



School of Economics and Management

MGTN41, Management: Human Cognition and Decision Making, 3 credits

*Management: Human Cognition and Decision Making, 3
högskolepoäng*

Second Cycle / Avancerad nivå

Details of approval

The syllabus was approved by The Board of the Department of Business Administration on 2014-11-18 to be valid from 2015-01-19, spring semester 2015.

General Information

The course is a master level course within the Master programme of Science in Management where this course is compulsory.

Language of instruction: English

Main field of studies

Management

Depth of study relative to the degree requirements

A1N, Second cycle, has only first-cycle course/s as entry requirements

Learning outcomes

The goal of the course is to enable students to make better decisions in managerial contexts based on theories of rational choice and key behavioral insights about how people make decisions.

Knowledge and understanding

A passing grade on the course will be awarded to students who:

- demonstrate knowledge and understanding of key aspects of rational choice models
- demonstrate knowledge and understanding of common heuristics and biases in judgment and decision making
- demonstrate knowledge about how to avoid costly decision errors stemming from decision processes governed by heuristics and cognitive limitations.

Competence and skills

A passing grade on the course will be awarded to students who:

- are able to identify and analyze behavioral patterns in managerial decision contexts
- can improve and develop management and business strategies based on rational choice models and insights about cognitive processes of individuals.

Judgement and approach

A passing grade on the course will be awarded to students who:

- demonstrate an understanding of how behavioral regularities shape management practices
- demonstrate the ability to reflect on ethical aspects relating to cognition and decision making.

Course content

Successful business and management strategies depend on understanding how workers and consumers behave. This course provides a broad overview of key results in behavioral economics and related disciplines (e.g. psychology and consumer research). Specific attention is given to applications relevant for management issues. The contents of the course is divided into the following parts:

1. *Judgment and choice biases*. Examples of behavior that is generally considered as biases or mistakes such as the endowment effect, framing effects, sunk cost bias, overconfidence, dynamic inconsistency and heuristics (representativeness, anchoring, and availability). The principle of mental accounting referring to the finding that people behave as if money is not fungible and instead classified into different types of accounts.
2. *Decisions under risk*. Expected utility theory. Deviations from expected utility theory including prospect theory, which incorporates loss aversion, the principle of diminish sensitivity and probability weighting.
3. *Bounded ethicality*. The psychology of ethical dilemmas. The difference between intended and actual ethical behavior. Examples of factors that make it hard to follow ethical norms and to notice and act on unethical behavior of others.
4. *Intuition and deliberation*. This part deals with techniques to de-bias decision processes. The techniques include the use decisions trees, group decisions, brainstorming and interventions for improving ethical behavior.

Course design

The course consists of lectures, discussions and student presentations. The structure of the course is further communicated in Course Instructions (distributed separately).

Assessment

Assessment and grading are based on two parts, equally worth 50% of the final grade:

1. An individual or group assignment, which is presented and discussed at a seminar (group or individual). The focus of the assignment is on the ability to present, apply and discuss the contents of the course.
1. An individual written examination that focuses on the understanding of core concepts and models of the course.

A student who does not pass the assignment (1) will be given an extra assignment.

A student who does not pass the written examination (2) will be given opportunities for a re-sit examination.

Subcourses that are part of this course can be found in an appendix at the end of this document.

Grades

Marking scale: Fail, E, D, C, B, A.

Grade (Definition) Points or % out of maximum points. Characteristic.

A (Excellent) 85-100. A distinguished result that is excellent with regard to theoretical depth, practical relevance, analytical ability and independent thought.

B (Very good) 75-84. A very good result with regard to theoretical depth, practical relevance, analytical ability and independent thought.

C (Good) 65-74. The result is of a good standard with regard to theoretical depth, practical relevance, analytical ability and independent thought and lives up to expectations.

D (Satisfactory) 55-64. The result is of a satisfactory standard with regard to theoretical depth, practical relevance, analytical ability and independent thought.

E (Sufficient) 50-54. The result satisfies the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought, but not more.

F (U) (Fail) 0-49. The result does not meet the minimum requirements with regard to theoretical depth, practical relevance, analytical ability and independent thought.

Some occasional examination elements of the course may have the grading scale pass (D) / fail U(F).

If a written exam is included in the examination: A student who is graded Fail after two examinations on the written exam has the opportunity to request an additional task. The grade of this additional task is U or E and should be made no later than the semester following the semester when the student was registered at the course.

Plagiarism is considered to be a very serious academic offence. The University will take disciplinary actions against any kind of attempted malpractice in examinations and assessments. The penalty that may be imposed for this, and other improper practices in examinations or assessments, includes suspension from the University for a specific period of time.

Entry requirements

Students admitted to the programme Master of Science in Management, where this course is a compulsory part, are qualified for the course.

Further information

In case of closure of the course: Within three semesters after the course closure there will be offered three additional occasions for examination of respective examination part of the course, for students with no successful result. Note that after this you can get a certificate only regarding completed examination parts.

Subcourses in MGTN41, Management: Human Cognition and Decision Making

Applies from H15

- 1411 Assignment, 1,5 hp
Grading scale: Fail, Pass
- 1412 Written exam, 1,5 hp
Grading scale: Fail, Pass

Applies from V15

- 1401 Management: Human Cognition and Decision Making, 3,0 hp
Grading scale: Fail, E, D, C, B, A