

Technical Appendix to
OVERCONFIDENCE IN FORECASTS OF OWN
PERFORMANCE: AN EXPERIMENTAL STUDY

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Appendix I:
Determinants of Initial and Revised Forecast Errors for Set II

Dependent Variable	Initial Set II Forecast Error				Revised Set II Forecast Error			
	Relative Tournaments		Absolute Contests		Relative Tournaments		Absolute Contests	
	Max	Verbal	Max	Verbal	Max	Verbal	Max	Verbal
MALE	0.208 (0.519)	0.799* (0.469)	−1.174** (0.553)	0.256 (0.518)	0.218 (0.417)	−0.151 (0.377)	0.263 (0.468)	−0.066 (0.365)
AGE	0.025 (0.085)	0.009 (0.076)	−0.008 (0.043)	−0.004 (0.039)	0.048 (0.068)	0.028 (0.061)	−0.019 (0.036)	−0.060** (0.028)
TAKEN ECON	−0.160 (0.577)	0.709 (0.519)	1.655*** (0.644)	0.296 (0.622)	0.203 (0.463)	0.551 (.418)	0.619 (0.546)	0.740* (0.438)
TAKEN STATS	−0.071 (0.579)	−0.518 (0.517)	−0.834 (0.665)	−1.164* (0.623)	−0.496 (0.465)	−0.336 (0.416)	−1.063* (0.564)	−0.919** (0.439)
CELLS ENTERED	0.011 (0.017)		−0.040** (0.019)		0.035** (0.014)		−0.034** (0.018)	
% SMART CELLS	−0.116*** (0.027)		−0.276*** (0.072)		−0.033 (0.022)		−0.129** (0.061)	
KEYS PRESSED		−0.083*** (0.010)		−0.057*** (0.009)		−0.023*** (0.008)		−0.031*** (0.006)
#DECODED PER KEY PRESSED		−107.9*** (13.23)		−87.40*** (13.64)		−51.17*** (10.64)		−60.80*** (9.614)
ORDER (MV = 1)	0.970* (0.537)	0.095 (0.451)	1.167** (0.575)	−1.147** (0.499)	0.267 (0.431)	0.259 (0.363)	1.434*** (0.487)	−0.582* (0.352)
SCORING	−0.175 (0.531)	0.171 (0.473)			0.156 (0.426)	0.259 (0.380)		
RULE USED								
WON 1 PRACT	0.772 (0.586)	0.681 (0.551)	1.550** (0.690)	0.375 (0.730)	1.063** (0.470)	0.292 (0.443)	0.863 (0.585)	0.250 (0.515)
ROUND								
WON 2 PRACT	0.373 (0.683)	1.724*** (0.599)	−1.677 (2.700)	<i>a</i>	0.246 (0.548)	1.291*** (0.482)	−0.729 (2.288)	†
ROUNDS								
CONSTANT	8.246* (5.036)	18.01*** (2.793)	35.08*** (7.470)	14.22*** (2.539)	−6.114 (4.039)	6.168*** (2.247)	19.35*** (6.332)	9.915*** (1.790)
N [†]	143	141	91	89	143	141	91	89
Adjusted R ²	0.099	0.357	0.266	0.420	0.064	0.142	0.137	0.350

*, **, *** indicate significance at the 10%, 5% and 1% levels, respectively. Run on Stata 9.1. Numbers in parentheses are standard errors.

[†]No individuals won both practice rounds in this treatment.

[‡]Sample sizes vary because of a missing observation for AGE, and incomplete data for CELLS ENTERED (5) or KEYS PRESSED (3) using our censored measures for absolute contests, and for #DECODED PER KEY PRESSED (2) for the relative verbal tournaments.

