

Syllabus

Psychology 458

Decision Making

Class: MWF 2-2:50pm, 142 Straub

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Office Hours: **Mondays 3-5** and by appointment

- How do we make choices among people and goods?
- How do we form judgments and make predictions?
- How rational are we? What factors bias our decisions and judgments?
- Do we make decisions based on logical processes or emotional reactions?
- How can we understand and improve our decisions?

We make decisions everyday. Some of these decisions shape the future course of our lives (e.g., choosing a mate, selecting a career). Other decisions of course have somewhat less impact on our lives (e.g., what to eat for dinner, what laundry detergent to purchase). The field of psychological decision-making, which we will study in this course, examines the mechanisms that underlie these choices, preferences, and judgments, and it attempts to discover how to improve decision-making processes.

Decision research comes from very rationalistic origins and, perhaps as a result, has concentrated mostly on cognitive reasons as explanations for how people make decisions and form judgments. The implicit assumption that good decision making is a conscious, deliberative process has been one of the field's most enduring themes. The field itself developed out of cognitive psychology and was a reaction to how economists model decision makers. Recent research has begun to examine the role of emotions and intuitions in decisions.

In this course you will learn about research and theories in judgment and decision making as well as in social and cognitive psychology that address the questions raised above. More importantly, you will learn to think more carefully about decisions and judgments that you and other people make, and you will gain insights into the complexities of human choices and judgment as well as increase your awareness of the mechanisms that guide your own behavior.

Course format.

1. **Reading.** For each lecture, you will read chapters from the textbook and/or 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 4 thought papers about the articles and chapters you will read or the ideas we discuss in class (3-8 pages). The thought papers will be discussed in more depth on April 6.
3. **Lectures.** The lectures 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.

<u>Date</u>	<u>Topic</u>	<u>Readings</u>	<u>Assignment due</u>
3/30	Introduction and survey		
4/1	Reasons	Ch.2, R1	
4/3	Expected Utility (EU)	Ch.7, Ch.8	
4/6	EU (cont.) and discuss paper topics.		
4/8	Models of decision making	Ch.9, R2, R3	
4/10	Models (cont.)		
4/13	Models (cont.)		Thought paper 1 due
4/15	Framing and context	Ch.4, Ch.5, Ch.6, R4	
4/17	Framing (cont.)		
4/20	Adopting, maintaining, and giving up beliefs	Ch1, Ch.20, R9, R10	
4/22	Decisions in social context	Ch.17, Ch.18	Thought paper 2 due
4/24	Review for the midterm		Bring your questions.
4/27	Midterm		Midterm
4/29	Probability and Baye's Theorem		
5/1	Heuristics and biases	Ch.10, Ch.11, Ch.13, R5, R6	
5/4	Heuristics (cont.)		
5/6	Whose biases are they?	R7, R8	
5/8	Prediction and hindsight	Ch.3, Ch.15	
5/11	Perceptions of risk and chance	Ch.12, Ch.14, R11, R12	Thought paper 3 due
5/13	Perceptions (cont.)		
5/15	Intuition and rationality	R13, R14, R15	
5/18	Emotion	R16, R17, R18	
5/20	Emotion (cont.)	R19	
5/22	Emotion (cont.)		
5/25	No class-Memorial Day		
5/27	Overconfidence	Ch19	
5/29	Making better decisions	Ch.21, Afterword, R20, R21	
6/1	Making better decisions (cont.)		Thought paper 4 due
6/3	Making better decisions (cont.)		Bring your questions.
6/5	Review for the final.		
6/11	Final		Final at 10:15am

Required readings are available at the UofO bookstore.

