

OIDD 290 Decision Processes
Fall 2016

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JMHH 550

Course Description

The course has two main objectives.

The first is to improve the quality of students' decisions. Students will learn about common inferential errors and systematic biases in decision making. We will study errors and biases that are particularly important for real world managerial settings and look for easy-to-implement solutions.

The second is to improve the ability of students to influence others and motivate desired behavior in them. This is accomplished by expanding the rather limited toolbox provided by standard economics with tools arrived at from insights in the field of behavioral decision making.

Grading

20% Test I (October 13)
20% Test II (November 17)
20% Group project
10% Best of (Test I, Test II, Project)
20% Reading assignments
10% Class participation

Two in-class exams are scheduled on October 13 and November 17. No exams will be rescheduled. The exams are closed-book and no notes of any kind are allowed. The exams are not cumulative.

The group project will involve reading a research paper and sharing the findings with the class. More details will follow as the course progresses.

There will be a reading and an accompanying question assigned for each class. Short answers (maximum 100 words) are to be submitted individually on Canvas and are due before the start of the first section. Late assignments receive no credit. All readings and questions will be posted on Canvas one week before they are due. The two lowest scores will be dropped.

Schedule

	<u>Date</u>		<u>Topic</u>	<u>Reading</u>
1	8/30	Tue	Introduction	
			<u>A. Heuristics and Biases</u>	
2	9/1	Thu	The Availability Heuristic	How Doctors Think
3	9/6	Tue	The Anchoring Heuristic	Real Estate Listings
4	9/8	Thu	Perception of Randomness	Cancer Cluster Myth
5	9/13	Tue	Correlation, Causation, and Control	Sporting Superstitions
			<u>B. Choices, Values, and Frames</u>	
6	9/15	Thu	Choice and Context	Relativity (p 1-15)
7	9/20	Tue	Reference Points	Relativity (p 16-23)
8	9/22	Thu	Loss Aversion and Framing	Bernoulli's Errors
9	9/27	Tue	Combining Gains and Losses	Prospect Theory
10	9/29	Thu	Mental Accounting	The Disposition Effect
11	10/4	Tue	Final Project Overview	
			FALL BREAK	
12	10/11	Tue	Review	
13	10/13	Thu	Test I	
			<u>C. Decision and Time</u>	
14	10/18	Tue	Time Inconsistency	Brain Systems
15	10/20	Thu	Commitment Devices	New Year Resolutions
16	10/25	Tue	Overconfidence and The Planning Fallacy	SUV
			<u>D. Decision and People</u>	
17	10/27	Thu	Group Decisions	Prediction Markets
18	11/1	Tue	Fairness	Ticket Scalping
19	11/3	Thu	Non-market Relationships	Bagel Man
20	11/8	Tue	Thinking and Learning	Chimps Outsmart Humans
21	11/10	Thu	Social Norms	Tipping Point
22	11/15	Tue	Review	
23	11/17	Thu	Test II	
			THANKSGIVING BREAK	
			<u>E. Applications</u>	
24	11/29	Tue	Choice Architecture I	Nudge
25	12/1	Thu	Choice Architecture II	You Need Hands
26	12/6	Tue	Final Project Presentations I	
27	12/8	Thu	Final Project Presentations II	