PROMOTION RECOMMENDATION
THE UNIVERSITY OF MICHIGAN
SCHOOL OF INFORMATION

Yusufcan Masatlioglu, assistant professor of information, School of Information, is recommended for promotion to associate professor of information, without tenure, School of Information [also associate professor of economics, with tenure, College of Literature, Science, and the Arts].

Academic Degrees:

Ph.D.	2005	New York University, Department of Economics
M.A.	1999	Bogazici University, Economics
B.A.	1996	Bogazici University, Mathematics

Professional Record:

2013 – present	Associate Professor, Department of Economics, University of Michigan
2012 – present	Assistant Professor, School of Information, University of Michigan
2005-2013	Assistant Professor, Department of Economics, University of Michigan
2012	Visiting Fellow, Institute for Advanced Studies, Hebrew University of Jerusalem
2009 – 2012	Visiting Fellow, Universitat Autonoma de Barcelona

Summary of Evaluation:

Teaching: Professor Masatlioglu is a serious, committed, and successful teacher of graduate and undergraduate students. Professor Masatlioglu has proved to be a successful classroom teacher at both the undergraduate and doctoral levels. He has prepared six different courses, one at the undergraduate level and five different courses at the graduate level.

Professor Masatlioglu co-developed a new undergraduate course that offers students a non-technical introduction to behavioral economics, a hot topic in economics that is offered now by most major economics departments. The students' responses to Q1 and Q2 have always been well above 4, and in all but one case are above 4.5.

In the Ph.D. program, Professor Masatlioglu has also regularly taught Mathematics for Economists, whose purpose is to bring incoming Ph.D. students up to a math level sufficient to absorb the material in the core sequence and beyond. Although for several reasons it a difficult course to teach, Professor Masatlioglu has scored well on student evaluations. Professor Masatlioglu has also taught the single-agent and general equilibrium courses in our core graduate theory sequence. In these classes, Professor Masatlioglu received solid teaching evaluations comparable to the best evaluations of previous teachers of these classes. Finally, Professor Masatlioglu has taught advanced theory on two occasions to smaller number of graduate students. For both classes he received good teaching evaluations with grades around 4, and often significantly above 4.

Professor Masatlioglu has also been a popular advisor to our graduate students. In particular, he has been the main advisor to Collin Raymond, who was perhaps our best graduate student in economic theory in the past couple of years, and who was awarded a prestigious post-doctoral position at Nuffield College, Oxford. Professor Masatlioglu has also been a member of a variety of other thesis committees, which indicates his versatility and his popularity with students.

Professor Masatlioglu has been actively involved in training and mentoring of our graduate students. He served on Ph.D. dissertation committees of STIET fellows and School of Information (UMSI) graduate students including Collin Raymond (chair), Roy Chen, Tracy Liu, Josh Cherry, and John Lin. These

students have subsequently gotten academic placements in research universities in US and abroad.

In addition, Professor Masatlioglu has been a regular participant in BEE & ICD Lab meetings which often feature presentation of preliminary research by graduate students. Through these informal seminars, Professor Masatlioglu was able to offer mentoring and advice to our graduate students. Given Professor Masatlioglu's research interests and commitment to high quality graduate training, we expect his contributions to UMSI teaching mission to continue in the future.

Professor Masatlioglu has been an active contributor to UMSI teaching both through formal and informal channels, and we expect that his appointment as an associate professor will further facilitate his ongoing support of teaching, advising and mentoring activities at the School of Information.

Research: Professor Masatlioglu main line of work concerns the question of how decision-theoretic models of rational choice can be adjusted to account for the ubiquity of apparently irrational behavior observed in the real world. Economists refer to such behavior as "anomalies" although, of course, one might argue that anomalies are actually "normal." Examples of anomalies that Professor Masatlioglu's work has addressed are: the "attraction effect:" adding an alternative that a decision maker will never choose to the decision maker's choice set nonetheless may change what the decision maker will actually choose; the "status quo bias:" if one of the alternatives among which people choose is the "status quo," then people are reluctant to choose something other than the status quo; and "limited attention:" people do not consider all the alternatives from which they can choose.

Economic institutions, and the behavior of market participants, often seem to reflect, or be reactions to, such anomalies. The field that studies these anomalies is known as "behavioral economics." A difficult problem is how economic theory might be adjusted to account for phenomena like the ones listed above. One possible cause of anomalies that Professor Masatlioglu's research focuses on is that the decision maker has a rational preference over the alternatives from which she chooses, but that she uses a choice procedure that does not always find the alternative that maximizes her preference.

