



Syllabus

STRATEGOC JUDGMENT AND DECISION MAKING - 71959

Last update 25-09-2016

HU Credits: 3

Responsible Department: environmental economics & management

Academic year: 0

Semester: 1st Semester

Teaching Languages: Hebrew

Campus: Rehovot

Course/Module Coordinator: Eyal Ert

Coordinator Email: Eyal.Ert@mail.huji.ac.il

Coordinator Office Hours: sunday 15:00-16:00

Teaching Staff:

Dr. Eyal Ert

Course/Module description:

The normative model, bounded rationality and alternative theories, cognitive aspects of judgment and decision processes, heuristics and biases, the experimental approach, decisions under risk and uncertainty, learning and decisions from experience, social and environmental influence, implications for policy and choice architecture.

Course/Module aims:

introduction to the field of decision research and providing the basic tools necessary for conducting research in this area

Learning outcomes - On successful completion of this module, students should be able to:

- apply behavioral models on new decision problems (predict behavior)*
- recognize the differences between the normative approach to the experimental approach*
- design experiments*
- criticize experiments*

Attendance requirements(%):
100

Teaching arrangement and method of instruction: Lectures

Course/Module Content:

- 1.introduction and the Prospect theory*
- 2.restricted rationality and Prospect theory*
- 3.Relative judgment: Review and applications*
- 4.Role of context and "reversal Preferences"*
- 5.risk vr. Uncertainty*
- 6.time dimension*
- 7.Learning and adaptation*
- 8.Decisions from description vr. decision from experience*
- 9.Personality factors vr. social influence*
- 10.introduction to the games theory*
- 11. social dilemmas*
- 12.Policy and designed decisions*
- 13.summary*

Required Reading:

Kahneman, D., & Tversky, A. (1979). *Prospect Theory: An analysis of decisions under risk*. *Econometrica*, 47, 263-291.

Hertwig R., & Erev I. (2009). *The description-experience gap in risky choice*. *Trends in Cognitive Sciences*, 13, 517-523

*Salganik, M. J., Dodds, P. S. & Watts, D. J. (2006) *Experimental study of inequality and unpredictability in an artificial cultural market*. *Science* 311:854-856.

Ert, E., Erev, I., & Roth A. E. (2011). *A Choice prediction competition for simple extensive form games: An introduction*. *Game*

Additional Reading Material:

Luce, R. D., & Raiffa, H. (1957). *Games and decisions*. New York: Wiley & Sons. (Chapters 1 & 2):

Kahneman, D. (2003), *Maps of Bounded Rationality: Psychology for Behavioral Economics*. *American Economic Review*, 93(5), 1449-1475.

Tversky, A., & Kahneman, D. (1992). *Advances in prospect theory: Cumulative representation of uncertainty*. *Journal of Risk and uncertainty*, 5(4), 297-323.

Camerer, C. F. (2004). *Prospect theory in the wild: Evidence from the field*. Colin F. Camerer, George Loewenstein, and Matthew. Rabin, eds., *Advances in Behavioral Economics*, 148-161.

Ert, E., & Erev, I. (2013). *On the descriptive value of loss aversion: Six clarifications*. *Judgment and Decision Making*, 8, 214-235.

Thaler, R. (1999). *Mental Accounting Matters*. *Journal of Behavioral Decision Making*, 12(3), 183-206.

Tversky, A. & Kahneman, D. (1981). *The framing of decisions and the psychology of choice*, *Science*, 211(4481), 453-458.

Tversky, A., Slovic, P. & Kahneman, D. (1990), *The causes of preference reversal*, *American Economic Review* 80(1), pp. 204-217.

Tversky A, Fox CR. (1995) *Weighing risk and uncertainty*. *Psychological Review*. 102, 269-283.

Tversky, A., & Kahneman D. (1974). *Judgment under uncertainty: Heuristic and biases*. *Science*, 185, 1124-1131.

Gigerenzer, G., & Gaissmaier, W. (2011). *Heuristic decision making*. *Annual Review of Psychology*, 62, 451-482.

Frederick, S., Loewenstein, G. & O'Donoghue, T. (2002). *Time Discounting and Time Preference: A critical review*. *Journal of Economic Literature*. 40(2), 2002.

Erev, I. & Barron, G. (2005) *On adaptation, maximization, and reinforcement*

learning among cognitive
strategies, *Psychological Review*, 112, 912-931

Biele, G., Erev, I., & Ert, E. (2009). Learning, risk attitude and hot stoves in restless bandit problems. *Journal of Mathematical Psychology*, 53(3), 155-167.

Erev, I., Ert, E., Roth, A., Haruvy, E., Herzog, S., Hau, R., Hertwig, R., Stewart, T., West, R., and Liebre, C. (2010). A choice prediction competition for choices from experience and from description. *Journal of Behavioral Decision Making*. 23: 15-47

Erev, I., Ert, E., Roth, A., Haruvy, E., Herzog, S., Hau, R., Hertwig, R., Stewart, T., West, R., and Liebre, C. (2010). A choice prediction competition for choices from experience and from description. *Journal of Behavioral Decision Making*. 23: 15-47

Yechiam, E., and Ert E. (2011). Risk attitude in decision making: Search for trait like constructs. *Topics in Cognitive Science*. 3: 166-186.

Camerer, C. F. (1997). Progress in Behavioral Game Theory, *Journal of Economic Perspectives*, 11(4), 167-188

Hardin, G. (1968). The tragedy of the common. *Science*, 162, 1243-1248.

Brewer, M. B., Kramer, R. M. (1986). Choice behavior in social dilemmas: Effects of social identity, group size, and decision framing. *Journal of Personality and Social Psychology*, 50(3), 543-549.

Thaler, R. & Sunstein. C. (2003). Libertarian Paternalism. *American Economic Review*, 93, 175 - 179.

Ariely D. Norton M. I. (2008). How actions create—not just reveal—preferences. *Trends in Cognitive Science*, 12: 13-16.

Hoffman, A. and M. H. Bazerman. *Changing Practices on Sustainability: Understanding and Overcoming the Organizational and Psychological Barriers to Action*. In *Organizations and the Sustainability Mosaic*, edited by S. Sharma, M. Starik and B. Husted. Edward Elgar Publishing, 2007

Course/Module evaluation:

End of year written/oral examination 100 %

Presentation 0 %

Participation in Tutorials 0 %

Project work 0 %

Assignments 0 %

Reports 0 %

Research project 0 %

Quizzes 0 %

Other 0 %

Additional information:

None