

School of Business and Law

E X A M

Course code:	ORG419
Course name:	Judgment and Decision Making
Date:	October 10th, 2016
Duration:	09.00-13.00 (4 hours)
Number of pages incl. front page:	2
Resources allowed:	Dictionary
Notes:	The exam consists of questions about four main topics, which will be weighted according to the percentages in parentheses. Make sure you allocate sufficient time to all the questions. You may answer in Norwegian or English or both.

1. Methods (30%)

- a) What are the most common methods used to study decision making? Give examples of/explain 2 of them.
- b) Researchers can use different methods for eliciting preferences. What is the difference between a choice and a matching task, and how has this been found to affect decisions/choices?
- c) What are typical characteristics of experiments used by experimental economist. Give an example of such an experiment.

2. Judgment and choice under certainty (20%)

- a) What does it mean to use non-compensatory decision strategies? Name and explain two such strategies.
- b) Explain what we mean by the status quo and endowment effect.
- c) How can a choice architect make use of the “default” option to influence decisions?

3. Judgment under uncertainty (20%)

- a) When is it important to make good judgments of the likelihood of events? What is the normative theory of probabilistic judgment?
- b) What do we mean by “the representativeness heuristic” and how does this heuristic influence probability judgments?
- c) What is hindsight bias? How may this heuristic influence probability judgments?

4. Application of Behavioural Economics (30%)

- a) What is meant by “behavioural welfare economics”? Give some examples of interventions that are thought to enhance welfare in society.
- b) Explain what is meant by “The nudge agenda”. What are the most important critical arguments against politicians’ use of nudges?