

Course: Decision Making

Academic Year: **2013/2014**

Semester: **2nd**

Instructor(s): Irina Cojuharenco (theory and practice sessions)

Course Description:

The quality of decisions we make determines largely the quality of our lives, personal and professional. This course is an introduction to a range of decision analytic techniques aimed at handling small and big decisions and recognizing decision traps. We will look closely at the psychology of judgment and decision making. The purpose is to provide students with tools for critically analyzing decision making processes and seeing how these processes can be improved.

Understanding the consequences of various actions (decision alternatives) and the role of chance (risk) are crucial to decision making. We cover a range of perspectives on these fundamental components of decision making, from microeconomics (rational choice theory) to alternatives in fields such as artificial intelligence, consumer behavior and psychology. In addition, we discuss social aspects of decision making through topics of influence and group decision making.

Course Content:

- 1 Introduction, decision anatomy
- 2 Rational choice theory
- 3 Exercise session
- 4 Scientific Roundtable 1: Chimpanzees are rational maximizers*
- 5 Bounded rationality
- 6 Exercise session
- 7 Descriptive theories of choice (part 1)
- 8 Descriptive theories of choice (part 2)
- 9 Exercise session
- 10 Scientific Roundtable 2: Do defaults save lives?
- 11 Risk perception and probabilistic judgment (part 1)
- 12 Risk perception and probabilistic judgment (part 2)
- 13 Exercise session
- 14 Scientific Roundtable 3: Trading on illusions
- 15 Educating intuition (part 1)
- 16 Educating intuition (part 2)
- 17 Scientific Roundtable 4: Good lamps are the best police
- 18 Exercise session
- 19 Group decision making (part 1)
- 20 Group decision making (part 2)
- 21 Influence
- 22 Exercise session



23 Roundtable discussion: What have we learned

24 Final exam Q&A

*article titles are abbreviated, you can download articles from course site

Course Requirements:

Scientific Roundtables

Students will be required to read and be ready to discuss a scientific article for each of the 4 Scientific Roundtables to take place throughout the duration of the course. Students will prepare a one-page sheet for each Roundtable (the so-called *Prep Page*), summarizing the main idea/findings of the article of the day and indicating which aspects of the article they found particularly interesting, relevant, intriguing and instructive (double-spaced, Time New Roman 12, to be submitted one day prior to the day of the Scientific Roundtable) to preppage@gmail.com. Students who fail to submit a Prep Page will not be admitted to the Scientific Roundtable and will receive zero points towards attendance for that class.

Cold calls (questioning without warning) will be the norm at each Scientific Roundtable. The instructor will grade student participation at the Roundtable, and provide the necessary explanations/clarifications. Students are expected to demonstrate the ability to understand the design of a scientific study, explain the purpose and the findings of the study, as well as discuss implications of those findings. All scientific articles are devoted to topics of decision making, and they help students understand how decision-making is commonly studied.

Depending on the final class size, the format of Scientific Roundtables may change to accommodate a larger class of students.

Class participation

Participation and dialogue are welcome in this class. Students are expected to share their experience in judgment and decision making, ask and respond to questions in class, and be proactive in class exercises. Attendance is crucial because class lectures do not follow a single textbook. If you miss a class, make sure to get class notes and handouts from your colleagues and be aware that attendance will influence your class participation grade.

Final exam

The final exam will take place on _____ (“2^a Frequentia”). The make-up exam (“Exame Final”) is scheduled for _____. Admission to the make-up exam will be given to students who have attended at least 50% of the course and either failed the final exam or wish to improve their grade on the final exam. If students decide to take the make-up exam, their grade on the make-up exam will replace their overall course grade.



Grading:

Scientific Roundtables (25%)
Class participation (15%)
Final exam (60%)

Plagiarism

There is a zero tolerance policy on plagiarism. If caught plagiarizing, students will automatically fail the course.

Bibliography:

Anderson, B. (2002). *The Three Secrets of Wise Decision Making*, Single Reef Press.

Hammond, J., Keeney, R., & Raiffa H. (1999). *Smart Choices*. Harvard Business School.

Bazerman, M. H. (2001). *Judgment in Managerial Decision Making*. New York: Wiley.

Bazerman, M. H. (2001). *Smart Money Decisions: Why You Do What You Do with Money (and how to change it for the better)*. New York: Wiley.

Goodwin, P. & Wright, G. (1998). *Decision Analysis for Management Judgment*, John Wiley & Sons Ltd.

Hogarth, R. (2001). *Educating Intuition*. Chicago: The University of Chicago Press.

Klein, G. (1998). *Sources of Power: How People Make Decisions*. The MIT Press.

Makridakis, S., Hogarth, R. & Gaba, A. (2009). *Dance with Chance: Making Luck Work for You*, Oneworld Publications.

*Plous, S. (1993). *The Psychology of Judgment and Decision Making*, McGraw-Hill Humanities/Social Sciences/Languages.

Shiller, R. (2005). *Irrational Exuberance*, Random House Inc.

Thaler, R. & Sunstein, C. (2008). *Nudge: Improving Decisions About Health, Wealth, and Happiness*, The Penguin Group.

Winterfeldt, D. & Edwards, W. (1986). *Decision Analysis and Behavioral Research*, Cambridge University Press.

* suggested



Biography:

Irina Cojuharenco earned her PhD and her MSc degrees in Economics and Management at Universitat Pompeu Fabra in Barcelona (Spain). She joined Catolica Lisbon School of Business and Economics in 2007 as the assistant professor of Decision Making and Organization Studies. Since then, she has taught core undergraduate courses in organizational behavior and electives in decision making, as well as a doctoral course in Organizational Theory within the Carnegie Mellon - Portugal partnership. Her research focuses on individual judgment and decision-making in organizations, subjective well-being and organizational justice. Her work has been published in international academic journals *Organizational Behavior and Human Decision Processes*, *Journal of Occupational and Organizational Psychology*, *Journal of Business Ethics*, *Judgment and Decision Making* and the *Journal of Mathematical Psychology*, and presented at numerous international conferences.

Contact(s) and Office hours:

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