

Decision Processes Colloquia

Monday, February 3, 2014

Where: JMHH 265

When: 12:00 – 1:20 pm

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Decision-by-Sampling: A Utility-Free Theory of Decision Making

ABSTRACT: The standard way of modeling valuation and choice has been to assume the existence of underlying utility functions (i.e., stable representations of value) that drive observed preferences. Although utility-based approaches have provided important constraints on the set of possible theories that can describe people's preferences, they are nonetheless limited in several ways. Most importantly, utility functions do not really explain preferences but merely redescribe them in mathematical terms. Our understanding of valuation and choice would therefore greatly benefit from a process-level theory, which moves past the limitations of utility-based theories while still being able to accurately predict people's preferences. In this talk I will present one such approach --Decision by Sampling theory-- and illustrate its explanatory and predictive power as a novel theory of preference formation that builds on fundamental psychological principles while still connecting nicely to existing theories of choice (such as Prospect Theory).



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