

K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH

**Program: PGDM (All Elective) (Batch 2016-2018)
(End Trimester Examination)**

Subject: “Competitive Decision making”

Maximum Marks: 25

Time : 1 ½ Hours

Marks : 25

**Note: Question-1 is compulsory and carries 15 marks.
Answer any one question out of 2- 4. Each question carries 10 marks.**

QUESTION-1

15 marks

Write short Notes with examples (Any Three - **5 marks each**)

1. Mental Accounting
2. Representative Bias
3. Fairness as a constraint in profit making
4. Ethical Leadership & its impact on decision making
5. Judgement under uncertainty
6. Enumerate Strategies for good decision making.

QUESTION-2

10 marks

After Russ Berrie & Co., USA acquired the company that made Koosh Ball, it was Jack Smith's job to improve sales and profit. The balls were made in Asia so he began by flying to Hong Kong and meeting with the manufacturer. But before the meeting, he contacted another firm in Asia to get a competitive price. They offered to make the balls for 3 cents less per ball. Smith now knew there was room for cost cutting with his primary manufacturer. In China, your word really matters and the honor you give your partner means everything.

Using principles of Prospect Theory, how will you pitch your requirement in positive and negative frames? What will be the outcome of each frame and why?

QUESTION-3

10 Marks

What are strategies for improving decisions? How one does de-bias from non-rational escalation of commitment?

QUESTION-4

10 Marks

Explain in details the Occam Razor's principle of taking decision. Also illustrate the theory with suitable examples.

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