



Decision Making in Organizations MGT 403 Fall 2023

<u>Location:</u>	Bryan 104
<u>Time:</u>	MW 3:30 – 4:45PM
<u>Professor:</u>	Jason Pierce, PhD
<u>E-mail:</u>	jrpierc2@uncg.edu
<u>Office hours:</u>	By appointment
<u>Office:</u>	Bryan 372

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 decision 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 (8th 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.

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: ... want/should conflicts ... *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*.
- [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: 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.

PERFORMANCE EVALUATION

Homework	20%	No A+ grades at Bryan School	A 93 and up	A- 90-92.999
Reflection Report 1	15%	B+	B 83-86.999	B- 80-82.999
Reflection Report 2	25%	C+	C 73-76.999	C- 70-72.999
Final Exam	25%	D	F below 65	
Participation & Professionalism	15%			
TOTAL	100%			

If the class average falls **below 80**, then grades will be curved such that the A- cutoff starts at 1 standard deviation (SD) above the mean, the C+ cutoff starts at 1 SD below the mean, and the D/F cutoff starts at 2 SD below the mean.

HOMEWORK

To get the most from our class discussions, you must do the pre-work and comprehension exercises in advance. The comprehension questions ask you about material in the textbook readings and recorded lectures. You will earn points for each as follows:

Pre-work (10%):

- 2 = Valid responses w/o reminder
- 1 = Valid responses w/ reminder
- 0 = Invalid responses or late

Comprehension ?s (10%):

- Two graded at random
- 5% for each one graded
- No late turn-ins accepted

REFLECTION PAPERS

Reflective writing helps us integrate knowledge and advance our understanding of reality. Therefore, you will write two reflection reports about your experiences with either a trading game or your professional 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.

Make-up policy: If you miss the final, you have **1 day** 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.

PARTICIPATION & PROFESSIONALISM

Much of the learning in this course will come through interactive class exercises and discussions. To get the most learning from the course, therefore, you must do the readings, pre-work, and participate in class. You will earn points for each as follows:

In-Class Participation:

- 3 pts for asking/saying something meaningful
- 2 pts for asking/saying something
- 1 pt for attending
- 0 if absent (no excused absences)

Discussion Forum:

- Questions
- 3 pts for **insightful** questions
 - 1 or 2 pts for reasonable questions
- Answers
- 1 or 2 pts for valid answers

The professionalism portion of this grade holds students accountable for general conduct throughout the course as prescribed in [the Bryan School policy](#). Disruptive conduct will result in point deductions in proportion to the disruption.

At the end of the course, I will sum your participation points and convert it to a score out of 100 based on normal distribution where average = 85 and the standard deviation = 5. However, **you must earn at least 40 points to receive a passing participation grade.**

COURSE SCHEDULE

INTRO: COURSE OVERVIEW: THE SUM TOTAL OF OUR CHOICES? 16 & 21 AUG

- Defining good and bad decisions

In Class: How good of a decision maker are you?

Homework: **Block 1** Pre-work Survey (link via email; due by 9AM of the 2nd day)

BLOCK 1: INTRODUCTION TO MANAGERIAL DECISION MAKING 23 AUG

- System I vs System II vs System III Thinking
- Cognitive Limitations & Biases

Reading: Chapter 1
Harrison (1993)

Homework: **Block 1** Comprehension ?s (due before class)
Block 2 Pre-work Survey (link via email)

TRADING 101: INTRO TO STOCK TRADING & SIMULATION 28 AUG

- What are stocks and stock markets?
- Overview of semester-long simulation

Homework: Make first trade (see course web site for instructions)

BLOCK 2: OVERCONFIDENCE 30 AUG & 6 SEP

- The Problems: Overprecision, Overestimation, & Overplacement
- A Simple Solution

Reading: Chapter 2
Probst & Raisch (2005)

Homework: **Block 2** Comprehension ?s (due before class)
Block 3 Pre-work (link via email)

TRADING 102: REFLECTION PRACTICE & PEER FEEDBACK 11 & 13 SEP

- Peer review of partial reflection (one trade)
- Q&A about trading

Due: **Practice reflection on one trade due second day** (individual report due in **Block 5**)

BLOCK 3: COMMON BIASES 18 & 20 SEP

- Availability, Confirmation, & Representative Heuristics
- The Good and Bad of Heuristics

Reading: Chapter 3 & Maule & Hodgkinson (2002); [Three Timeless Rules Article](#)

