



THE UNIVERSITY of NORTH CAROLINA  
**GREENSBORO**  
Bryan School of Business and Economics

## **Decision Making in Organizations MGT 403 Spring 2019**

<b><u>Location:</u></b>	<b>Bryan 105</b>
<b><u>Time:</u></b>	<b>MW 2:00 – 3:15PM</b>
<b><u>Professor:</u></b>	<b>Jason Pierce, PhD</b>
<b><u>E-mail:</u></b>	<b>jrpierc2@uncg.edu</b>
<b><u>Office hours:</u></b>	<b>MW 3:30PM – 5:30PM or by appointment</b>
<b><u>Office:</u></b>	<b>Bryan 372</b>

### **COURSE OVERVIEW**

All of us make numerous decisions every day. Some we make with little to no thought and others with a great deal of contemplation and consternation. Regardless of how we our decisions, any single one can bring tremendous consequences. When we make decisions on behalf of organizations, those consequences often have greater and farther-reaching impacts. The goal of this course, therefore, is to provide the insights and tools you will need to increase the probability that the consequences of your decisions will be positive rather than negative. We do so by introducing the formal study of decision making which involves examining our cognitive processes, biases, and limitations. Understanding how those elements influence the quality of our decisions enables us to establish guidelines for optimizing the processes through which we make them.

### **COURSE LEARNING OBJECTIVES**

Upon successful completion of this course students will be able to:

- Analyze decisions from psychological, behavioral, and rational model perspectives.
- Demonstrate how bounded rationality and satisficing affect managerial decisions.
- Explain fair and ethical approaches to decision making.
- Analyze the influence of interpersonal and cognitive processes on decisions making and managerial judgments.
- Apply models to make decisions under uncertainty and crisis.
- Apply the principles of conflict and negotiation in a decision-making environment.

## COURSE METHODOLOGY

The course will employ readings, lectures, class discussions, and in-class exercises. A series of exercises are used to illustrate principles of judgment and decision making. Exercises include the taxi problem (an illustration of Bayesian reasoning), a group decision-making exercise, the prisoner's dilemma, a two-person negotiation exercise, a variety of case examples, and a semester-long virtual investing game.

## COURSE MATERIALS

### Required text:

- *Judgment in Managerial Decision Making (8<sup>th</sup> ed.)* by Max Bazerman & Don Moore. Wiley, 2013.

### Recommended resources:

- *Predictably Irrational* by Dan Ariely. Harper Collins, 2008.
- *Thinking, Fast and Slow* by Daniel Kahneman. Farrar, Straus and Giroux, 2011.
- Changing Minds <http://changingminds.org/explanations/theories/theories.htm>

### Other readings in order assigned (all downloadable through links & the [UNCG library](#)):

- [Harrison, E. F.](#) (1993). Interdisciplinary models of decision making. *Management Decision*, 31(8): 27-33.
- [Probst, G., Raisch, S.](#) (2005). Organizational crisis: The logic of failure. *Academy of Management Executive*, 19(1): 90-105.
- [Maule, A. J., & Hodgkinson, G. P.](#) (2002). Heuristics, biases and strategic decision making. *The Psychologist*, 15(2): 68-71.
- [Milkman, K.L., Rogers, T., & Bazerman, M.H.](#) (2008). Harnessing our inner angels and demons: What we have learned about want/should conflicts and how that knowledge can help us reduce short-sighted decision making. *Perspectives on Psychological Science*, 3: 324-338.
- [Galotti, K. M.](#) (2007). Decision structuring in important real-life choices. *Psychological Science*, 18: 320-325.
- [Hyashi, A.M.](#) (2001, February). When to trust your gut. *Harvard Business Review*, 59-65.