Appendix II

(a): *Overconfidence and Better Outcomes – Relative*

Dependent Variable: Actual Number of Wins in Set II						
	Maximisation when Second			Verbal Decoding when Second		
<i>Effort in Set II Of Second Task</i>						
<i>CELLS ENTERED</i>	0.004 (0.017)	0.003 (0.017)	0.002 (0.018)			
<i>% SMART CELLS</i>	0.104*** (0.036)	0.104*** (0.037)	0.103*** (0.037)			
<i>KEYS PRESSED</i>				0.069*** (0.011)	0.071*** (0.011)	0.071*** (0.011)
<i>#DECODED PER KEY PRESSED</i>				99.14*** (12.65)	98.67*** (12.67)	97.42*** (12.83)
<i>Forecast Error In Set I of Prior Task</i>		-0.019 (0.102)	-0.027 (0.106)		-0.069 (0.075)	-0.068 (0.075)
<i>Revised Forecast Error In Set II of Prior Task</i>			0.048 (0.167)			-0.069 (0.095)
<i>Other Variables</i>						
<i>MALE</i>	2.054*** (0.693)	2.067*** (0.701)	2.105*** (0.718)	-0.406 (0.429)	-0.412 (0.430)	-0.367 (0.436)
<i>WON 1 PRACTICE ROUND</i>	-0.123 (0.764)	-0.126 (0.771)	-0.050 (0.820)	1.003* (0.567)	0.976* (0.567)	0.959* (0.571)
<i>WON 2 PRACTICE ROUNDS</i>	1.105 (0.871)	1.080 (0.887)	1.112 (0.900)	1.432** (0.637)	1.479** (0.640)	1.434** (0.645)
<i>TAKEN STAT</i>	1.091* (0.647)	1.082* (0.654)	1.059 (0.663)	0.350 (0.421)	0.370 (0.422)	0.318 (0.430)
<i>GRADE AVE</i>	-0.036 (0.545)	-0.063 (0.584)	-0.063 (0.584)	0.026 (0.291)	0.028 (0.291)	0.015 (0.293)
<i>CONSTANT</i>	-7.829 (5.093)	-7.752 (5.148)	-7.391 (5.332)	-14.00*** (2.121)	-14.05*** (2.124)	-13.89*** (2.143)
<i>N</i>	72	72	72	72	72	72
<i>Adjusted R²</i>	0.287	0.276	0.266	0.664	0.663	0.661

*, **, *** indicate significance at the 10%, 5% and 1% levels, respectively in two tailed tests. Run on Stata 9.1. Numbers in parentheses are standard errors.

Appendix II

(b): *Overconfidence and Better Outcomes – Absolute*

Dependent Variable: Actual Number of Wins in Set II						
	Maximisation when Second			Verbal Decoding when Second		
<i>Effort in Set II Of Second Task</i>						
<i>CELLS ENTERED</i>	0.042** (0.015)	0.041*** (0.015)	0.038** (0.015)			
<i>% SMART CELLS</i>	0.282*** (0.073)	0.276*** (0.075)	0.270*** (0.072)			
<i>KEYS PRESSED</i>				0.064*** (0.007)	0.064*** (0.007)	0.067*** (0.008)
<i>#DECODED PER KEY PRESSED</i>				106.1*** (12.60)	106.4*** (13.13)	106.9*** (13.21)
<i>Forecast Error In Set I of Prior Task</i>		-0.080 (0.114)	-0.029 (0.115)		0.007 (0.082)	0.002 (0.082)
<i>Revised Forecast Error In Set II of Prior Task</i>			-0.266* (0.152)			-0.102 (0.128)
<i>Other Variables</i>						
<i>MALE</i>	1.099* (0.574)	1.105* (0.578)	1.230** (0.566)	-0.258 (0.467)	-0.247 (0.488)	-0.254 (0.491)
<i>WON 1 PRACTICE ROUND</i>	0.578 (0.718)	0.493 (0.734)	0.697 (0.722)	0.934 (0.661)	0.924 (0.679)	0.706 (0.736)
<i>WON 2 PRACTICE ROUNDS</i>	2.931 (2.066)	2.969 (2.082)	3.076 (2.022)	†	†	†
<i>TAKEN STAT</i>	0.839 (0.661)	0.770 (0.673)	0.654 (0.657)	1.114** (0.448)	1.117** (0.455)	1.008** (0.477)
<i>GRADE AVE</i>	1.177*** (0.440)	1.156*** (0.444)	1.083** (0.433)	-0.325 (0.383)	-0.330 (0.391)	-0.294 (0.396)
<i>CONSTANT</i>	-33.68*** (6.660)	-32.87*** (6.809)	-31.89*** (6.633)	-12.69*** (1.884)	-12.73*** (1.952)	-12.98*** (1.987)
<i>N[‡]</i>	43	43	43	45	45	45
<i>Adjusted R²</i>	0.525	0.518	0.546	0.716	0.708	0.705

*, **, *** indicate significance at the 10%, 5% and 1% levels, respectively in two tailed tests. Run on Stata 9.1. Numbers in parentheses are standard errors.

[†]No individuals won both practice rounds in this treatment.

[‡]Sample sizes vary because of incomplete data for gross effort using our censored measure for absolute contests.