

Ben-Gurion University of the Negev
The Faculty of Humanities & Social Sciences

Syllabus

Department of Psychology 2016-2017

Course Name: Psychological aspects of decision making

Course Number: 101-2-0063/0073

Lecturer : Prof. Yoella Bereby-Meyer

Reception hours: Monday 11:00-12:00

Course Objectives: This course focuses on the ways individuals make decisions. Normative models of decision making and research on cognitive and affective processes that are involved in judgment and decision making are presented. Phenomena and experimental findings are reviewed, while emphasizing conditions under which human decisions are non-optimal from the decision maker's point of view (deviate from Expected Utility). Theoretical and practical implications of these findings are discussed.

Course Structure:

First semester:

Lessons 1-7 will be given by the lecturer and will include background presentations for the course.

Lessons 8-13 will consist of presentations by the students. The topics for the presentations appear below.

Second semester

Lessons 1-5 will be devoted to developing the students' research projects.

Lessons 6-8 will be devoted to analyzing and summarizing the results

Lessons 9-12 will be devoted to the presentation of the research by the students.

Lesson 13 will be given by the lecturer and will include a summary of the course.

Course topics:

Introduction to decision making

Matrices, decision rules and decision trees

Expected value theory, expected utility and behavioral paradoxes

Descriptive models of decision making

Framing effect

Sunk cost effect and escalation of commitment

Endowment effect, loss aversion and status quo effect

Experience and predicted utility

Risk and affect

Ethics and Honesty

Reasoning and Intuition

Course Requirements:

Class attendance. You may be absent from two class sessions.

Paper presentation (20% of the grade). Every two students will have to present two papers on one of the topics presented above. The papers will have to include at least one recent paper on the topic. No later than two weeks before the presentation, the students have to inform me of the papers that they are going to present.

Discussion questions (10% of grade): For each of the students' paper presentations you have to upload two discussion questions regarding the papers (one for each paper) by Sunday at 10:00 to the discussion group in the Moodle. These discussion questions should challenge a critical discussion on the topic and papers being presented. You may skip once handing in discussion questions during the semester without penalty

Final paper (70% of grade): A research paper reporting a study related to one of the topics we cover.

רשימת נושאי לימוד וחומר קריאה (*)

1. מבוא לקבלת החלטות

(*)Dawes, R. (1998). Behavioral decision making and judgment. In D.T. Gilbert, S.T. Fiske, & G. Lindzey (Eds.), Boston: McGraw-Hill, 497-548.

2. מטריצות, חוקי החלטה, עצי החלטה, תורת תוחלת הערך, התועלת

3-4. פרדוקסים התנהגותיים ומודלים תיאוריים של קבלת החלטות

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

McNeil, B. J., Pauker, S. G., Saks, H. C., Jr., & Tversky, A. (1982). On the elicitation of preferences for alternative therapies. *New England Journal of Medicine*, 306, 1259-1262.

Shafir, E. (1993). Choosing versus rejecting: Why some options are both better and worse than others. *Memory and Cognition*, 21, 546-556.

5. אפקט המסגור

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

6. אפקט העלות השקועה והסלמת מחויבות

Arkes, H. L., & Blumer C. (1985). The Psychology of Sunk Cost. *Organizational Behavior and Human Decision Processes*, 35, 124-140.

Staw, B. M., & Ross, J. (1989). Understanding behavior in escalation situations. *Science*, 246, 216-220.

7. אפקט הבעלות, שנאת הפסד ואפקט הסטטוס קוו

Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1991). Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias. *Journal of Economic Perspectives*, 5, 193-206.

Johnson E. J & Goldstein D. (2003). Do defaults save lives? *Science*, 302, 1338-1339.

8. תועלות נחווית תועלת עתידית

- Kahneman, D., (2000). Experienced utility and objective happiness: A moment-based approach. In D. Kahneman and a. Tversky (eds.), *Choices, Values and Frames*, New York: Russell Sage Foundation and Cambridge University Press, 673-692.
- Kahneman D, and Snell D. (1992). Predicting a changing taste: Do people know what they will like? *Journal of Behavioral Decision Making*, 5, 187-200.

9. סיכון ורגש

- Rottenstreich, Y., & Hsee, C. K. (2001). Money, kisses, and electric shocks: On the affective psychology of risk. *Psychological Science*, 12, 185-190.
- Lerner, J. S., Gonzalez, R. M., Small, D. A., and Fischhoff, B. (2003). Effects of fear and anger on perceived risks of terrorism: A national field experiment. *Psychological Science*, 14, 144-150.
- Ariely, D. & Lowenstein, G. (2006). In *The Heat of the Moment: The Effect of Sexual Arousal on Sexual Decision Making*. *Journal of Behavioral Decision Making*, 19 87-98.

10. יושר ואתיקה

- Nina Mazar and Dan Ariely. (2006). "Dishonesty in Everyday Life and its Policy Implications." *Journal of Public Policy and Marketing*. Vol 25-1,

11. אינטואיציה וחשיבה

- Dijksterhuis, A. (2004). Think different: The merits of unconscious thought in preference development and decision making. *Journal of Personality and Social Psychology*, 87, 586-598.
- Peters, E., Västfjäll, D., Slovic, P., Mertz, C.K., Mazzocco, K., & Dickert, S. (2006). Numeracy and decision making. *Psychological Science*, 17, 408-414.
- Wilson T.D, and Schooler J.W. (1991). Thinking Too Much: Introspection Can Reduce the Quality of Preferences and Decisions. *Journal of Personality and Social-Psychology*. 60(2), 181-192.