

OIDD 2900 Decision Processes
Fall 2023
(Tue/Thu at 8:30am and 10:15am in JMHH 355)

Professor Xuanming Su
xuanming@wharton.upenn.edu
JMHH 569

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% Group project
10% Best of Test I, Test II, Project

10% Reading assignments
10% Problem sets
10% Class participation

Two open-book tests are set for **October 5 (Thu)** and **November 14 (Tue)**. **No rescheduling is allowed.** Students must be present in class and will work individually on Canvas. The tests 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.

Reading assignments and problem sets must be submitted in Canvas by 8:30am on the due date. Late assignments receive no credit.

All students are expected to participate actively in class discussion and in-class group work. Absences due to a valid reason will be fully excused.

Please refer to the first session slide deck for more details on class policies and procedures.

Schedule

8/29	Tue	Introduction	
<u>A. Heuristics and Biases</u>			
8/31	Thu	The Availability Heuristic	
9/5	Tue	The Anchoring Heuristic	Assignment 1: How Doctors Think
9/7	Thu	Perception of Randomness	
9/12	Tue	Correlation, Causation, and Control	Assignment 2: Cancer Cluster Myth
<u>B. Choices, Values, and Frames</u>			
9/14	Thu	Choice and Context	
9/19	Tue	Reference Points	Assignment 3: Relativity
9/21	Thu	Loss Aversion and Framing	
9/26	Tue	Combining Gains and Losses	Assignment 4: Bernoulli's Errors
9/28	Thu	Mental Accounting	
10/3	Tue	Review	
10/5	Thu	Test I	Problem Sets A and B
<u>C. Decision and Time</u>			
10/10	Tue	Time Inconsistency	Assignment 5: Brain Systems
<i>Fall Break</i>			
10/17	Tue	Commitment Devices	
10/19	Thu	Overconfidence and The Planning Fallacy	Assignment 6: Big and Bad
<u>D. Decision and People</u>			
10/24	Tue	Group Decisions	Assignment 7: Prediction Markets
10/26	Thu	Fairness	
10/31	Tue	Non-market Relationships	Assignment 8: Bagel Man
11/2	Thu	Thinking and Learning	
11/7	Tue	Social Norms	Assignment 9: Tipping Point
11/9	Thu	Review	
11/14	Tue	Test II	Problem Sets C and D
<u>E. Applications</u>			
11/16	Thu	Choice Architecture I	
11/21	Tue	<i>Class cancelled for Thanksgiving Break</i>	
11/28	Tue	Choice Architecture II	Assignment 10: You Need Hands
11/30	Thu	Final Project Presentations I	
12/5	Tue	Final Project Presentations II	
12/7	Thu	Final Project Presentations III	
Problem Set E (due 12/12)			