

TENTATIVE SYLLABUS
OIDD 2900 Decision Processes
Fall 2022
(Tue/Thu at 8:30am and 10:15am in Room TBD)

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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
20% Test II
20% Reading assignments
20% Group project
10% Class participation
10% Best of Test I, Test II, Project

Two open-book tests are set for **October 11 (Tue)** and **November 15 (Tue)**. **No rescheduling is allowed.** Students will work individually on Canvas during scheduled class times. The tests are not cumulative.

Reading assignments must be submitted in Canvas by 8:30am on the due date. Late assignments receive no credit. All readings and questions will be posted on Canvas one week before they are due.

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

All students are expected to participate actively in class discussion and in-class group work. However, student unable to attend class due to COVID-related or other valid reasons will be fully excused. All classes will be recorded to accommodate such circumstances.

COVID safety: Masks must cover nose and mouth at all times. No eating in class, and drinking is allowed only through a straw.

Schedule

8/30	Tue	Introduction	
<u>A. Heuristics and Biases</u>			
9/1	Thu	The Availability Heuristic	
9/6	Tue	The Anchoring Heuristic	Assignment 1: How Doctors Think
9/8	Thu	Perception of Randomness	
9/13	Tue	Correlation, Causation, and Control	Assignment 2: Cancer Cluster Myth
<u>B. Choices, Values, and Frames</u>			
9/15	Thu	Choice and Context	
9/20	Tue	Reference Points	Assignment 3: Relativity
9/22	Thu	Loss Aversion and Framing	
9/27	Tue	Combining Gains and Losses	Assignment 4: Bernoulli's Errors
9/29	Thu	Mental Accounting	
10/4	Tue	Review	
		<i>Fall Break</i>	
10/11	Tue	Test I	
<u>C. Decision and Time</u>			
10/13	Thu	Time Inconsistency	
10/18	Tue	Commitment Devices	Assignment 5: Brain Systems
10/20	Thu	Overconfidence and The Planning Fallacy	
<u>D. Decision and People</u>			
10/25	Tue	Group Decisions	Assignment 6: Prediction Markets
10/27	Thu	Fairness	
11/1	Tue	Non-market Relationships	Assignment 7: Bagel Man
11/3	Thu	Thinking and Learning	
11/8	Tue	Social Norms	Assignment 8: Tipping Point
11/10	Thu	Review	
11/15	Tue	Test II	
<u>E. Applications</u>			
11/17	Thu	Choice Architecture I	
11/22	Tue	<i>Class cancelled for Thanksgiving Break</i>	
11/29	Tue	Choice Architecture II	Assignment 9: You Need Hands
12/1	Thu	Final Project Presentations I	
12/6	Tue	Final Project Presentations II	
12/8	Thu	Final Project Presentations III	