

# **Decision Processes Colloquia**

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**Monday, March 30, 2015**

Where: 245 JMHH

When: 12:00 – 1:15 pm

**Daniel Feiler**

Assistant Professor of Business Administration, Tuck School of Business,  
Dartmouth College

## **Censored Feedback and Biased Perceptions of Risk, Capability, and Demand**

**ABSTRACT:** Managers are often led astray by biased samples. In censored environments, a constraint causes observed samples to be a distorted. Random instances beyond the constraint are observed at the constraint, whereas uncensored instances are observed at their true value. Even still, censored feedback provides sufficient information to form unbiased inferences. A series of laboratory experiments drawn from three papers explores how such censorship emerges and unfolds across the domains of risky choice, work allocations, and demand learning. The results include: risk-averse behavior from risk-neutral preferences, underestimation of worker capability, and improved demand learning from sales using a debiasing technique.