- [Miller, C. C. & Ireland, R. D.](#) (2005). Intuition in strategic decision making: Friend or foe in the fast-paced 21st century? *Academy of Management Executive*, 19(1): 19-30.
- [Staw, B.M., & Ross, J.](#) (1987, March). Knowing When to Pull the Plug. *Harvard Business Review*, 65(2), 68-74.
- [Bazerman, M. H., & Tenbrunsel, A. E.](#) (2011, April). Ethical Breakdowns: Good people often let bad things happen. Why? *Harvard Business Review*, 89(4): 58-65.
- [Shih, M., Pittinsky, T. L., & Ambady, N.](#) (1999). Stereotype susceptibility: Identity salience and shifts in quantitative performance. *Psychological Science*, 10: 80-83.
- [Willis, J., & Todorov, A.](#) (2006). First impressions: Making up your mind after a 100-ms exposure to a face. *Psychological Science*, 17: 592-598.
- [Lovallo, D., Viguerie, P., Uhlener, R., & Horn, J.](#) (2007, December). Deals without delusions. *Harvard Business Review*, 92-99.
- [Hardman, D. & Harries, C.](#) (2002). How rational are we? *Psychologist*, 15(2): 76-79.
- [Pate, L. E.](#) (1987). Improving Managerial Decision Making. *Journal of Managerial Psychology*, 2(2): 9 – 15.
- [Milkman, K.L., Chugh, D., & Bazerman, M.H.](#) (2009). How can decision making be improved? *Perspectives on Psychological Science*, 4: 379-383.

<b>PERFORMANCE EVALUATION</b>
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Reflection Papers 1	15%
Reflection Papers 2	25%
Final Exam	35%
Participation & Professionalism	25%
<b>TOTAL</b>	<b>100%</b>

**\*Make-up policy:** If you miss an exam for any reason, you have **1 week** to contact me by email to schedule a make-up. The make-up will be given orally and any course material will be fair game for questions. Most students prefer the written version and make every effort to be present on exam day.

## REFLECTION PAPERS

Reflective writing helps us integrate knowledge and advance our understanding of reality best. Therefore, you will write two reflection papers about your experiences with the investment game and your other decision-making experiences. The purpose of the reflection reports is for you to use our course material to make sense of and improve your own decision-making processes. See the course web-site for more detailed instructions.

## FINAL EXAM

We will have a final exam at the end of the term. The exam will be primarily short answer questions, though I may include true/false and multiple-choice questions as I see fit. The exam time is indicated on the course schedule below as set by the registrar.

## PARTICIPATION & PROFESSIONALISM

Much of the learning in this course will come through interactive class exercises and discussions so please come to class prepared to discuss and feel free to bring your laptops and/or tablets! To get the most learning from these activities, you must do the readings and pre-work. **Failure** to complete pre-work (labelled “**Before Class**”) will result in negative participation points.

As long as you do the prework, you will earn participation points for positive contributions to our learning activities. I will assign points as follows:

- 0 = did not attend;
- 1 = attended
- 2= said something
- 3 = advanced the conversation by saying something meaningful

Students who miss class remain responsible for material covered and announcements made by the professor, regardless of the reason for the absence. The professionalism portion of this grade holds students accountable for general conduct throughout the course as prescribed in [the Bryan School policy](#).

## COURSE SCHEDULE

<b>INTRO:</b>	<b>COURSE OVERVIEW: THE SUM TOTAL OF OUR CHOICES?</b>	<b>14 JAN</b>
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- Getting warmed up
- Defining good and bad decisions

**In Class:** How good of a decision maker are you?  
Defining good and bad decisions.

<b>BLOCK 1:</b>	<b>INTRODUCTION TO MANAGERIAL DECISION MAKING</b>	<b>16 – 23 JAN</b>
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- Anatomy of Decisions
- System I vs System II Thinking
- Cognitive Limitations & Biases

**Reading:** Chapter 1  
Harrison (1993)

**In Class:** Prisoners' Dilemma  
Introduction of the Investment Game

<b>BLOCK 2:</b>	<b>OVERCONFIDENCE</b>	<b>28 – 30 JAN</b>
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- The Problems: Overprecision, Overestimation, & Overplacement
- A Simple Solution

**Reading:** Chapter 2  
Probst & Raisch (2005)

**Before Class:** Estimating our confidence (See assignment in course web site for details)

<b>BLOCK 3:</b>	<b>COMMON BIASES</b>	<b>4 – 6 FEB</b>
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- Availability, Confirmation, & Representative Heuristics
- The Good and Bad of Heuristics

**Reading:** Chapter 3  
Maule & Hodgkinson (2002)

**In Class:** Taxi Problem

<b>BLOCK 4:</b>	<b>BOUNDED AWARENESS</b>	<b>11 – 13 FEB</b>
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- Intentional & Change Blindness
- Out of Focus
- Beyond the individual

