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

A. Heuristics and Biases
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

B. Choices, Values, and Frames
9/14 Thu Choice and Context Assignment 3: Relativity
9/19 Tue Reference Points
9/21 Thu Loss Aversion and Framing Assignment 4: Bernoulli's Errors
9/26 Tue Combining Gains and Losses Assignment 5: Brain Systems
9/28 Thu Mental Accounting

10/3 Tue Review
10/5 Thu Test I Problem Sets A and B

C. Decision and Time
10/10 Tue Time Inconsistency Assignment 6: Big and Bad

Fall Break

10/17 Tue Commitment Devices
10/19 Thu Overconfidence and The Planning Fallacy Assignment 6: Big and Bad

D. Decision and People
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

E. Applications
11/16 Thu Choice Architecture I
11/21 Tue *Class cancelled for Thanksgiving Break*
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)