

70-386: Applied Behavioral Decision Making For Business

Fall 2016
Updated August 21, 2016

Instructor: John Gasper

Office: CMUQ 2160

Email: gasper@qatar.cmu.edu

Course Time / Location:

Sunday, Tuesday, and Thursday 1:30-2:50pm;

Rooms CMB 2049

Office Hours: Tues 10:30-12pm & by appointment

In general, I have an open door policy: if my door is open and I'm not meeting with someone, you are welcome to come in and meet with me. If my door is closed, I am not available (out of the office, working, etc). On non-teaching days, I'm often quite busy with research and not available. I highly encourage you to schedule an appointment to make sure I'm free. Please, don't interpret a closed door as me not wanting to meet with you. I do; just send me an email to schedule some time.

Required Materials:

- Judgement in Managerial Decision Making, by Bazerman & Moore. [JMDM]
- A Course in Behavioral Economics, by Erik Angner. [BE]
- Various handouts distributed during class

Course Description and Goals

This course is intended to give future managers, consultants, and policy makers an introduction to the insights and applications of behavioral decision making. Behavioral decision making is the interdisciplinary study of how people make decisions. It draws together research from psychology, economics, political science, and management to address topics including heuristics and biases in inference and prediction, risk perceptions and attitudes, and the roles of group and emotional processes in decision making. This behavioral approach is different than the traditional approach of how people “*should*” make decisions. The *should* aspect is often the content of economics and decision theory. Studying how people actually make decisions is the province of Behavioral Decision Research. Once we understand how people make decisions, we can help people make better decisions.

This is a new course and is still very much in development, and the syllabus will almost surely change as we progress. That said, the underlying goals of the course will remain:

- Learn about the field of behavioral decision making, including its major findings.
- Examine the generality of these results and their application to managerial and policy decision making
- Acquire practical skills for making better decisions.

Finally, this course is a 6-unit mini, which means that it should be the same workload as a 12-unit full semester course. We have a lot of material to cover and only seven weeks. Therefore, we will be going at a rather fast pace. For example, we’ll be covering almost a chapter per class meeting. Below you’ll find a tentative outline of the course and the details of how grades will be assigned.

Attendance and participation

It is easy to take the attitude that your job (and mine) is accomplished with your mastery of the material of the course, and consequently that I need not bother with whether you show up for class. Realistically, we know that in general the vast majority of students who feel they don’t need to come to class are mistaken, but only find that out, to their shock, as they do poorly on exams. This course is a mini course with lots of material to cover. The pace of the course will be fast. If you miss a class, you will be substantially behind. I will expect you in class and I expect you on time. This not an “easy” course and a large part of the lecture material will not come from the text. The exams will cover both sets of material.

More importantly, your class participation also provides important feedback to me regarding how well topics are getting across. If something that isn’t clear to you, please let me know. You are probably not the only one. Attendance is necessary, but not sufficient for effective participation, which also requires actively engaging the material. That said, if you feel uncomfortable about class participation either in general or for specific topics, see come talk to me and we’ll find some way around it.

I will also make an effort to get to know you. It is also fair to say that those who sit near the front and participate in class will get the benefit of the doubt when their grades are

below a borderline. During the first week of class, I ask that you schedule an appointment with me and come by my office. Early in the first week of the semester I will pass around a sheet with available times. These meetings will probably only last about 10 minutes but I find them incredibly valuable. I feel that I can best present material to you only after I know you.

Cell phones and laptops

I understand that many of you will use a laptop to take notes during the lecture. This is fine. I am also willing to venture a guess that many of you will be tempted to check your email, the news, etc. This is not fine. It's distracting to me and more importantly your fellow students.

I also ask that you turn off your cell phone during class. If there is an emergency and you might need to be contacted, please talk to me before class. Otherwise there should be no reason to hear a phone ring or see someone send a text. Text messages and phone calls during class are very distracting and disrespectful to me and your other students. If you are surfing the internet, texting, etc, during class you will be asked to leave.

Course Logistics

This course has a Piazza site. The sites should set up and functioning. Our class page can be accessed via the following URL:

piazza.com/qatar.cmu/fall2016/70386/home

Handouts, problem sets, updated syllabi and announcements will be posted to Piazza and you are responsible for checking the site regularly. I will also maintain the Piazza discussion board. If you have any questions about the techniques, problem sets, etc, ask them on the discussion board. It has been my experience that one of the best ways to learn something is to try to explain it to someone else. So *I will expect you to try to answer the questions that other students ask*; doing so will aid the participation element of your grade.

I welcome questions during class: if you have a question or a comment, please let me know. I will generally pause after each slide and ask if there are any questions. *Please feel encouraged to raise questions during class*. I'm also fairly accessible via email, but you shouldn't expect a reply immediately (usually within 24 hours).