**Reading:** Chapter 4  
Galotti (2007); Milkman, Rogers & Bazerman (2008)

**In Class:** Winter Survival

<b>BLOCK 5:</b>	<b>FRAMING &amp; REVERSAL OF PREFERENCES</b>	<b>18 – 20 FEB</b>
	<ul style="list-style-type: none"> <li>▪ Irrational Framing</li> <li>▪ Responses to (Un)Certainty</li> <li>▪ Subjective Valuation &amp; Mental Accounting</li> </ul>	
<b>Reading:</b>	Chapter 5	
<b>Before Class:</b>	Which do you prefer? (See assignment in course web site for details)	
<b>BLOCK 6:</b>	<b>MOTIVATIONAL &amp; EMOTIONAL INFLUENCES</b>	<b>25 – 27 FEB</b>
	<ul style="list-style-type: none"> <li>▪ Thoughts vs Feelings</li> <li>▪ Self-Serving &amp; Other Emotional Influences</li> </ul>	
<b>Reading:</b>	Chapter 6 Hyashi (2001, February); Miller & Ireland (2005)	
<b>In Class:</b>	Trolley and Footbridge Problems Susan David Ted Talk	
<b>Due:</b>	Reflection Paper 1	
<b>BLOCK 7:</b>	<b>MID-TERM DEBRIEF</b>	<b>11 – 13 MAR</b>
	<ul style="list-style-type: none"> <li>▪ Review and Catch up</li> <li>▪ Advanced Investing Techniques</li> </ul>	
<b>Reading:</b>	None	
<b>In Class:</b>	Reflection Report Grading Investing Boldly	
<b>BLOCK 8:</b>	<b>ESCALATION of COMMITMENT</b>	<b>18 – 20 MAR</b>
	<ul style="list-style-type: none"> <li>▪ Escalation Paradigms</li> <li>▪ Diagnosing Escalation</li> </ul>	
<b>Reading:</b>	Chapter 7 Staw & Ross (1987, March)	
<b>In Class:</b>	Dollar Auction	
<b>BLOCK 9:</b>	<b>FAIRNESS &amp; ETHICS</b>	<b>25 – 27 MAR</b>
	<ul style="list-style-type: none"> <li>▪ Perceptions of &amp; Reactions to (Un)Fairness</li> <li>▪ Bounded Ethicality</li> <li>▪ Favoritism &amp; Conflicts of Interest</li> </ul>	
<b>Reading:</b>	Chapter 8 Bazerman & Tenbrunsel (2011, April); Shih, Pittinsky, & Ambady (1999) Willis & Todorov (2006)	
<b>Before Class:</b>	<a href="#">Implicit Social Attitudes Test (ISAT)</a> (See assignment in course web site for details)	

<b>BLOCK 10:</b>	<b>COMMON INVESTMENT MISTAKES</b>	<b>1 – 3 APR</b>
	<ul style="list-style-type: none"> <li>▪ Psychology of Poor Investing</li> <li>▪ Active Trading &amp; Action Steps</li> </ul>	
<b>Reading:</b>	Chapter 9	
<b>BLOCK 11:</b>	<b>NEGOTIATING RATIONALLY</b>	<b>8 – 10 APR</b>
	<ul style="list-style-type: none"> <li>▪ An Analytic Approach to Negotiations</li> <li>▪ Claiming &amp; Creating Value in Negotiation</li> </ul>	
<b>Reading:</b>	Chapter 10 Hardman & Harries (2002); Lovallo, Viguerie, Uhlaner, & Horn (2007)	
<b>In Class:</b>	Sugar Bowl	
<b>Due:</b>	Reflection Paper 2	
<b>BLOCK 11:</b>	<b>NEGOTIATOR COGNITION</b>	<b>15 – 17 APR</b>
	<ul style="list-style-type: none"> <li>▪ Common Negotiation Myths &amp; Biases</li> <li>▪ Escalation of Conflict</li> </ul>	
<b>Reading:</b>	Chapter 11	
<b>In Class:</b>	Chirimoyas (Custard Apples)	
<b>BLOCK 12:</b>	<b>IMPROVING DECISION MAKING</b>	<b>22 – 24 APR</b>
	<ul style="list-style-type: none"> <li>▪ Seven Strategies</li> </ul>	
<b>Reading:</b>	Chapter 12 Milkman, Chugh, & Bazerman (2009); Pate (1987)	
<b>BLOCK 13:</b>	<b>COURSE WRAP-UP</b>	<b>29 – 1 MAY</b>
	<ul style="list-style-type: none"> <li>▪ Summary of Learning</li> <li>▪ Game Results</li> </ul>	
<b>Reading:</b>	None	
<b>In Class:</b>	Award Ceremony	
<b>FINAL EXAM</b>	<b>At Noon</b>	<b>8 MAY</b>

This schedule is subject to change. Any modifications will be announced in class or via the course web site, which will be our official communication channels during the semester.

