

Content

Course Code Course Name Semester Theory Practice Lab Credit ECTS

IND401 Decision Analysis 7 3 0 0 3 4

Prerequisites IND371 VE IND211

Admission Requirements IND371 VE IND211

Language of Instruction English

Course Type Elective

Course Level Bachelor Degree

Objective
This course helps improve the quality of the choices in managerial and personal decisions involving major uncertainties. It provides methods to help structure decision problems and analyze them quantitatively. Such methods include models for decision-making under conditions of uncertainty or multiple criteria, techniques of risk analysis and risk assessment.

Content
Introduction to Decision Analysis, What is Decision Analysis? Basic concepts., Structuring Decision Problems, (alternatives, consequences, objectives, and uncertainties). Votation, Social Choice Theory and Social Choice Functions, Decision making under uncertainty (Models and Choices) Decision criteria (Maximin, Maximax, Minimax Regret, The Expected Value Criterion). Decision making under risk. What is Risk Analysis? Basic concepts. Decision trees and influence diagrams. Risk Attitudes, Risk Management and Risk Measurement, Utility Theory, Utility Assessment. the preference assessment procedures. Determination of the Decision-Maker’s Utility, Modeling Risk and Uncertainty, Modeling risk attitude Certainty valants, Influence Diagrams, Decision Trees and Decision Tables, Bayes’ Rule. Probability modeling and expert judgment. Expert Judgment and/or Group Participation. Decision Making Under Multiple Criteria (Analytic Hierarchy Process Topsis, Electre) echniques for weighting criteria. Sensitivity robustness analysis. Game Theory

R. T. Clemen, Making Hard Decisions: An Introduction to Decision Analysis, 2nd Edition, Duxbury Press, Belmont, CA, 1996

References
Operations Research: An Introduction (8th Edition) Hamdi A. Taha

Operations Research: Applications and Algorithms Wayne L. Winston

Frederick S. Hillier, Gerald J. Lieberman, Introduction to Operations Research, Ninth Edition, 2010 Mc GrawHill.

Theory Topics

Week

Weekly Contents

- 1 Introduction to Decision Analysis, What is Decision Analysis? Basic concepts
- 2 Structuring Decision Problems, (alternatives, consequences, objectives, and uncertainties).
- 3 Votation, Social Choice Theory and Social Choice Functions
- 4 Decision making under uncertainty (Models and Choices) Decision criteria (Maximin, Maximax, Minimax Regret, The Expected Value Criterion)
- 5 Decision making under risk. What is Risk Analysis? Basic concepts. Decision trees and influence diagrams
- 6 Risk Attitudes, Risk Management and Risk Measurement
- 7 Utility Theory, Utility Assessment. the preference assessment procedures
- 8 Determination of the Decision-Maker’s Utility, Modeling Risk and Uncertainty, Modeling risk attitude Certainty Equivalants
- 9 Influence Diagrams, Decision Trees and Decision Tables
- 10 Bayes’ Rule. Probability modeling and expert judgment.
- 11 Bayes’ Rule. Probability modeling and expert judgment.
- 12 Decision Making Under Multiple Criteria (Analytic Hierarchy Process Topsis, Electre)
- 13 Techniques for weighting criteria. Sensitivity and robustness analysis
- 14 Game Theory