1. Plous, S. (1993). The Psychology of Judgment and Decision Making. New York: McGraw-Hill, Inc.
2. Reading packet

Reading Packet:

1. Shafir, E., Simonson, I., & Tversky, A. (1993). Reason-based choice. Special Issue: Reasoning and Decision Making. Cognition, 49, 11-36.
2. Kahneman, D., & Tversky, A. (1984). Choices, values, and frames. American Psychologist, 39, 341-350.
3. 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.
4. Slovic, P. (1995). The construction of preference. American Psychologist, 50, 364-371.
5. Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. Science, 185, 1124-1131.
6. Kahneman, D. & Tversky, A. (1996). On the reality of cognitive illusions. Psychological Review, 103, 582-591.
7. Gigerenzer, G. (1996). On narrow norms and vague heuristics: A reply to Kahneman and Tversky (1996). Psychological Review, 103, 592-596.
8. 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.
9. Gilbert, D. T. (1991). How mental systems believe. American Psychologist, 46, 107-119.
10. Dawes, R. M. (1988). Giving up. In R. M. Dawes, Rational Choice in an Uncertain World (pp. 230-253). Fort Worth: Harcourt Brace Jovanovich.
11. Tversky, A., & Gilovich, T. (1989). The cold facts about the "hot hand" in basketball. Chance, 2, 16-21.
12. Slovic, P. (1987). Perception of risk. Science, 236, 280-285.
13. Frisch, D. & Clemens, R. T. (1994). Beyond expected utility: Rethinking behavioral decision research. Psychological Bulletin, 116, 46-54.
14. Wilson, T. D., Lisle, D. J., Schooler, J. W., Hodges, S. D., Klaaren, K. J., & LaFleur, S. J. (1993). Introspecting about reasons can reduce post-choice satisfaction. Personality and Social Psychology Bulletin, 19, 331-339.
15. Epstein, S. (1994). Integration of the cognitive and the psychodynamic unconscious. American Psychologist, 49, 709-724.
16. Vogel, G. (1997). Scientists probe feelings behind decision-making. Science, 275, 1269.
17. Bechara, A., Damasio, H., Tranel, D., & Damasio, A. R. (1997). Deciding advantageously before knowing the advantageous strategy. Science, 275, 1293-1295.
18. Loewenstein, G. (1996). Out of control: Visceral influences on behavior. Organizational Behavior and Human Decision Processes, 65, 272-292.
19. Isen, A. M. (1993). Positive affect and decision making. In M. Lewis & J. M. Haviland (Eds.), Handbook of Emotions. pp. 261-277.
20. Nisbett, R. E., Fong, G. T., Lehman, D. R., & Cheng, P. W. (1987). Teaching reasoning. Science, 238, 625-631.
21. Keeney, R. L. (1993). Value-focused Thinking: A Path to Creative Decision Making. Cambridge: Harvard University Press. pp. 3-28, 372-400.

Exams:

There are two exams: a midterm and a final. The midterm on April 27 (2pm) is worth 20% of your grade, the final on Thursday, June 11 (10:15am) is worth 30%. The exams will consist of multiple choice and short-answer questions. For both exams, the questions will be based on the textbook, reading packet, and lectures. If you are not able to complete an exam at the scheduled time, you must talk to me before the exam. In cases of illness, significant family events (marriage, death of a relative), and collegiate athletic events, special arrangements are possible. No other exceptions will be made.

Paper assignments:

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 me. Each paper should be double-spaced, and typed or computer-printed.

Thought papers-You will be asked to write four (3-8 page) thought papers about an article you read, or an idea we discussed in class. You will do 4 thought papers worth 50 points combined. A paper contains your intellectual reaction to a topic covered in lecture or to an article/chapter from the course readings. A list of possible topics will be discussed on April 6. Paper topics will be about: a thought paper 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. Papers should not include: a summary of material covered in lecture, an abstract of an article from the course packet, a personal story unrelated to any discussed theory or phenomenon. (When in doubt, ask me during office hours).

Grading:

A perfect grade would consist of 100 points. The midterm is worth 20 points, the final is worth 30 points, the thought papers are worth 50 points. Grading will be based on your final number of points.

- A \geq 90 points
- B \geq 80 points
- C \geq 70 points
- D \geq 60 points
- F $<$ 60 points

Grades will be curved, if necessary, in order to ensure that there are at least 20% A's, 40% B's, and 20% C's. If there are more people than that in each of these categories, I won't curve the other way however. In other words, if everyone gets over 90 points, then everyone will get an A.