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SNA ASSIGNMENT

Exercise Chapter-16

Ans \rightarrow 1.a \rightarrow For first person, there is no prior signal. So, his private signal will be responsible for taking decision whereas, person two have two option, first if his private signal is same as person 1 action, then it's easy for him to take decision, and if it have diff signal than 1st one than person 2 will be indifferent between 1 & 2, then 2 will follow its own private signal.

Ans \rightarrow 1.b \rightarrow Person 3 have the knowledge of per 2 action & his own private signal. So, here its condition is same as Person 2 in previous question, like, if 2's action and 3's private signal are same then Per 3 will go for it easily, And if ~~per~~ it's diff then also he'll go for his own private signal.

Ans \rightarrow 1.c \rightarrow Here in this condⁿ P3 can't infer anything from Per-1 signal, as P3 only have sees the action of $n-1$ i.e., P2, which ~~have~~ is ~~independently~~ choosing decision based on his own signal. ~~to~~, ~~it~~

Ans \rightarrow 1.d \rightarrow This is same case as P2 and P1. So, here if P3 sees high signal and P2 is accepted, so, he'll accept. And if P3 is diff than P2 action, then he'll choose action independently.

Ans \rightarrow 1.e \rightarrow ~~no~~ for this given condition, cascade will never form as diff of two signal will never be ≥ 2 , which is a condⁿ for cascade to occur. Also, each time we only have access to the previous one's only. So, each time same condition as P1 & P2 will be there.

Ans $\rightarrow 2 \rightarrow$

a) Take the situation for 3 Persons.

\rightarrow So, condition for 1st Person.

\rightarrow He will have no prior info, ~~and~~ therefore he will accept or reject based on his private signal.

\rightarrow And for Second Person, he have two signal and his private and other is ~~the~~ P1 payoff. So, we have seen previously there will be two condition and for both condition P2 will accept or reject independently.

\rightarrow For Person 3, if he have 3 signal, his own private signal and P1's & P2's payoffs. So, if P1 & P2 have +ve payoffs then cascading will occur as $n(\text{positive } \text{payoff}) > n(\text{-ve payoff})$ and P3 will ~~then~~ accept or reject without thinking about if the Product is actually bad or good.

whereas if P1 have -ve payoff and P2 accepted and he have +ve payoff, So, average payoff = 0.

So, P3 will accept or reject the product independently of P1 & P2 i.e., by his own private signal.

b) Yes, for this condition also, cascading of rejections can occur as, lets take P1 accept it but gives -ve payoff, and P2 also accepts it and gives -ve payoff (its decision will be independent as we've seen previously). So after this P3's decision will depend on P1 & P2's decision and P3 go for cascading and reject the Product.

Ans $\rightarrow 3 \rightarrow$ a) So, here given Prob. are.

$$P(\text{Good/Accept}) = \frac{1}{2} \quad P(H/G) - P(L/B) = \frac{3}{4}$$

$P(\text{Accept}) = P(H)$ and given G is true.

So, if G is true So, Person will accept only when signal is

high So, $P(H/G) = \frac{3}{4}$

Similarly for rejection also, reject when good is true will be $1 - P(H/G) = \frac{1}{4}$.

b) So, Given, Good is true.

$$Pr[A, A] = Pr[H/G] + Pr[H/G] = 3/4 \cdot 3/4 = 9/16$$

as, both are accepting.

$$k \quad Pr[A, R] = 3/4 \cdot 1/4 = 3/16$$

$$Pr[R, A] = 3/16 \quad \& \quad Pr[R, R] = (1 - 3/4)(1 - 3/4) = 1/16$$

c) Cascade will occur when ~~number of~~ diff of no. of accept and rej is ≥ 2 then acceptance cascade & no. of rejects and accept is ≥ 2 then reject cascade. So, if we observe (A, A) or (R, R) then cascading will occur.