Academic Integrity

You should feel encouraged to talk with your class mates about the problems on the problem sets, but do not copy even parts of someone else's work. In addition, please see the attached QBA Classroom Conduct document. These are the expectations for all students taking a business course at CMU-Qatar. You'll be expected to follow all of those policies in addition to the general CMU policy on academic integrity.

The CMU-Q policy on cheating and plagiarism has been updated and I would like to point out the following text: *In all academic work to be graded, the citation of all sources is*

required. When collaboration or assistance is permitted by the course instructor(s) or when a student uses the services provided by Academic Development, the Global Communication Center, and the Academic Resource Center (CMU-Q), the acknowledgement of any collaboration or assistance is likewise required. This citation and acknowledgement must be incorporated into the work submitted and not separately or at a later point in time. Failure to do so is dishonest and is subject to disciplinary action.

I am very sensitive to cheating and plagiarism; my policy is that cheating of any kind will not be tolerated. **If I suspect an academic integrity violation, I will report it to the CMU-Q administration and you will be penalized one letter grade off of your final grade.** If you have any doubt about your actions, please ask me. I strongly encourage you to review Carnegie Mellon's policies regarding academic integrity. A good online source for the academic integrity policy is:

<http://www.cmu.edu/academic-integrity/index.html>

Grades

Each student's grade for the course will be based on the following:

1. *Participation* 5%
2. *Problem Sets* 15%
3. *Paper Presentation* 15%
4. *Midterm Exam* 15%
5. *Comprehensive Final Exam* 20%
6. *Quizzes* 10% each (best 3 of 4: total 30%)

There will be weekly problem sets distributed, and these will be the best way to study for the quizzes and exams. I will also occasionally give questionnaires in class. Your honest completion of these questionnaires will count toward your participation in the course. They won't be announced, and if you miss a class you can not fill in the questionnaire at a later time.

Mastery of the material will be gauged via in-class quizzes and exams. There will be four quizzes, of which the best three will count toward your final grade. There will also be two scheduled exams during the mini.

You will also be assigned a group that will be responsible for leading discussion and presenting a research paper that has been published on a topic of the course. The presentation of the paper itself should last about 10-15 minutes and you'll be responsible for leading a classroom discussion about it for the remaining 15-20 minutes. Your group is required to come meet with me to discuss the paper at least two days before class, and this meeting will count for a third of the grade on your presentation.

I know that your schedule during the semester can be hectic. I also know that various events can happen during the semester that make finishing projects on time difficult. I also, however, expect you to know these things as well. I have a no extensions and no make-up policy, unless it is a university approved absence.

Weekly readings and course outline

The course schedule is tentative and will almost surely change a little (but hopefully not much). When there are changes, I'll update the syllabus and make an announcement in class. You are responsible for keeping current on the latest version and paying attention to announcements made in class.

Class	Day	Date	Topic	Reading	Assignment
1	Sun	21-Aug	Intro	BE Intro	
2	Tues	23-Aug	Overconfidence	JMDM 2;	
3	Thur	25-Aug	Common Biases	JMDM p31-46; BE 5.4, 5.6	PS1 due
4	Sun	28-Aug	Common Biases	JMDM p47-60; BE 3.6	Quiz
5	Tues	30-Aug	Common Biases	JMDM 4	
6	Thur	1-Sep	Framing	JMDM 5; BE 7.2	PS2 due; presentation
7	Sun	4-Sep	Prospect Theory		Quiz
8	Tues	6-Sep	Prospect Theory	handout	
9	Thur	8-Sep	EXAM		Exam
	Sun	11-Sep	Eid		
	Tues	13-Sep			
	Thur	15-Sep			
10	Sun	18-Sep	Mental Accounting	handout	
11	Tues	20-Sep	Mental Accounting	handout	
12	Thur	22-Sep	Intertemporal Choice 1		PS3 due; presentation
13	Sun	25-Sep	Intertemporal Choice 2		Quiz
14	Tues	27-Sep	Behavioral Finance 1		
15	Thur	29-Sep	Behavioral Finance 2 /BGT		PS4 due; presentation
16	Sun	2-Oct	Behavioral Game Theory		Quiz
17	Tues	4-Oct	Behavioral Game Theory		
18	Thur	6-Oct	WEIRD Subjects		PS5 due; presentation
19	Sun	9-Oct	Improving Decision Making	handout	
20	Tues	11-Oct	Improving Decision Making		
21	Thur	13-Oct	EXAM		Exam



QBA
Classroom Conduct
Fall 2016

Carnegie
Mellon
University
Qatar

The Qatar Business Administration Program maintains high expectations for student classroom conduct. Your professors will hold you to these standards. We believe that these standards create an environment that is most conducive to learning. This behavior also reflects common business culture. As CMU Qatar Business Administration students, part of your business education is to model the behavior that you will demonstrate in the workplace. Your professors may add specific guidelines to some of these expectations in syllabi and course policies, but these points will be the baseline for all of your QBA courses throughout your degree pursuit.