Homework: **Block 3** Comprehension ?s (due before class)
Block 4 Pre-work (link via email)

BLOCK 4:	BOUNDED AWARENESS	25 & 27 SEP
	<ul style="list-style-type: none"> ▪ Intentional & Change Blindness ▪ Out of Focus 	
Reading:	Chapter 4, Galotti (2007), & Milkman, Rogers & Bazerman (2008)	
Homework:	Block 4 Comprehension ?s (due before class) Block 5 Pre-work (link via email)	
Due:	Reflection Paper 1 (by <u>Thursday</u>); turn in early if you want a grade by Week 6.	
BLOCK 5:	FRAMING & REVERSAL OF PREFERENCES	2 & 4 OCT
	<ul style="list-style-type: none"> ▪ Irrational Framing ▪ Subjective Valuation & Mental Accounting 	
Reading:	Chapter 5	
Homework:	Block 5 Comprehension ?s (due before class)	
TRADING 103: MID-TERM DEBRIEF		11 OCT
	<ul style="list-style-type: none"> ▪ Reflection Report Debrief ▪ Review and Catch up 	
Homework:	Block 6 Pre-work (link via email)	
BLOCK 6:	MOTIVATIONAL & EMOTIONAL INFLUENCES	16 & 18 OCT
	<ul style="list-style-type: none"> ▪ Thoughts vs Feelings ▪ Self-Serving & Other Emotional Influences 	
Reading:	Chapter 6; Hyashi (2001, February); Miller & Ireland (2005)	
Homework:	Block 6 Comprehension ?s (due before class) Block 7 Pre-work (link via email)	
BLOCK 7:	ESCALATION of COMMITMENT	23 & 25 OCT
	<ul style="list-style-type: none"> ▪ Escalation Paradigms ▪ Diagnosing Escalation 	
Reading:	Chapter 7; Staw & Ross (1987, March)	
Homework:	Block 7 Comprehension ?s (due before class) Block 8 Pre-work (link via email)	
BLOCK 8:	FAIRNESS & ETHICS	30 OCT & 1 NOV
	<ul style="list-style-type: none"> ▪ Perceptions of & Reactions to (Un)Fairness ▪ Bounded Ethicality, Favoritism & Conflicts of Interest 	
Reading:	Chapter 8; Bazerman & Tenbrunsel (2011, April); Shih, Pittinsky, & Ambady (1999) Willis & Todorov (2006)	
Homework:	Block 8 Comprehension ?s (due before class) Block 9 Pre-work (link via email)	

BLOCK 9:	NEGOTIATING RATIONALLY	6 & 8 NOV
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- Claiming & Creating Value in Negotiation
- Conflict Resolution Basics

Reading: Chapter 10 & 11
Hardman & Harries (2002); Lovallo, Viguerie, Uhlaner, & Horn (2007)

Homework: **Block 9** Comprehension ?s (see assignments)

Due: Reflection Paper 2

BLOCK 10:	COMMON INVESTMENT MISTAKES	13 & 15 NOV
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- Understanding what you really want
- Psychology of Poor Investing
- Active Trading & Action Steps

Reading: Chapter 9

In Class: Value-Cards Exercise w/ Dr. Tomi Bryan
Bring your questions about investing
Results of Trading Simulation & Closing Survey

BLOCK 11:	IMPROVING DECISION MAKING	20 & 27 NOV
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- Seven Strategies

Reading: Chapter 12
Milkman, Chugh, & Bazerman (2009); Pate (1987)

In Class: Anything you want to talk about (Please send topics in advance)

WRAP-UP & EXAM REVIEW	29 NOV
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In Class: Course Eval
Final Exam Review (Bring your questions)

Due: Practice Exam

FINAL EXAM	At 3:30PM	4 DEC
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IMPORTANT NOTE:

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 are responsible for all material covered during class meetings. Students should only consult with the instructor about attendance if they anticipate missing **more than** 2 classes in a row.

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 professional 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 repeatedly talk out of turn will be invited to take the professor's place and teach the class.
3. Please use electronic devices for notetaking and responding to live polls only. If you seem distracted by your device during discussions, I will take this as a cue that you would like me to call on you.

DISRUPTIVE BEHAVIOR POLICY: The professor may withdraw students from the course for disruptive behavior (see <https://osrr.uncg.edu/faculty/disruptive-behavior/>).

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 administrators 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.

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