

Questions 1

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Question 1

What is a choice set? Give examples.

Question 2

What is a preference relation on the elements of the choice set? What is indifference?

Question 3

What is a utility function?

Question 4

Consider a choice problem between several designs of an aircraft. Suppose that the choice must be made based on two attributes: The cost and speed of a plane. How can two objectives, to minimise the cost and to maximise the speed, be combined in a single utility function?

Question 5

What are the main characteristics of structured and unstructured decisions?

Question 6

Why are structured decisions also called programmable decisions?

Question 7

Which of the following is an unstructured, strategic task?

- a) Producing a report on the change of stock at the end of a week;
- b) Evaluating the social impact of a new product line;
- c) Scheduling the project work for the next six months;

d) Producing a five year budget plan.

Question 8

Give examples of structured and unstructured decisions in business. Justify your examples by referring to properties of these types of decisions.

Question 9

Briefly describe Simon's model of decision making. Draw the diagram and state what are the outcomes of each phase.