

Report on Bachelor / Master Thesis

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

Student:	Jakub Čakan
Advisor:	PhDr. Jiří Kukačka, Ph.D.
Title of the thesis:	Hot hand bias in Czech sports betting market

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

Short summary

This thesis delves into behavioral biases within the Czech sports betting market, focusing particularly on the "hot hand" bias. Through empirical analysis, it investigates the efficiency of the market in incorporating relevant information into odds and explores how the "hot hand" belief influences bettor behavior. The study utilizes weighted and ordinary least squares estimation techniques, revealing that while bookmaker odds reflect comprehensive information, bettors exhibit a significant "hot hand" bias, favoring teams on winning streaks disproportionately. Moreover, the thesis evaluates the profitability of betting strategies aimed at exploiting these biases, finding inconsistent results and highlighting the complexity of betting markets.

Contribution

One often encountered challenge in assessing bachelor theses is the identification of a distinct and substantial contribution. In this instance, the author's unique dataset provides a noteworthy contribution to the literature, particularly in the context of sports betting within the Czech Republic. The empirical demonstration of the "hot hand" bias among bettors and its implications for market efficiency and betting strategies within the Czech sports betting landscape is commendable since it enriches the understanding of behavioral biases in a specific national market setting, however, the methodological approach does not introduce novel techniques. That being said, the thesis also highlights the limitations of the study but the possible avenues for further research in this area could have been underscored more.

Methods

The third chapter describes the data used for the analysis and how they were processed. It is accompanied with relevant tables, however, some graphs/figures could be used, too. The fourth chapter presents methods starting with betting market efficiency model, hot hands model and finishing pff with economic tests of profitability. Both chapters are clearly written and more or less easy to follow. Even though there are some limitations to the methods used, the results are described well and in the interpretation, the author acknowledges these limitations. Overall, the study uses weighted and ordinary least squares estimation techniques to analyze data from the Czech sports betting market. This methodological approach should allow for a robust examination of the efficiency of bookmaker odds and the presence of behavioral biases among bettors. The use of these methods enhances the credibility and reliability of the study's findings.

Literature

The literature review is comprehensive and well-structured, providing a solid foundation for the study. The author engages with relevant definitions, theories and empirical studies, demonstrating a thorough understanding of the existing literature. The review occasionally highlights the gaps in knowledge but this could be underlined more, especially with respect to which gaps the thesis aims to address. The author also acknowledges some limitations of the existing literature. Overall, the review is satisfactory, logically organized and the literature is up-to-date. The author quotes relevant literature in a proper way.

Manuscript form

The thesis is well-organized and follows a logical structure, making it easy for the reader to follow the author's line of reasoning. The writing is clear, concise, and adheres to academic standards with

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occasional minor errors. The use of tables is appropriate, however, some figures, and other visual aids could enhance the presentation of the findings and support the author's arguments. The text of the thesis effectively refers to graphs and tables and a complete bibliography is included at the end. Moreover, the results of the Turnitin analysis do not indicate significant text similarity with other available sources.

Overall evaluation and suggested questions for the discussion during the defense

Suggested questions for the discussion during the defense include:

1. How does the unique dataset utilized in this study enhance our understanding of behavioral biases in sports betting, particularly within the Czech Republic?
2. Is it feasible to conduct analysis on the dataset with a categorical dependent variable (instead of having three separate regressions), and if so, what are the potential advantages and disadvantages of employing such an approach compared to the methods used in the thesis?
3. Can the findings of this study be extrapolated to other national sports betting markets, or are there specific contextual factors that limit generalizability?
4. What are the practical implications of the identified "hot hand" bias for both individual bettors and the broader sports betting industry in the Czech Republic?
5. In light of the study's limitations, what are potential avenues for future research to address these constraints and further advance our comprehension of behavioral biases in sports betting?

The thesis is well written and catches the attention of the reader. It fulfills all formal requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, hence, I recommend it for the defense and suggest a grade A.

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	25
<i>Methods (max. 30 points)</i>	28
<i>Literature (max. 20 points)</i>	20
<i>Manuscript Form (max. 20 points)</i>	19
TOTAL POINTS (max. 100 points)	92
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: *Diana Kmeřková, MSc.*

DATE OF EVALUATION:

Digitally signed (12.5.2024):
Diana Kmeřková

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F