QBA students attend all scheduled classes. Unless the professor explicitly states that other ways of completing the work are acceptable, you must attend all scheduled classes. If you are unable to attend class, you are expected to contact the faculty member in advance. If you miss class, you are expected to contact your professor at the first possible opportunity. It is your responsibility—not the professor’s—to ensure that any assignments, handouts, notes, etc. are obtained prior to the next scheduled class. Professors will likely add additional detail to their attendance policies, which may include grade implications. Be sure that you understand attendance policies in each of your classes.

QBA students attend class on time. In common business culture, punctuality is an important part of showing respect for your colleagues and business partners. Showing up late for a meeting tells the others involved that you do not place much value on their time. QBA students will demonstrate respect for their courses, classmates and professors by arriving for class early enough to get settled and prepared *before* the scheduled meeting time. The consequences of tardiness, absence from class or late work are at the discretion of the professor and may include impact on grades. Specific policies can most often be found in your syllabus. To avoid disruption, professors reserve the right to deny tardy students admission to the classroom. Faculty members are expected to be alert to absenteeism detrimental to a student’s performance and to call such cases to the attention of program administration.

QBA students remain in class once it has begun. Just as arriving late for a class, meeting or presentation disrupts, so, too, does leaving in the middle. Professors, managers and speakers may take it as a sign of disrespect or disinterest. You know your class schedule well in advance, so be sure to set your priorities in a way that reflects your responsibility to your educational goals. The class day provides many opportunities for breaks; you should rarely require one in the middle of a class session. In some specific instances, by the policy of your professor, exams and quizzes for example, you may not be allowed to reenter the room if you leave.

QBA students come to class prepared. Your professors will expect you to arrive in class prepared for that day's work. You will be expected to have completed the readings, case preparations and other assignments prior to each class session. A Tepper business education is not a passive process; to get the most from your education, you must actively engage the process at every turn. You will have many opportunities to participate in your classes in a variety of ways, and if you have not done the work, you will have little to offer. In some cases, final grades have a class participation component. You can reasonably expect "cold-calling" in some of your classes. Preparation also includes arriving with the materials that you will need. Bringing a notebook, writing implement, texts and other materials signals to your professor and classmates that you are ready to engage that day's topic; arriving empty-handed signals the opposite.

QBA students use electronics in the classroom only for class purposes. Laptops are to be closed. When class is in session, you may use your laptop only as directed by your professor. You should not check email, tweet, text, play games, or surf the Internet, any activity that diminishes your or your classmates' engagement with the classroom content and process. If you are unsure whether a given activity is appropriate, ask your professor. *This policy extends to all electronic devices.* Be sure that your phones and tablets are silenced and stowed before the class begins. Professors may add specific limits on the sharing or use of personal electronics in exam situations.

QBA students adhere to the CMU Policy on Academic Integrity. As a Carnegie Mellon University, Qatar Business Administration student, you will be held to the highest standards of academic integrity. Your professors and others will help you to fully understand what this means, but in the simplest terms, representing someone else's work as your own or helping someone else to do so violates academic integrity. For example, not crediting a source in a research paper, copying a classmate's homework and sharing answers on a quiz are plagiarism or cheating, violations of the rules of academic integrity. Providing or using unauthorized graded work and answer keys from previous course offerings constitutes "Unauthorized Assistance;" students providing the materials and students receiving the materials *both* are violating academic integrity standards. Taking credit for the work of teammates while contributing none, sometimes called "freeriding," likely violates academic integrity standards in that course. Be aware that the university policy on academic integrity, in addition to providing institution-wide standards, gives instructors the ability to determine what is appropriate in each of their courses. **It is absolutely crucial for students to know the expectations for each of their courses and to ask before they act in instances where the expectations are unclear.**

Your business faculty is dedicated to creating avenues for your academic success; we want you to get the most powerful education you can. However, should you choose to disregard university integrity standards, the faculty is committed to closely following university and campus policies for reporting violations and pursuing appropriate academic disciplinary actions. The university will tolerate no violation. Penalties can severely impact your success in a course or even progress toward your degree. Before you make a bad decision, speak to a professor and find a better path. All of your academic and behavioral responsibilities are detailed in the *Q-Word Student Handbook* and the *CMU Undergraduate Catalog*, both available online. Answers to many of your questions can be found there.