

Q 01: Define and differentiate heuristics and cognitive bias.

Q 02: Define the Sunk Cost Fallacy and give an example from real life **not from slides**.

Q 03: Fill the blank with the most suitable bias used in the given statements/examples. We have studied *Anchoring bias*, *Confirmation bias*, *Availability bias*, *Gambler's Fallacy*, *Planning Fallacy* and *Sunk Cost Fallacy*.

(10 pts.)

- i. Kashif has gone on five job interviews this week and he hasn't had any offers. I think today is the day he will get an offer.
_____.
- ii. When someone cites a well-known story as an example to support their argument, you can easily and quickly undermine their position by claiming they are showing _____ bias.
- iii. A class of students were asked to estimate the date at which they will finish their thesis. They actually completed their thesis, on average, in 56 days. However, they predicted they will complete their thesis in 34 days.
_____.
- iv. Eric: For my lottery numbers, I chose 6, 14, 22, 35, 38, 40. What did you choose?
Steve: I chose 1, 2, 3, 4, 5, 6.
Eric: You idiot! Those numbers will never come up!
_____.
- v. Imagine that Ali holds a belief that left-handed people are more creative than right-handed people. Whenever Ali encounters a person that is both left-handed and creative, he places greater importance on this "evidence" that supports what they already believe.
_____.
- vi. People who are scared of flying, recall the crash scenes they've seen on films and the news easily, the idea of crashing becomes a far weightier factor in their decision whether to fly. So, it means they cannot control their _____.
- vii. Sonia Khan is in support of gun control. She seeks out news stories and opinion pieces that reaffirm the need for limitations on gun ownership. When she hears stories about shootings in the media, she interprets them in a way that supports her existing beliefs.
_____.
- viii. The sports team has contended for the National Championship every year for the past five years, and they always lose in the final round. This year is going to be their year!
_____.
- ix. Imagine that you are trying to negotiate a pay raise with your boss. You might hesitate to make an initial offer, but research suggests that being the first one to lay your cards down on the table might actually be the best way to go. Whoever makes that first offer has the edge.
_____.

- x. If your parents were both very long-lived, you might automatically expect that you will also live a long life. Because of this, you might ignore the fact that your parents lived a healthier, more active lifestyle that probably contributed to their longevity while you eat poorly and are largely sedentary. _____