$$Pr(\text{cascading}) = P(A, A) + P(R, R) \\ = 3/4 \cdot 3/4 + 1/4 \cdot 1/4 = \frac{10}{16} = \frac{5}{8}$$

Ans $\rightarrow 4 \rightarrow$ a) Given, $P(G) = 1/2$ $P(H/G) = 2/3$, $P(B/B) = 2/3$

For 10th Person, to occur all previous cascades can happen when P_1 & P_2 have Rejected. or Low signal.

$$\text{So, } P(G/L, L) = \frac{Pr[L, L | G] P(G)}{Pr[L, L | G] + Pr[L, L | B] \cdot P(B)}$$

$$\Rightarrow \frac{\frac{1}{3} \cdot \frac{1}{3} \cdot \frac{1}{2}}{\frac{1}{3} \cdot \frac{1}{3} \cdot \frac{1}{2} + \frac{2}{3} \cdot \frac{2}{3} \cdot \frac{1}{2}} = \frac{\frac{1}{18}}{\frac{5}{18}} = \frac{1}{5}$$

b) Let's take 8 people observed Low signal & 9th Person observes high signal, So, last 3 Person's signal will be

L L H, 9th Person.

So, now let's say 10th Person receives H signal. So, $n(L) - n(H) = 0$, So, Person 10 will choose action depend on his own Private signal, i.e., H or accept.

& if 10th Person takes L signal, then $n(L) - n(H) \Rightarrow 3 - 1 = 2$ then cascading will occur and 10th Person will reject the Product independent of this own Private signal.

Ans \Rightarrow 4.c \Rightarrow If I choose R i.e., P10 choose R
 So, now, P11 knows all P1 - P10 chosen R i.e., Low
 Signal. So, he will follow the cascade and choose
 R, irrespective of his own private signal.

And if P10 choose A, So, Now P11 knows P9 signal

So, if P11 ^{2 H} ~~chooses~~ ^{has} H signal, then

$$|n(H) - n(L)| = 1 \leq 2$$

So, cascade will break and P-11 choose A as
 the signal observed by his private signal.

& if P-11 choose L

So, 2 H L

$$|n(H) - n(L)| = 1 \leq 2$$

then also cascade is broken and P11 will choose R
 by observing his own signal.

Ans \rightarrow 5 \rightarrow a) I can tell this was happened because of cascading
 as first two member of committee chosen A, then
 after that Rest member also choose A irrespective of
 thinking about their own choices.

b) The other procedure could be to not ask each
 member one by one, which may leads to cascading. So,
 instead of that, we can choose some method So, that
 any member don't have any information about which
 candidate his colleague have chosen, As we can
 ask them to write on a paper or Press some kind
 of button ~~with~~ without telling/showing any other one.

Ans → 6.a) Since majority of expert recommended A, so, we can say that $n(A) - n(\text{others}) \geq 2$, that means cascading might have occurred.

But we can't be confident about this choice as we don't know the exactly when cascading occurs, As we don't know the order of recommendation too. So, we can't be sure with going for A or any such decision as cascading may be correct or incorrect.

b) For Procedure 1, when bringing all experts in a room and sequentially asking each opinion.

So, In this case possibility of cascading is there as if expert 1 & 2 have similar opinion, then exp 3 will also have similar opinions,

For Procedure 2, when asking separately each one, then, their private opinion won't be affected by any others and each expert will give personal true opinion based on their own expertise,

So, procedure 2 will provide us the maximum information.

Theorem: A complete cascade can't occur on a network having cluster of density greater than $1-q$, where q is the threshold of adoption.

If the density of the cluster is $d > 1-q$, then max^m fraction of connection of any node outside the cluster outside the cluster with that of node inside is $< q$.

As, the fraction of connections outside the cluster for any node in cluster is $< q$, even if every neighbour of node outside its cluster are all part of cascade won't adopt the cascade as the threshold won't be met i.e., $> q$.
∴ No, complete cascade possible