineation also in introduction.

Subsection 3.4: Theoretical part of the thesis seems to be coherent and succinct. Still, the author could have eliminated excessive citation of some top resources in some parts (see section 4) and enrich the text with other relevant studies. Author outlines basic behavioral bias in financial markets, accompanied by relevant illustrative examples. Chapters about mental accounting and herding bias represent very interesting contribution, which is worth the attention. However, the author could have emphasized more clearly his own contribution to discussion, which might not be entirely visible to some readers.

Subsection 3.5: In empirical part author opted for sort of field experiment with evaluation of anchoring index among financial (experimental group) and non-financial (non-experimental group). From methodological point of view, the process of selection of non-financial participants and their professional profile (accountants, designers, managers) is subject to discussion. It is impossible to believe entirely, that an accountant might not possess qualities, which predestine him to evaluate correctly situation in financial markets. What´s more, results prove that experimental and control group don´t exhibit substantially different patterns. This calls for sufficient justification of experimental set-up and reasoning behind the acquired results. Additionally, it is common practice to reward subjects within the experimental session, however it seems that the author has not used any financial rewards for subjects at all, which might distort results significantly. Common practice is also to use non-financial rewards in order to enhance motivation of subjects.

The first part devoted to evaluation of anchoring index across experimental groups would deserve slightly better economic interpretation, linked towards relevant literature. Comparison of experimental results with other studies would be highly desirable. Second part which tests features of mental accounting and prospect theory doesn´t distinguish among frequency of occupations within financial group, which would provide priceless information when

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evaluating results. To summarize second part with help of some quantitative assessment, the author develops the human index to evaluate the propensity of behavior towards the concept of human. Still, the author finds only moderate signs of greater proximity of financial group towards homo oeconomicus features.

Subsection 3.6: I highly appreciate that the author has decided to conduct an experiment, though some methodological issues might be subject to a further discussion. Contribution of the author lies in direct experimental application of anchoring index or of human index itself.

On the other hand, evaluation of experimental outcomes with regards to relevant experimental literature is absent (empirical part is only slightly indicative of some comparison) and one would expect it in the chapter related to key findings or in conclusion. As a result, connection between theoretical and empirical part is rather weak. The author has not fully utilized the potential of the topic and associated experimental results.

Author could have provided the reader also with the chapter, which would assess potential limitations of the experiment and suggestions for improvements.

Other (as appropriate):

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4. Assessment of the thesis form and style:

4.1 What is the formal layout of the thesis?	☐	☒	☐	☐
4.2 What is the quality of citations and references? Are sources identifiable?	☐	☒	☐	☐
4.3 What is the stylistic level of the thesis, particularly the use of correct economic terminology?	☐	☒	☐	☐

Verbal assessment (several sentences), in particular:

Subsection 4.2: It would be desirable to add the appropriate source even below the graph 1, (page 18), despite the author mentions it in the text above. Some sections, like 1.3 suffer from excessive citing of one source, (Kahneman and Tversky 1979) and more diverse literature base would be highly appreciated. The same holds for section 1.4, (excessive citing of source Thaler 1985).

Other (as appropriate): I would suggest that some sections (like Czech and English abstract, introduction, conclusion) would deserve a bit more attention regarding the clarity and grammatical rules. It is obvious that the author was writing those sections under the time pressure. It was not necessary to include declaration in two language versions. Table of contents could be formatted in the same type of font like the rest of the bachelor thesis. The same holds for some citations present in the thesis like on p.5 or section 2.1.1. Sometimes there are unjustified big letters in the middle of the sentence like on p.15 below subchapter "Herding bias". Author is numbering equations in non-standard way, (number should not be before, but behind this equation). Informative sentence about appendix in section 2.2.3 could be moved into footnote instead. On p.48 at the top it seems like some subheading is present, but without any formatting, which contributes to confusing logical structure. Some tables don´t have headings, such as tables on p.50 or 51.

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5. Overall assessment *(It is necessary to state, whether the thesis meets the requirements of the Methodology of the Faculty of Economics in terms of the quality of contents, scope and formal requirements, whether the thesis is/is not recommended for defense. It may also be nominated for a special award, etc.):*

Author has discussed theoretical part of the thesis in a very thorough way with the supervisor. Unfortunately, empirical part (together with abstract, introduction and conclusion) was

submitted without any consultation. This was partially caused by factor of time and transaction costs related to an experiment conducted by the author in the field. Nevertheless, despite this fact I can recommend this thesis for the defense without any hesitation, since it represents nice interesting contribution as mentioned above.

6. Questions and remarks to the defense:
Discuss relevance/irrelevance of deception in economic versus psychological experiment followed by derivation of direct implications for your experiment.
Discuss internal validity of your experiment with regards to the absence of financial rewards and other methodological issues.

Proposed grade: good

Date: 15.5.2017 ....
Signature of the Thesis Supervisor

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