



APPLIES TO ACADEMIC YEAR 2011/2012

## GRA 2204 Judgment and Decision Making in Organizations

### Programme

Master of Science in Business and Economics, Master of Science in Business and Economics (HRM), Master of Science in Leadership and Organizational Psychology, Specialization Course

### Responsible for the course

Thorvald Hærem

### Department

Department of Leadership and Organizational Behaviour

### Term

According to study plan

### ECTS Credits

6

### Language of instruction

English

### Introduction

Despite the fact that decision-making is an integrative part of most managers' professional lives, most managers have never had any systematic training in how to make decisions. Judgment and decision making research shows that decision makers repeatedly make the same types of mistakes and errors when making decisions. By focusing on decision making failures and how decisions are actually made by individuals, groups and organizations, the objective of this course is to improve participants' ability to make decision, as well as their capacity to observe and learn from decision-making processes.

### Learning outcome

#### KNOWLEDGE

Understand the concept of decision making

Know about the cognitive foundations for decision making

Know fundamental flaws in assumptions of rational decision making models

Understand the relevance and scope of behavioral decision making at different levels of aggregation, for micro to macro

Know about important heuristics and decision making techniques

Know about individual differences and implications for decision making

Understand implications for organizing for decision making in organizations

#### SKILLS

Be able to identify decision traps

Reflect upon the decision making process on the fly

Know techniques to avoid the most important decision traps

Know how to use appropriate measures mitigating against conditions that may trigger flawed decision making processes

Being aware of the shifting of "cognitive gears" in decision making processes

Being able to diagnose threats to faulty decision making processes in groups

#### REFLECTION

Developed a measured understanding about the relevance and scope of decision making in business

Be able to understand how decision making processes can be demystified

Have a realistic and empirically based attitude to the strengths and limits of human information processing in decision making processes

Developed a measured and empirically based understanding of how micro and macro conditions may interact to facilitate and inhibit effective decision making processes in a business context

Be able to identify the differences in decision process and decision outcome and reflect on the implications for management

### Prerequisites

Bachelor degree in Business, Marketing or eq. qualifying for admission to the MSc Programme

### Compulsory reading

#### Books:

Plous, Scott. 1993. The psychology of judgment and decision making. McGraw-Hill

**Collection of articles:**

A collection of research articles will be made available before the course starts

**Other:**

During the course there may be hand-outs and other material on additional topics relevant for the course and the examination.

**Recommended reading****Books:**

Bazerman, Max H. 1999. Smart money decisions : why you do what you do with money (and how to change for the better). John Wiley & Sons

Bazerman, Max H., Don A. Moore. 2009. Judgment in managerial decision making. 7th ed. Wiley

Mitroff, Ian I. 1998. Smart thinking for crazy times : the art of solving the right problems. Berrett-Koehler Publishers

Russo, J. Edward and Paul J. H. Schoemaker. 1989. Decision traps : ten barriers to brilliant decision-making and how to overcome them. Simon & Schuster

**Course outline**

- The psychological foundations of judgment and decision-making
- Problem formulation and psychological context
- Normative and descriptive models of individual judgment and decision making
- Cognitive heuristics and biases
- Individual differences in judgment and decision-making
- Group dynamics and group decision-making
- Strategic and organizational decisions
- Decision making tools

**Computer-based tools**

Presentation tool such as PowerPoint. It's learning/homepage.

**Learning process and workload**

The course is structured as a combination of lectures, discussions, in-class activities, and compulsory student presentations. It requires substantial amount of preparation by the students and active involvement during class. A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

Please note that it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

**Examination**

30% - Class based activities (in the form of a mix of some/ all of the following: hand in of case write ups, participation in computerbased simulations, and homeworks; case presentations and class participation; in class midterm and quizzes).

70% - Term paper (group work)

In this course class attendance is mandatory. Unexcused absence can result in a lower score. Specific information regarding student evaluation beyond the information given in the course description will be provided in class. This information may be relevant to requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course. You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site in It's learning.

**Examination code(s)**

GRA22044 accounts for 100% of the final grade in the course GRA 2204.

**Examination support materials**

Exam aids at written examinations are explained under exam information in our web-based Student Handbook. Please note use of calculator and dictionary.  
<http://www.bi.edu/studenthandbook/examaids>

**Re-sit examination**

It is only possible to retake an examination when the course is next taught.

The assessment in some courses is based on more than one exam code.

Where this is the case, you may retake only the assessed components of one of these exam codes.

Where this is not the case, all of the assessed components of the course must be retaken.

All retaken examinations will incur an additional fee.

**Additional information****Honor Code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.