Bounded Rationality, Satisficing and the Evolution of Economic Thought
Bounded Rationality, Satisficing and the Evolution of Economic Thought

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Provides a sketch of the development of the concept of bounded rationality in economic thought. The concept of rationality has several meanings. These different meanings are taken into account in considering the further development of economic thought. Different views of ecological rationality are critically examined in the light of these concepts. Whether or not various theories of behavioral economics can be classified as exhibiting bounded rationality is discussed. Satisficing behavior is commonly associated with bounded rationality but as demonstrated, it is not the only reason for adopting such behavior. The idea of some authors that optimization models under constraints are of little or no relevance to bounded rationality is rejected. Bounded rationality is an important contributor to the diversity of (economic) behaviors. This is stressed. Whether or not a behavior is rational depends to a considerable extent on the situation (the constraints) that decision-makers or actors face. The time-constraint is very important as an influence on the rationality of decisions. Aspects of this are covered.

Keywords:
behavioral economics •; bounded rationality •; cues •; ecological rationality •; discretionary behavior •; precautionary principle •; rules of thumb

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Bounded Rationality, Satisficing and the Evolution of Economic Thought. Provides a sketch of the development of the concept of bounded rationality in economic thought. The concept of rationality has several meanings. These different meanings are taken into account in considering the further development of the concept. Bounded rationality is an important contributor to the diversity of (economic) behaviors. Whether or not a behavior is rational depends to a considerable extent on the situation (the constraints) that decision-makers or actors face. Human rationality, commonly known as bounded rationality, recalibrated the whole scientific. The Simon satisficing concept was largely derived from the Freudian assumption that humans act illogically because of their mind's automatic processes (Simon, 1978a; 1978b), and from the fallacious man of Barnard (1938), who uses illogical intuition to make decisions. Under the influence of the bounded rationality concept, and the advancements made in the psychological field, during the 1970s a reexamination occurred on how humans behave within organizations. Bounded Rationality is a behavioral bias that occurs when human decision-making process attempt to satisfice, rather than optimize. Bounded rationality is a human decision-making process in which we attempt to satisfice, rather than optimize. In other words, we seek a decision that will be good enough, rather than the best possible decision. Where this bias occurs. The Decision Lab. The Decision Lab is a think tank focused on creating positive impact in the public and private sectors by applying behavioral science. We are on a mission to democratize behavioral science. Learn More. Bounded rationality. Quite the same Wikipedia. Just better. Bounded Rationality and Economic Evolution: A Contribution to Decision Making, Economics, and Management. Cheltenham, UK: Brookfield. ISBN 1-85898-352-5. Satisficing. Shortage economy. Structure-conduct–performance paradigm.