

Travis Moore

PSY201: Section B — Fall 2016

Professor: Vanessa Hemovich

## Homework Assignment #5

### Decision Making & Problem Solving (Part 2)

Consider a video game that you have either had personal experience playing, or are otherwise very familiar with. You may choose to draw from other experiences beyond games (e.g., film/TV, books, social media, etc.)

1. Describe a time when you have utilized or witnessed the following cognitive factors:

**1a. Prospect Theory:**

Prospect theory explains how people make choices between different options by trying to predict the choices that the typical person might make. Prospect theory claims that people have a strong preference for certainty and loss aversion. An example of prospect theory that I've seen is in the television show "Who Wants to Be a Millionaire?". When a contestant runs out of lifelines and has a 25% chance to guess and win more money, with a 75% chance of losing it all, they tend to take the safe option of taking substantially less money instead of risking it all for more money.

**1b. Sunk Cost:**

A sunk cost is money that is spent that cannot be refunded or recovered. An example of a sunk cost that I am aware of is paying rent. While paying rent allows you to continue to live in the building that you are living in, it is a sunk cost because the money you pay for rent cannot be refunded or recovered.

**1c. Misrepresentation:**

Misrepresentation is a statement or claim about something that is not in line with the facts about that very something. The most recent example of misrepresentation that I fell victim to is purchasing the game "No Man's Sky". I was really looking forward to all the amazing features that were promised: landing on asteroids, destroying space stations and fleets, giant fleets of ships, large freighters, faction affiliations with significance, trade ships and docking freighters, large-scale space battles between factions, NPCs that do more than just standing in one spot, ringed planets, sand planets with giant sandworms, planets that rotate around and orbit a sun, the possibility of flying between star systems manually, ship classes and differentiation, naming ships, natural flight characteristics that do not prevent you from running into the terrain, crafting that has complexity, a useful galactic map, creatures that affect the landscape, working portal structures, better combat, being able to see and play with other players, radio chatter in the spaceship environment, an actual difficulty in surviving, and you know, a good game. I'm not bitter, really.

**1d. False Decentralization:**

False decentralization involves an authoritative figure delegating decision making

accountability to another person but not delegating any authority. A great example of false decentralization is the idea of shift leads who work at Starbucks. The idea behind a shift lead is that they are the manager on the floor for when the manager is not around. Shift leads are expected to act as the person of authority, however, they are not meant to respond to actual managerial duties and must instead defer to the actual store manager, even calling them to get their approval if they are not available or even working that day.

## 2. Explain the interaction between **operant conditioning** and the **illusion of choice**.

Operant conditioning is a type of learning where behavior is controlled by consequences, while the illusion of choice involves framing choices in a way that someone will pick your favored outcome. Illusion of choice limits the thinking of an individual by presenting your favored choice along with an unacceptable alternative choice and framing these choices as a question. Due to operant conditioning and its focus on consequences of choice, if the alternative choice has an undesirable consequence, then your favored choice will be picked, those not really giving a choice at all.

## 3. What is the difference between a **schema** and a **heuristic**?

A schema is a workflow that helps organize and interpret information in a familiar situation, while a heuristic is a mental shortcut that allows people to solve problems quickly and efficiently when you do not have full information. The difference between schema and a heuristic comes down to decision making. A schema allows you to follow a workflow or pattern that eliminates decision making altogether because you're following a set plan. A heuristic is a mechanism for solving problems when you do not have a set plan already, and allows you to make a decision based on this heuristic.

## 4. Identify 2 examples of a **recognition heuristic** NOT previously discussed in class.

Recognition heuristics allow for quick decision making when one does not have complete information about something and must make a choice. Commercial products make extensive use of advertising in order to take advantage of domain specificity when it comes to selling their product. Advertising makes consumers aware of a company's product in the hopes that if a consumer needs to make a choice between their product or a competitor's product that the consumer's recognition heuristic will include them and not their competitor. Consumers will likely pick a brand name product because they have heard of it over a product that they have never heard of before when using their recognition heuristic. The recognition heuristic also explains how people become regulars at Starbucks always getting the same order every time. A customer might see their usual drink and a new drink on the menu, but even though the new

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drink might seem appealing, the recognition heuristic employed by the customer means they are likely to take their usual drink.