

# Judgment and Decision Making

Psychology 458/558

Tue, Thu 11:00-12:20

Straub 146

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Office hours: Wed, Thu 1:00-3:00 p.m. and by appointment

- How do we make choices among people and among goods?
- How do we form judgments, make predictions, explain behavior?
- How rational are we? What factors bias our decisions and judgments?
- How can we understand and improve our decisions?

In this course you will learn about research and theories in social and cognitive psychology that help answer these questions. More importantly, you will learn to think more carefully about decisions and judgments that you and other people make.

**Course format.** This course emphasizes three aspects:

1. *Reading.* For each lecture, you will read chapters from the textbook and/or one or two original articles from the course packet (both of which are available at the U of O Bookstore). The textbook introduces you to the general themes, whereas the articles provide in-depth analyses of certain topics. Some articles are quite challenging and require knowledge of research methods and statistics. (Note that Psychology 301 and 302, or equivalent, are prerequisites for this class.)

2. *Thinking and writing.* During the quarter, you will write four short (3-5 pp.) papers. They will be due every other week of the course. You will not have to write, however, an additional long term paper at the end. By thinking and writing extensively about judgment and decision making *during* this course, you will get the most out of it. At least one of the papers will be *empirical*—for example, a small study, survey, systematic observation, or an exercise. The remaining papers will constitute an *intellectual* reaction—for example, to an article you read, a lecture you heard, or a topic, event, or experience related to the course. In addition to writing papers yourself, you will also be the “editor” of other students’ papers. This method allows you to see what other students think about, and it teaches you to write better. The details of writing and editing papers will be the topic of a separate handout.

3. *Lectures.* They will integrate the assigned reading material but also provide new research, theories, and applications of the various topics. You will see a few videos and also participate in group discussions and brief demonstrations.

Expect to work hard. This is not a threat but a promise; in return you will gain excitement about the field of judgment and decision making, insights into the complexities of human choices and judgment, and increased self-awareness of the mechanisms that guide your own behavior.

**Grading.** A perfect grade would consist of 100 points. A maximum of 50 points can be earned by writing and editing 4 reaction papers. The other 50 points can be earned by completing exams. The translation of points into actual grades will aim at a curve of approximately 20% A’s, 40% B’s, 20% C’s, and 20% D’s and F’s, but there will be much flexibility depending on the actual class distribution and individual performance.

Students who are taking 558 (the graduate course) must fulfill all of the above requirements and write one additional paper (5-10 pp.) on the topic “The role of awareness in judgment and decision making.”

**Exams.** We will have an early midterm exam on October 19 (11:00 am), which will be worth 20 points. The final exam on December 6 (15:15pm) will be worth 30 points. The exams will consist of in-class multiple-choice and take-home short-answer questions (handed out 1 week before the exam and due on the exam day).

If you are not able to complete an exam at the scheduled time, you must talk to me *before* the exam. In case of illness, significant family events (marriage, death of a relative), and collegiate athletic events, special arrangements are possible. No other exceptions will be made.

I will not tolerate any form of cheating.

**Reaction papers.** You will have many new ideas and make many new observations during the next 10 weeks. I would like you to share these ideas with your fellow students (and with me). You will therefore write 4 short reaction papers during the term (rather than one long end-of-term paper). Each paper should be 2 to 4 pages long, double-spaced, typed or computer-printed. A reaction paper contains *your* intellectual reaction to a topic covered in lecture or to an article/chapter from the course readings. Intellectual reactions include: a critique of an article you read, a proposal for a new experiment, an application of a principle, a theoretical analysis of an everyday phenomenon, a description of an inconsistency in the literature, a policy proposal to solve a societal problem. Intellectual reactions do *not* include: a summary of material covered in lecture, an abstract of an article from the course reader, a personal story unrelated to any discussed theory or phenomenon. (When in doubt, ask me during office hours.)

One of the four papers (but not the fourth one) must be a report of a small-scale empirical investigation you conducted yourself. For example, you can run a quick experiment or survey on your friends or dorm mates; you can conduct a systematic observation; you can use archival sources to document a certain phenomenon; or you can create an exercise or intervention method that helps people make better judgments or decisions. A typical investigation has a sample of 10.

The 4 papers will be due on Tuesdays, namely, 10/10 (I), 10/24 (II), 11/7 (III), 11/21 (IV).

**Editing.** To write clearly teaches you to think clearly. Unfortunately, many assigned papers are written in a hurry, packed with redundancy and platitudes, just to meet the page minimum. As a consequence, many creative ideas go unappreciated because they are drowned in muddled language.

An excellent way to learn to write well is by reading and critiquing other people's writing. From the "editor's" viewpoint, unclear presentation, inelegant form, and inconsequential thinking are spotted at once—probably because editors, unlike writers, are not in love with the written product. Each of your papers will therefore be read by one other student—the editor of your paper. And for each paper you write, you will be the editor of someone else's paper.

As a writer, you should be as clear as possible, so your classmate/editor has something to work with. As an editor, you should be as constructive as possible, so your classmate/writer can improve his or her initial draft.

Your editing will cover all levels: from the main message of the paper to the clarity of an argument to grammar, punctuation, and spelling. Your editing—and of course your writing—must follow the guidelines in *The writer's brief handbook*, by Rosa and Eschholz. This book (recommended by a campus-wide committee) is required reading for this class and will be available at the U of O Bookstore.