## COURSE POLICIES

ATTENDANCE: Students who miss the 1<sup>st</sup> week of class will be dropped from the course.

COURSE WEB SITE: You are responsible for all information posted to the course web site, including announcements, notes, slides, readings, assignments, and grades.

EMAIL COMMUNICATIONS: You are expected to check your UNCG email daily where you will receive updates from CANVAS and direct correspondence from your professor. Please use email only for communicating with the professor regarding **personal matters**. Again, **general concerns** should be posted on the discussion board.

ETIQUETTE: You are expected to abide by professional standards of conduct including:

1. RESPECT: treat everyone as you want to be treated
2. LISTEN: ensure you fully understand what others are saying before you respond
3. NETIQUETTE: write emails with proper tone, language, and formatting
  - a. Include a subject and signature
  - b. Mind your tone and use emphasis (CAPs, **bold**, underline) sparingly

CLASSROOM DECORUM:

1. When class begins, I will shut the door. If arriving late or leaving early, do so quietly.
2. Please hold private conversations outside the classroom. Students who fail to do so will be invited to take the place of the professor and teach the class.
3. During class, mobile phones must remain turned off completely. Those wishing to use computers or tablets for note taking must sit in the back row of the classroom.

DISRUPTIVE BEHAVIOR POLICY: The professor may withdraw a student from the course for behavior deemed to be disruptive.

UNCOVERED CIRCUMSTANCES: Any situation or complications not covered by the syllabus must be brought directly to the attention of the professor who will either render a decision or refer the matter to higher authorities such as the department chair or appropriate dean.

## UNCG POLICIES

ACADEMIC SUPPORT SERVICES: Services available to students include ...

1. *Student Success Center*: You may contact the center at <http://success.uncg.edu/>
2. *Writing Center*. Visit <https://writingcenter.uncg.edu/> for help with written work.
3. *Office of Accessibility Resources and Services (OARS)*: You may contact OARS at <http://ods.uncg.edu/>

4. *Information Technology Services (ITS)*: You may contact ITS at <https://its.uncg.edu/>

*INCLEMENT WEATHER*: UNCG remains open unless the Chancellor decides to cancel classes. Students can obtain details on those decisions from Spartan Alerts at (336) 334-4400 or <http://spartanalert.uncg.edu>.

*STUDENTS WITH DISABILITIES*: UNCG complies fully with The Americans with Disabilities Act and section 504 of the Rehabilitation Act of 1973. Students requesting accommodations based on a disability must be registered with the Office of Disability Services in 215 Elliott University center, 334-5440, [www.uncg.edu/ods](http://www.uncg.edu/ods).

*RELIGIOUS OBSERVATIONS*: Any student who cannot take an exam on the scheduled due date or participate fully in any other aspect of the course due to religious conflict must inform me by email within the first two weeks of class so that we can make alternative arrangements for him/her to take the exam and/or complete that part of the course.

#### **UNCG ACADEMIC INTEGRITY STATEMENT**

By the singular act of registering for this course, you are agreeing to abide by the UNCG Academic Integrity Policy. All written work submitted must be original and produced by the student/team for this class only. If you are for any reason unfamiliar with the contents of the code, please review it at: <https://osrr.uncg.edu/academic-integrity/>

Violations will be pursued. Academic Integrity applies to all aspects of this course. Please be aware that the following also constitute Integrity Violations in this course:

- You may not be in possession of any unauthorized exam or related materials, including old exams.
- No electronic devices are allowed to be on or visible during an exam.
- Signing an attendance sheet for another student and/or failing to attend the entire class is a falsification of your attendance and an academic integrity violation.
- Once an exam begins, you are not allowed to leave for any reason until you have submitted the exam.
- Falsification of any material used in the preparation or development of assignments is a code violation.
- The Bryan School of Business and Economics has recently developed and accepted Faculty and Student Guidelines focusing on the expected performance of each. Since these guidelines are new, please take the time to review them. They can be found at the following link:

[http://bae.uncg.edu/assets/faculty\\_student\\_guidelines.pdf](http://bae.uncg.edu/assets/faculty_student_guidelines.pdf)