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Title Imperfect recall, anchoring and scheduling decisions

Track General Papers

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Abstract Standard economic models mostly assume rational expectations, often combined with the assumption that the memory of the decision makers is infinite. In this paper, we develop a stylized scheduling model that accommodates for more realistic properties of the decision maker: here, expectation formation is guided by imperfect recall and anchoring. We derive a closed-form expected utility function that accounts for the sub-optimal expectation formation of the traveller and show analytically how costly deviations from rational expectations are.