Emory University
Goizueta Business School
BUS654P – Managerial Reasoning and Rationality (Spr 2007)

Instructor: MJ Prietula, Professor, GBS 410, prietula@bus.emory.edu
Course: Wed (6.30pm-9.15pm); GBS Room 334
Hours: Wed (before/after class), Most other days (arrange via email)

Every aspect of your life is surrounded by decisions -- those made by you and those made by others. How do people interpret situations and data as they do? Why do people (and groups) make mistakes? What role does knowledge play? What about biases? What are decision traps? How can we avoid them? What should we know about emotion, deception and lying? What do we know of the psychological and neurological mechanisms underlying economic, risk, social and ethical decisions? What influences us? Is there a psychology of leadership, innovation & creativity? What are the myths to be dissolved? What is the psychology of thought? What is the psychology of trust? What is the psychology of expertise? What is the psychology of technology – why do we yell at computers?

As your career grows, your decisions will become more and more important. Many of them will entail considerable risk. Many will also involve potential competition. Most of them will be neither clear-cut nor obvious. You have acquired the tools of rationality. In this course we will examine the bounds of rationality and how decisions (and problems) are made under the influence of those bounds. My goal in the course is to examine both how you currently make your decisions and how a variety of methods will allow you to significantly improve your decision making and problem solving skills. All this comes from the enormous amount of research in the last few years about how people make decisions and solve problems, and how they can make their decisions and problem solving better.

These are all important questions regardless of whether you're trying to lead a team or a firm, to determine organizational processes or workflow, or to simply improve your own decision making capabilities. While numerical models that support decisions can be critical to management, the nuances of human behavior cannot be ignored in the real-world. To be an effective leader, it is essential to understand the limits and constraints on reasoning in this tech-heavy, time-critical world. Through cases, exercises, readings, and presentations, you will get a toolbox of methods, mechanisms, and guidelines for you to bring to bear on your daily encounters with the complex, dynamical and uncertain world of business.

You all have varied experiences, which are important to this course: learn from each other. Thus one key role that I play is that of a conductor or a moderator. Our classes will be a combination of exercises, discussions, and analysis. By asking you to work through problems and make many decisions, we will try to highlight some of the underlying tendencies that many people - including you and me - often display. This way we can build a deep understanding of the decision and problem solving processes.
Class Procedures: This class will be interactive and require your presence and informed participation, where discussion is supported and placed in the context of the readings and assignments.

Grading:

<table>
<thead>
<tr>
<th>Assignments (7)</th>
<th>70%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Final Exam</td>
<td>20%</td>
</tr>
<tr>
<td>Participation, etc.</td>
<td>10%+-</td>
</tr>
</tbody>
</table>

There will be seven homework assignments. Some will be individual; some will involve group work. Participation will include “informed student led” discussions by teams of two students (I will randomly assign the pairings). There will be a cumulative final exam, and a study guide will be provided. The exam will be in-class, but open book and open notes.

Computer/Phone Policy.

Please do not use laptops during class unless requested to do so by the instructor. Please turn off all audible alarms and ringers on cellular phones.

Attendance.

Attendance is, of course, required, and so is presence which is demonstrated by informed participation.

Rules of Presence.

You are expected to participate in class discussions.
You have a right to your opinion and may express it.
You must grant that right to others.

Cold Calls

The policy for the class is to assume you are prepared and I will call on you to summarize, lead the class on a topic, or generate discussion questions. If you are not prepared, please inform me prior to the start of class.

Ethics and Code of Conduct

All students are expected to adhere to the Emory Honor Code.

Class Conference

You are expected to monitor the class conference for important (and not so important) information.
Readings

The readings specified are the core readings. As the course unfolds, I will supply additional readings depending on emerging interests and current events. There are Harvard Business Review readings and required cases, but the cases will be handed out in class (www.study.net). If you have difficulty getting the readings, please let me know.

- http://ereserves.library.emory.edu/business
- http://www.study.net
## Schedule Summary

<table>
<thead>
<tr>
<th>Week</th>
<th>Date</th>
<th>Topics</th>
</tr>
</thead>
</table>
| 1    | Jan 31 | “Who am I and Why am I here?”  
Introduction and expectations  
In-class case: *Why not?*  
Assignment: Hand out Assignment 1 |
| 2    | Feb 7  | Using Available & Representative Information  
In-class case: *What happened?*  
Assignment: Assignment 1 due, Hand out Assignment 2 |
| 3    | Feb 14 | Representativeness & Beyond  
In-class case: *Which one?*  
Assignment: Assignment 2 due, Hand out Assignment 3, Assignment 4 |
| 4    | Feb 21 | Thinking about Risk, Randomness, & Reward (probably)  
In-class case: *Go?*  
Assignment: Assignment 3 due, Hand out Assignment 4, 5 |
| 5    | Feb 28 | Error Day  
In-class case: *A Chat*  
Assignment: Assignment 4 due |
| 6    | Mar 7  | The Expert Way  
In-class case: *Thoughts*  
Assignment: Assignment 5 due |
| 7    | Mar 21 | The Psychology of Leadership & Creativity (?)  
In-class case: [none]  
Assignment due: None |
| 8    | Mar 28 | Emotions, Lies, Trust & Deception  
In-class case: *Who? What? About Face.*  
Assignment: Hand out Assignment 6, Hand out Assignment 7 |
| 9    | Apr 4  | The Psychology of Technology  
In-class case: [none]  
Assignment: Assignment 6 due |

*Mar 12-16*  
Spring Break (No Meetings)*
<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>In-class Case</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr 11</td>
<td>Norms, Dilemmas, Laws &amp; Traps</td>
<td>Mmmm...cereal.</td>
<td>[none]</td>
</tr>
<tr>
<td>Apr 18</td>
<td>The Psychology of Ethics?</td>
<td>Which one?</td>
<td>Assignment 7 due</td>
</tr>
<tr>
<td>Apr 25</td>
<td>Exam: In class, Open Notes</td>
<td></td>
<td>Assigned Readings: All</td>
</tr>
</tbody>
</table>
Core Reading List

Heuristics


Cognition & Reasoning


McCloskey, M. (1983). Intuitive physics, Scientific American, April, 114-123. [to be handed out]


Dealing with Others


**Others**

