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Key Finding

Regret Theory is a popular theory of decision under uncertainty. A parameter free measurement of Regret Theory makes such theory quantitatively observable.

Business Application

Companies are aware that business decisions are regret based. Now, they can finally quantify the regret impact on such decisions.

As researchers, we have the privilege and challenge to understand in depth how the world works. My passion is to deal with decisions under risk. Decisions under risk represent an important aspect of daily life for individuals, companies, and institutions. To help people making better decisions, we need to understand why they behave the way they do.

My interest in behavioral models of decision under risk is motivated by the fact that normative models of decision under risk have been shown to fail describing people's behavior. Hence, descriptive models have been introduced to capture such behavioral anomalies. The challenge I take in this first research stream consists of proposing new behavioral theories, testing existing ones and improving the methodologies to test them.

Individuals face decision problems with value tradeoffs. For instance, in purchasing a car consumers have to tradeoff price vs. safety and environmental protection. These problems fall within the context of multiattribute decision analysis. Utility elicitations are more complex than in the single attribute, because we have to consider other than preferences for each single attribute also the ones involving tradeoffs among attributes. Understanding the process under which individuals quantify such tradeoff is important to make accurate predictions. This is addressed in my second research stream.

Decision analysis and risk analysis share common features, among which, the fact that they both deal with risk. However, because they are vast fields, it is often the case that several tools used in decision analysis are not exploited in risk analysis, and viceversa. In my third research stream, I propose an innovative framework to combine normative tools widely used in decision analysis within a risk analysis context.

Read more: A Quantitative Measurement of Regret Theory, H. Bleichrodt, A. Cillo and E. Diecidue, Management Science, 56(1), 2010: 161-175.

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Research interests: Behavioral Decision Making: Theory and Experiments; Risk-Value Models; Multiattribute Utility; Stochastic Dominance; Value of Information; Importance Measures