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HABILITATION THESIS REVIEWER'S REPORT

Masaryk University	
Applicant	Ing. Miloš Fišar, Ph.D.
Habilitation thesis	Understanding Human Behavior in Economic Contexts: Experimental Evidence on Social Preferences and Decision-Making
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Milos Fisar’s habilitation thesis contributes to behavioral economics by studying social preferences. It presents a collection of experimental designs analyzing distinct aspects of altruistic behavior and decision-making. The thesis and the underlying papers make a valuable scientific contribution by explaining how risk, uncertainty, and social norms influence economic behavior. The three papers in the thesis have been published in top field journals, such as JEBO (two papers) and the Journal of Economic Psychology.

The thesis demonstrates rigorous scientific work and expertise in the topic and amply fulfills the criteria for habilitation. Below, I discuss each of the chapters and present questions for the habilitation thesis defense.

Chapter 1

The first chapter studies the effect of income loss on altruistic behavior using a dictator game and presents the results of three studies using a similar design.

- Under the control condition, a dictator with an endowment of $3 decides to transfer to a recipient with zero endowment.
- In treatment, LM1, a dictator who has lost 50% of his endowment ($3), can send a transfer to a recipient with zero endowment.
- In treatment, LM2, the dictator who lost the endowment of $3, decides how to share the losses with a recipient with an endowment of $3.

As the study analyses the decisions after the income shock, this set-up allows for the clean capture of the effect of losses on altruism. Moreover, the differences in behavior between LM1 and LM2 allow the disentanglement of framing effects associated with losses.

The main finding is that altruism decreases after participants experience adverse income shocks, and participants are more selfish at the extensive margin in LM1 than in the control condition. However, participants are reluctant to share losses, and earnings are lower in LM2 than in LM1.

The study's findings help reconcile the different findings in the literature and provide a clear explanation of the conditions under which losses lead to more altruism. Further, the study shows that the effect of losses is not due to the sources of the endowment, and behavior is comparable when participants earn the endowment or receive it as a windfall. The results of a complementary study show that emotions cannot explain the differences in altruistic behavior in the two treatment conditions.

- One open question is whether experience mediates these effects. In particular, participants can learn that sometimes they can be in the recipient's situation and hence need help. In this case, could they potentially learn to be more altruistic?

- The findings of LM2 do not seem to align with the behavior of permanent help recipients (e.g., businesses) who consider that economic losses should be socialized. Could this be the result of a lack of experience?

- The focus of the paper is on how losses affect altruism. However, in the population, some lose and others gain. Therefore, a relevant question is whether gains crowd in altruism and compensate for the decrease in altruism among the losers. What does the analysis reveal on the net effect?

- While the thesis focuses on framing effects, a related aspect concerns heterogeneous effects by degree of loss aversion. Is the behavior observed in the game mediated by loss aversion?

- What are the implications of the study for the design of social protection policies? What is the external validity of the study? Are there differences in altruism once insurance programs are in place?

Chapter 2

The chapter considers the problem of donation coordination in the presence of an intermediary. When donors allocate resources for different projects, resource dispersion might lead to low donation efficiency. An intermediary that coordinates donations could alleviate this problem. However, one critical issue is whether donors would be willing to delegate donations to the intermediary, who has the discretionary power to appropriate the transfers.

The experimental design disentangles two conditions that could affect donation coordination:

1. Sunk overhead cost for the intermediary and
2. Intermediary's discretion over donations allocation

The central hypothesis is that delegation, donations, and coordination are higher when the intermediary has less discretion over donation allocation decisions (restricted share that can be allocated to their private account). The second hypothesis is that overhead sunk costs do not affect delegation, contributions, and, hence, donation coordination.

The main findings confirm the hypothesis that control over intermediary allocation decisions helps to promote donation coordination. However, contrary to expected, delegation and donations decrease with sunk costs.

- One aspect that needs further clarification concerns the role of sunk cost in the donation decision. An implicit assumption in Hypothesis 2 is that intermediaries do not change the allocation once they confront sunk costs. However, intermediaries could transfer this cost to donors, and if so, it would be rational for donors to donate less when the donation cost is higher. What conditions prevent intermediaries from charging the overhead cost by appropriating the transfers? Or donors from anticipating this behavior?

- A related aspect that is particularly interesting is whether donors suffer from betrayal aversion. In particular, would donations decrease more when the intermediary faces a sunk cost than when donors face it?

- Why the intermediary does not appropriate all contributions in the no-control condition? Once the intermediaries receive the transfer, they face a public good game in which the returns to the group account are lower than those to the private account. In the absence of reputational effects (as imposed by design), contributions should be zero. One would expect that the maximum contribution by intermediaries is the share imposed by the rule. Is this observed in the experiment?

- One concern is that the imposition of rules could lead to inefficiencies when the value of transfers plus the intermediary budget is below the threshold level. Do sunk costs lead to this inefficiency by decreasing the resources available for the intermediary to top transfers up to the threshold level? Could this explain why the rule condition does not succeed at increasing coordination when there are sunk costs?

Chapter 3

This chapter investigates the effect of hormonal changes on economic decision-making. While evolutionary theory predicts that women change behavior during the ovulation cycle to maximize reproduction success, there is little evidence of the effect of hormonal changes on decision-making. To overcome this gap in the literature, the paper explores decision-making in three tasks that elicit risk preferences, honesty, and searching behavior. The proposed tasks are superior to other incentivized measures. The second contribution is the use of biological samples to assess hormonal changes.

The paper finds no differences in behavior during the hormonal cycle, suggesting that the evolutionary theory does not apply to the economic dimension under scrutiny.

- One open question is whether economic development affects the validity of the evolutionary theory by favoring a quality-quantity trade-off in fertility decisions. Are there other societal or personal conditions that could affect the validity of the evolutionary theory?

Conclusion

The habilitation thesis entitled *Understanding Human Behavior in Economic Contexts: Experimental Evidence on Social Preferences and Decision-Making* by Ing. Miloš Fišar, Ph.D., fulfills the requirements expected of a habilitation thesis in Economics. The habilitation compiles three articles that contribute to understanding altruistic behavior, cooperation, and economic decisions under risk. All three papers fill relevant gaps in the literature. Further, the evidence leads to clear policy recommendations.

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