

Managerial Decision Making

Module 5, Summer 2019

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Course description

A lot of economic theories assume rational behavior of agents. However, the reality is different. The course addresses the question why do we have such a hard time making good choices. The goal is to understand how to establish decision making process to produce good decisions, overcoming our psychological biases, reasons for irrationalities etc. At the end of the course any participant should be able to derive decision making process that would help him to improve choices not just for business reasons but also for personal live.

Course requirements, grading, and attendance policies

The course grade will be based on 4 homework assignments: 10% - the first one and 30% others (no exam). You may discuss the assignments with other students, but you should write up each individually.

Students are required to adhere to the standards of academic ethics at NES.

Course contents

H/W 1 is due to 9:00am of the Day 1 class: summarize your current decision making process.

Day 1. Individual decision making process and cognitive biases

- Perceptual stereotyping
- Automatic and Reflective Systems
- Cognitive biases
- Emotions and decision making

H/W 2 is due to the beginning of the Day 2 class: write 3 examples from your personal experience how cognitive biases influence your decisions.

Day 2. Decision making: theory and practice.

- Perception of gains and losses
- Mental accounting
- How to improve decision making: WRAP process
- Cognitive repairs

H/W 3 is due to the beginning of the Day 3 class: write 3 decision making cases in the WRAP framework.

Day 3. Decision making in groups

- Case analysis: hiring an employee
- Groupthink: symptoms and examples
- How to improve decision making in groups

H/W 4 due to the 1 week after the Day 3 class: Write your own framework for your decision making process.

Course materials

1. Nudge by Richard H. Thaler, Cass R. Sunstein
2. Decisive by Chip & Dan Heath
3. The behavioral revolution by David Brooks
(<http://www.nytimes.com/2008/10/28/opinion/28brooks.html>)
4. Думай медленно, решай быстро, Д. Канеман
5. Cognitive repairs: how organizational practices can compensate for individual shortcomings by Chip Heath, Richard P. Larrick, and Joshua Klayman
6. Groupthink by Irvin L. Janis

Academic integrity policy

Cheating, plagiarism, and any other violations of academic ethics at NES are not tolerated.