Professor Masatlioglu's research asks systematically which patterns of behavior one would expect if procedures from particular classes of imperfectly optimizing choice procedures are used, and how much one can infer from observations about the specific procedure that a decision maker uses. He has pursued this approach by focusing on two different classes of choice procedures: one class consists of reference-dependent choice procedures (such as choice that is biased towards a status quo); the other class consists of choice procedures with limited attention. Professor Masatlioglu papers take a classic decision-theoretic approach by presenting axioms about observable choice behavior that are equivalent to the model that is postulated. The axioms thus delineate the precise implications of the theoretical models for observable choice, and ask what exactly one can infer from a sufficiently rich set of observable choices about the underlying preferences, and about the choice procedure that the decision maker uses.

Professor Masatlioglu's work also has implications for how to evaluate policy alternatives when people are boundedly rational. He models incorporate a rational preference, some features of which may be inferred from observed choice, and may then be used to underpin policy analysis. How to conduct policy analysis when economic agents do not simply maximize their utility (as economist usually assume) is a central, and vexing, question in modern economics. Professor Masatlioglu has identified contexts in which meaningful policy analysis can be done despite of violations of rationality, and he has provided methods for this analysis.

Recent and Significant Publications:
"Revealed Attention," (American Economic Review, 2012, with Daisuke Nakajima and Erkut Ozbay).
"Choice by Iterative Search," (Theoretical Economics, forthcoming, with Daisuke Nakajima).

"Behavioral Mechanism Design: Evidence from Modified First-Price Auctions," *(Review of Economic Design,* 2012, with Sarah Taylor and Neslihan Uler).

"Rational Choice with Status Quo Bias," *(Journal of Economic Theory,* with Efe Ok).

Service: When UMSI appointed Professor Masatlioglu as an assistant professor, our agreement with him was that he would continue to provide value to UMSI through working with students (primarily doctoral), participating in research seminars (primarily STIET), and meeting with speakers. He has indeed continued to provide these services to UMSI (some of which can be categorized as contributing to our teaching and research programs, and are discussed in other parts of this report as well). Our faculty who work in the most closely overlapping areas (especially Chen, Krupka, and MacKie-Mason) have found his efforts in support of our students and our external engagement (through meeting with visiting speakers and job candidates) to be very helpful and a welcome addition to the community.

External Reviewers:
Reviewer A: "...[Professor Masatlioglu] is an interesting, creative, and original scholar who has done important work in decision theory and will continue to do so."

Reviewer B: "[Professor Masatlioglu] is an extremely creative and insightful decision theorist, whose work warrants the promotion."

Reviewer C: "[Professor Masatlioglu papers are] profound and well-crafted pieces that lay verifiable foundations for new models. I have no doubt that his work will continue to impact the field ..."

Reviewer D: "[Professor Masatlioglu] has been a prolific researcher throughout, has written at least two truly outstanding papers, has an impressive vita and is a leader in his field."

Reviewer E: "I...believe that [Professor Masatlioglu] will make further fundamental contributions to understanding the links between the substantive and procedural rationality that can have broad-reaching implications."

Reviewer F: "[Professor Masatlioglu] is an interesting and innovative theorist working on a variety of topics..." All [of his papers on decision theory] are ambitious and inventive."

Reviewer G: "[Professor Masatlioglu is] one of the very few - actually I do not really know any other person like him on this score - that is comfortably located between 'decision theory' and 'behavioral economics.' [Professor Masatlioglu] is a leader in this area and has made a number of outstanding contributions."
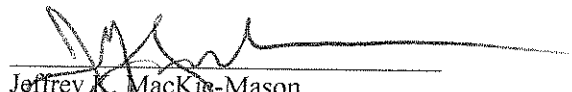
Reviewer H: "[Professor Masatlioglu is] among the best decision theorists in his cohort."

Reviewer I: "[Professor Masatlioglu] has a strong publication record [and] is a leading contributor in a competitive subfield."

Reviewer J: "In the last few years, [Professor Masatlioglu] has proved himself to be the most original and interesting decision theorist in the cohort that graduated around 2005 .... I would rank [Professor Masatlioglu] first in this group, on account of his originality and the forward-looking nature of his contributions to the methodology of decision theory."

Summary of Recommendation

Professor Masatlioglu has established a national reputation as a scholar. With overwhelming support of the promotion and tenure committee of the School of Information, I enthusiastically recommend Yusufcan Masatlioglu for promotion to associate professor of information, without tenure, School of Information.

Jeffrey K. MacKie-Mason
Arthur W. Burks Collegiate Professor of
Information and Computer Science, and
Dean, School of Information

Susan A. Gelman
Heinz Werner Distinguished University Professor,
Professor of Psychology, and Interim Dean
College of Literature, Science, and the Arts

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