Question 2

The _____ among all of the alternative is the optimal decision for insufficient reason criteria.

a. sum of payoff

b. highest average

c. maximum payoff

d. Both (a) and (b)

Question 4

Which of the following approached best describe life style of manager who wishes surety for a minimum possible payoff.

- a. Pessimistic

- b. Conservative

- c. Both (a) and (b)

- d. None of above

Question 3

Pay off table with event based on lost opportunity or regret can be best described as _____.

a. Minimax regret criteria

b. Minimax criteria

c. Expected opportunity loss

d. Both (a) and (c)

Question 9

The conservative and pessimistic approach of the decision-maker attitude is applied in _____ criteria.

a. utility value

● b. uncertainty

c. expected value

d. both utility and uncertainty

Question 4

The decision-maker's attitude toward possible losses cannot expressed in _____ criteria.

a. uncertainty

b. expected value

c. utility

d. both utility and uncertainty

Question 11

Which of the following statements is true?

- The maximax criterion is a conservative approach to decision making.

- Maximin, maximax, and minimax regret criterion all lead to the same optimal decision.

- Someone who is indifferent to risk would have a utility function that is a straight line.

- Prior probabilities are probability estimates after a test market.

Question 5

A joint probability is for variables A and B is expressed as_____.

○ P(A and B)

○ P(A/B)

○ P(B/A).P(A/B)

○ P(B/A)

Question 16

Which of the following expression best describe the use of Bayes' Theorem to calculate the P(A/B)?

○ P(A) and P(B/A)

○ P(B) and P(B/A)

● P(A), P(B), and P(B/A)

○ P(A and B)

Question 7

Utility criteria is the combination of expected value criteria with life style (attitude) of manager.

○ True

○ False

Question 14

When making a decision under risk, which of the following is a valid decision-making criterion?

- ○ Maximax criteria

- ○ Minimax regret criteria

- ○ Maximin criteria

- ● Minimize expected opportunity loss

Question 7

The high value for ratio of EVPI and EVSI shows high efficiency.

○ True
○ False

Question 9

Which of the following occurs in decision making under uncertainty?

○ A payoff table for each possible combination of decisions and outcomes.

○ Conditional probabilities.

○ Equally likely probabilities for all states of nature.

○ Exactly one state of nature.

Question 18

The _____ utility value is assigned for highest pay off value.

○ None of mentioned options

● highest

○ average

○ lowest

Question 11

Which of the following is a feature of maximin criterion ?

○ Decision-making under uncertainty

○ Decision-making under perfect information

○ Decision-making under sample information

○ Decision-making under certainty

_____ is calculated by multiplying each of the possible outcomes by the likelihood each outcome will occur, then summing all of those values and then find the maximum expected value.

○ EREV

○ ERSI

○ EV

○ ERPI

Question 12

Which of the following statements is true?

○ EVPI can be determined without assigning probabilities of the state of the nature.

○ Expected utility cannot be computed with probabilities

○ Payoff tables always contain positive numbers.

○ A decision tree usually begins with a decision node.

Question 20

Decision scenarios for single time opportunity is best describe with _____ criteria.

- ● utility value

- ○ uncertainty

- ○ both expected value and uncertainty

- ○ expected value