Homework questions:

**Below are a set of decision making models.**

**DECISION MAKING MODELS**

* **Satisficing:** When we satisfice, we choose an alternative that **yields the most satisfaction** for our greatest needs even though the alternative might not be ideal or optimal.
* **Prospect Theory:** Prospect theory suggests that our decisions are influenced depending on **how the alternatives are presented.** If, for example, it is suggested that a particular action will create a loss, we are likely make a decision based on loss aversion.
* **Certainty Effect:** The certainty effect identifies **our preference to eliminate loss rather than lessen it.** If, given a choice between two solutions wherein one might help and the second solution would definitely help, we would likely opt for certainty.
* **Pseudocertainty:** Pseudocertainty suggests that if given an **action that appears to eliminate risk**, rather than simply reducing it, we are likely to opt for that action.
* **Regret Theory:** Regret theory rests on two fundamental assumptions; first, that many people experience regret, and second, that in making decisions under uncertainty, **they try to anticipate and take into account that sensation.**
* **Multi-Attribute Choice:** When we are faced with a **variety of decisions** and each possible choice is filled with numerous **attractive and unattractive** characteristics, we are being frustrated by **multi-attribute choice**.
* **Noncompensatory Strategies:** When people are confronted with **complex choices** among **a number of alternatives**, they typically use noncompensatory strategies. In contrast to compensatory strategies, these strategies **do not allow trade-offs**.

**Part I**

* 1. What do you think those different concepts imply about how people make decisions?
	2. Do the decisions we make always need to be rational?
	3. Under what circumstances are we (decision makers) likely to make irrational choices?

Part II PLEASE DO NOT USE CIGARETTE SMOKING AS AN EXAMPLE-IT HAS BEEN DONE TOO MANY TIMES

Please list your references

For this project consider the fact that at one point in US history the decision to own slaves was considered rational and informed. Today we would consider the decision to own slaves “irrational”. For this project:

1. Identify one other example of a decision (past or present) that was once considered “rational” but that is now reviewed as “irrational”.
2. Explain, in detail, why the decision was once considered “rational” but would now be considered “irrational”.
3. Identify the decision theory (from the models above) you believe was used in the original decision making within your example. Be sure to fully support “why” the theory you selected was present. Simply naming a theory won’t be enough…you need to support your answer.