



The **Chair of Operations Management** of **TUM School of Management** is looking for an interested and qualified student to conduct his/her

Bachelor's Thesis

on the topic

Behavioral Issues in Portfolio Selection and Resource Allocation: Survey and Research Potentials

Description:

Practically all organizations achieve their objectives by building a portfolio of activities subject to budgetary restrictions and other constraints. Such decision problems involve decision makers facing alternative courses of action, which, if selected, consume resources and lead to multi-dimensional consequences. Research in the area of "Portfolio Decision Analysis (PDA)" strives to bring greater rationality and transparency to such resource allocation decisions.

Practical portfolio decision making problems are usually subject to considerable ambiguity. Organizations facing such problems therefore often dismiss formal mathematical modeling approaches and rely on experienced human decision makers. This practice motivates important research questions: How well do human decision makers solve such problems? Is human decision making systematically biased?

The areas of decision theory, operations management and corporate finance have been trying to address these and similar questions by means of behavioral experiments performed in laboratory settings.

This thesis shall summarize and categorize previous research on behavioral aspects of portfolio selection and resource allocation problems as well as behavioral finance. The body of literature shall be categorized in terms of investigated decision making behavior and identified decision biases. Based on a thorough description and comparison of previous research efforts, avenues for future research shall be identified and discussed.

Literature:

- Fasolo, B., A. Morton, D. Winterfeldt. 2011. Behavioural Issues in Portfolio Decision Analysis. A. Salo, J. Keisler, A. Morton, eds. Portfolio Decision Analysis: Improved Methods for Resource Allocation. Springer, New York, 149-165.
- Langholtz, H. J., A. Marty, C. T. Ball, E. Nolan. 2003. Resource-allocation behavior. Kluwer Academic Publishers, Boston.

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Any interested student, please send by email your application together with your curriculum vitae and transcripts of records.