You will earn credit for each paper you write, but you will also earn credit for each paper you edit. In fact, you will earn credit for a paper you write *only* if you edit someone else's paper the same week. That way, each reaction paper becomes a collaborative effort between a writer and an editor. Next week, you will receive more detailed information on the procedure of writing and editing papers, including guidelines for the assignment of points that make sure that you will earn your fair credits in both roles.

**Communication.** Because this course is work-intensive and interactive from week 1 on, it is important that we communicate effectively with each other even outside the classroom. I expect all students to acquire a *computer account* through the University Computing Center and learn how to use *email* and how to access the *World Wide Web* (documentation attached). I plan to make class handouts, assignments, tips for exams, and other information available on a world wide web page.

**Lecture schedule.** This preliminary schedule indicates the topics and assigned readings for each lecture. Chapters are from the textbook, Plous, S. (1993). *The psychology of judgment and decision making*. New York: McGraw-Hill. Articles (indicated by •) are from the course packet. Any changes will be announced in class and on the web. Lecture 1 is on Tuesday 9/26; there is no class on Thursday 9/28.

**1 Social partner choice**

- Buss, D. M. (1993). Sexual Strategies Theory: An evolutionary perspective on human mating. *Psychological Review*, 100, 204-232.

**2 Choices and consequences**

ch 2: Cognitive dissonance

- Shafir, E., Simonson, I., & Tversky, A. (1993). Reason-based choice. Special Issue: Reasoning and decision making. *Cognition*, 49, 11-36.

**3 Normative models of decision making**

ch 7: Expected utility theory

ch 8: Paradoxes in rationality

- Malle, B. F. (1995). *An introduction to judgment and decision making from a folk-theoretical perspective*. Unpublished Manuscript, University of Oregon.

**4 Descriptive models of decision making**

ch 9: Descriptive models of decision making

- Kahneman, D., & Tversky, A. (1984). Choices, values, and frames. *American Psychologist*, 39, 341-350.
- Kahneman, D., Knetsch, J. L., & Thaler, R. H. (1991). The endowment effect, loss aversion, and status quo bias. *Journal of Economic Perspectives*, 5, 193-206.

**5 Context, standards, and framing**

ch 4: Context dependence

ch 5: Plasticity

ch 6: The effects of question wording and framing

**6 Decisions in a social setting**

ch 17: Social influences

ch 18: Group judgments and decisions

**MIDTERM EXAM (10/19)**

**7 Adopting, maintaining, and giving up beliefs**

ch 1: Selective perception

ch 20: Self-fulfilling prophecies

- Gilbert, D. T. (1991). How mental systems believe. *American Psychologist*, 46, 107-119.
- Dawes, R. M. (1988). Giving up (ch. 11), in R. M. Dawes, *Rational choice in an uncertain world* (pp. 230-253). Fort Worth: Harcourt Brace Jovanovich.

**8 Conditional probability, Bayes' theorem**

ch 12: Probability and risk

**9 Signal detection theory**

- McNicol, D. (1972). What are statistical decisions? In D. McNicol, *A primer of signal detection theory* (ch. 1). London: Allen & Unwin.

## **10 Perception of chance and risk**

ch 14: The perception of randomness

- Tversky, A., & Gilovich, T. (1989). The cold facts about the “hot hand” in basketball. *Chance*, 2, 16-21.
- Slovic, P. (1987). Perception of risk. *Science*, 236, 280-285.

## **11 Heuristics and biases**

ch 10: The representativeness heuristic

ch 11: The availability heuristic

ch 13: Anchoring and adjustment

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

## **12 Whose biases?**

- Schwarz, N. (1994). Judgment in a social context: Biases, shortcomings, and the logic of conversation. In M. P. Zanna (ed.), *Advances in experimental social psychology*, 26, 123-162.
- Funder, D. C. (1987). Errors and mistakes: Evaluating the accuracy of social judgment. *Psychological Bulletin*, 101, 75-90.

## **13 Prediction**

ch 10: The representativeness heuristic [review]

ch 19: Overconfidence

- Dawes, R. M. (1986). Forecasting one's own preferences. *International Journal of Forecasting*, 2, 5-14.

## **14 Explanation**

ch 15: Correlation, causation, and control

ch 16: Attribution theory

- Kahneman, D., & Miller, D. T. (1986). Norm theory: Comparing reality to its alternatives. *Psychological Review*, 93, 136-153.
- Hilton, D. J. (1990). Conversational processes and causal explanation. *Psychological Bulletin*, 107, 65-81.

## **15 Self-deception and self-regulation**

- Schelling, T. C. (1984). The mind as a consuming organ. In T. C. Schelling, *Choice and consequence* (pp. 328-346). Cambridge, MA: Harvard University Press.
- Quattrone, G. A., & Tversky, A. (1984). Causal versus diagnostic contingencies: On self-deception and on the voter's illusion. *Journal of Personality and Social Psychology*, 46, 237-248.

## **16 Things to avoid and how to do better**

ch 3: Memory and hindsight biases

ch 21: Behavioral traps

Afterword: Taking a step back

**FINAL EXAM** (Wednesday, Dec 6, 3:15 p.m.)