Quizalize

**dats501_3_2021_2022_term1_fall - w05_quiz**
5 questions

**1.**
Research on the framing effect shows that when people have to choose between an option framed in terms of a gain and an option framed in terms of a loss, most people

A. choose the option framed in terms of loss
B. protest and say that the choice is unfair
C. choose the option framed in terms of gain
D. remain indecisive

**2.**
Info: In the Moneyball movie, Brad Pitt's character is the sports team's (baseball) director who tries to compete with rich teams with low-cost but statistically effective players and strategies. A Yale Economics graduate helps him for the cause.
The value of a player is marked with a formula similar to
"Score = $\frac{(\mathrm{Hits}+\mathrm{Walks}—\mathrm{Caughtstealing})\times(\mathrm{TotalBases}+0.7\times\mathrm{StolenBases})}{(\mathrm{AtBats}+\mathrm{Walks}+\mathrm{CaughtStealing})\text{”}}$ "
The statistics (like hits) in the formula are not realized yet, since the season is not started. What would be the best description for this scoring process?

A. Descriptive value assignment based on the utilities provided by each important feature
B. Prescriptive analytics followed by predictive and descriptive analytics
C. Simulated solution with the important player features based on values predicted with unsupervised learning
D. Optimization after predictive analytics

**3.** The endowment effect is associated with loss aversion because

A. Loss aversion may lead to feelings of wanting to keep what you already own, even if that same item would not be that important to you if you did not own it
B. The endowment effect is the cause for loss aversion
C. <P>The endowment effect only occurs if you have previously been tested for loss aversion
</P>
D. The greater your susceptibility to the endowment effect, the less you feel loss aversion

**4.**
2 customer companies to an investment company ask one of its portfolio managers to find optimal solutions for the customer companies. The customers give $10 M to the investment manager. There are 3 portfolios to invest in with a bankrupt risk meaning losing all the money.
- Customer A is a risk-taker and sees bankruptcy only as a financial loss and penalize it with the expected loss,
- Customer B is risk-averse and penalizes bankruptcy with the square of financial loss
Porfrolio1 (Low Risk): 1 M return, 0 % bankrupt chance
Porfrolio2 (Mid Risk): 2 M return, 2 % bankrupt chance
Porfrolio3 (High Risk): 3 M return, 3 % bankrupt chanceChoose optimal solutions for the customers

A. Customer A - Portfolio 3; Customer B - Portfolio 2,
B. Customer A - Portfolio 1; Customer B - Portfolio 3,
C. Customer A - Portfolio 3; Customer B - Portfolio 1
D. Customer A - Portfolio 2; Customer B - Portfolio 1

**5.** When people overestimate the importance of information that is available to them

A. blindspot bias
B. bandwagon effect
C. anchoring effect
D. availability heuristic