

Behavioral Decision Making				
Workload	In-Class Study	Self-Study	Credit Points	Duration
125 h	56 h	69 h	5	1 Semester
1	Single courses if applicable	Semester 1.	Module Frequency Each semester	Planned Group Size 20
2	<p>Learning Outcomes/Competences</p> <p>The students know the process of human judgement and decision-making behaviour in practice, and are in a position to distinguish these from normative decision-making models. They are able to describe both the micro and macro-economic consequences of the underlying behavioural approaches.</p> <p>Students understand under which conditions specific aspects of human decision-making emerge. Furthermore, they are familiar with strategies with which targeted action can be taken to affect the architecture of decisions, in order to promote specific patterns in decision-making.</p>			
3	<p>Content</p> <p>1. Introduction to Managerial Decision Making</p> <ul style="list-style-type: none"> • The anatomy of decisions • System 1 and System 2 Thinking • Introduction to Judgmental Heuristics <p>2. Overconfidence</p> <ul style="list-style-type: none"> • Overprecision • Overestimation • Overplacement <p>3. Common Biases</p> <ul style="list-style-type: none"> • Biases emanating from the availability heuristic • Biases emanating from the confirmation heuristic • Integration and commentary <p>4. Bounded Awareness</p> <ul style="list-style-type: none"> • Inattentional Blindness • Change Blindness • Bounded Awareness in groups <p>5. Framing and Reversals of Preference</p> <ul style="list-style-type: none"> • Framing and the irrationality of the sum of our choices • Framing and the overselling of insurance <p>6. Motivational and Emotional Influences on Decision Making</p> <ul style="list-style-type: none"> • When emotion and cognition collide • Self-serving reasoning <p>7. The Escalation of Commitment</p> <ul style="list-style-type: none"> • The unilateral escalation paradigm • Why does escalation occur? <p>8. Fairness and Ethics in Decision Making</p> <ul style="list-style-type: none"> • Perception of fairness • Overclaiming credit • Implicit attitudes 			

	<ul style="list-style-type: none"> • When values seem sacred <p>9. Common Investment Mistakes</p> <ul style="list-style-type: none"> • Active trading • Action steps <p>10. Making Rational Decisions in Negotiation</p> <ul style="list-style-type: none"> • Claiming value in negotiation • Creating value in negotiation • The tools of value creation <p>11. Negotiator Cognition</p> <ul style="list-style-type: none"> • Escalation of conflict • Overestimating your values in negotiation • Anchoring in negotiation <p>12. Improving Decision Making</p> <ul style="list-style-type: none"> • Strategy 1: Use Decision Analysis Tools • Strategy 2: Acquire Expertise • Strategy 3: Debias Your Judgment • Strategy 4: Reason Analogically • Strategy 5: Take an Outsider's View • Strategy 6: Understand Biases in Others • Strategy 7: Nudge Wiser and More Ethical Decisions <p>Case Studies</p>
4	<p>Teaching Method(s)</p> <p>In-class study: Lecture and seminar with literature study guidance. Self-Study: Literature study and preparation of lectures, presentations and project reports Language: English.</p>
5	<p>Prerequisites</p> <p>For this module there are no prerequisites.</p>
6	<p>Assessment method(s)</p> <p>Students complete this module by passing a written exam, which comprises 90 minutes.</p>
7	<p>Prerequisites for the award of ECTS points</p> <p>A pass in this module is achieved when the overall grade is greater than or equal to 4.0.</p>
8	<p>Use of this module within the study program</p> <p>This module contains topics that enhance the contents of the subject areas Digital Management und General Management. This module is currently taught in no other master's programs.</p>
9	<p>Grade Weighting</p> <p>5/120 ECTS Credit Points</p>
10	<p>Module Coordinator(s)</p> <p>Prof. Dr. Richard C. Geibel</p>

11

Course literature

Bazerman, Max; Moore, Don (2013): Judgment in Managerial Decision Making, 8th edition, Boston

Further literature

Ariely, D. (2008): Predictably Irrational, New York

Ariely, D. (2010): The Upside of Irrationality. The Unexpected Benefits of Defying. Logic at Work and at Home, New York

Baron, J. (2008): Thinking and Deciding, 4. Aufl., New York

Gigerenzer, G., Hertwig, R., & Pachur, T. (Hrsg.) (2011): Heuristics: The Foundation of Adaptive Behavior, Oxford

Kahneman, D. (2011): Thinking, fast and slow, 15. Aufl., New York

Thaler, R., & Sunstein C. (2009): Nudge – Improving decisions about health, wealth and happiness, London