OIDD 290: Decision Processes
Syllabus (Fall 2019)

Instructor: Professor Alice Moon
Class Meetings: Tu & Th 10:30am-12pm, B11 Vance Hall
                         1:30-3pm, B11 Vance Hall
                         3-4:30pm, B11 Vance Hall
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Course Overview:
This course has two objectives:
The first is to improve the quality of your decisions. While intuition often serves us well, there are many decision traps that we tend to fall into on a repeated basis. Although each decision is unique and poses its own special problems, there are many commonalities across decisions. This course will teach you how to be aware of and to avoid common decision-making errors and systematic biases in your own decision-making.

The second is to improve your ability to predict and influence the behavior of others. Managers, consumers, investors, and negotiators all make predictable mistakes. Therefore, by understanding the psychology behind how people decide and behave, you can gain a competitive advantage to motivate desired behavior in others. This course accomplishes this by expanding the rather limited toolbox provided by standard economics (incentives and education) to include tools of influence prescribed by a realistic understanding of human behavior.

Course Readings:
There is no textbook for this course. Instead, I have compiled a list of required readings, which are posted on Canvas according to their due dates (on the Penn Library Course Reserves or online, depending on the reading). Whenever possible, I have chosen readings that are policy and/or management relevant, that are well-written and interesting, and that facilitate your understanding of one or more of the core concepts of this course.

Grading Criteria:
Surveys / Written Assignments	15%
Quizzes	25%
Exam 1	20%
Exam 2	20%
Final Project	20%

Surveys/Written Assignments: During the semester, I will periodically ask you to complete online surveys, to submit written answers to discussion questions, or to collect data out of class. You will receive the maximum grade for an on-time, excellent assignment and a 0 for a missed or unsatisfactory assignment. These assignments will be described in more detail as they come up throughout the semester and are available on Canvas.

Quizzes: Every class for which readings are assigned, there will be a 45% chance of having to

take a short quiz that tests your knowledge of the readings assigned that day. Whether or not you have a quiz will be determined by a random number generator. Thus, having a quiz one day is not predictive of whether you will have a quiz the next day (i.e., don't fall prey to the gambler's fallacy!). These quizzes are designed to ensure that you have carefully read and retained all that you have been assigned to read. Most of the quizzes will require you to summarize and/or analyze the readings. Each quiz will be graded on a scale ranging from 0 to 2. You will receive a 0 if you are absent <u>or late</u> for a quiz. Your lowest quiz score will be dropped.

You can also "erase" up to 3 quizzes from your record (as though there was no quiz for your section) if, <u>prior</u> to the start of class, you submit a well-written summary and analysis of the readings that you missed ("Erased Quiz Analysis"). You should submit this summary via email to the TA team (oidd290-fall2019@wharton.upenn.edu). This document should include ~250 words of summary and ~250 words of thoughtful analysis that shows that you have carefully read and understood the assigned reading(s), and that you put time, thought, and effort into your summary. It is not to exceed one single-spaced page, using 12-point Times New Roman font and one-inch margins. An obviously slipshod, last-minute effort <u>will not</u> be accepted, and *neither will a summary submitted after the start of class.*

Late/Make-up assignments: There will be <u>**no**</u> make-up assignments or retroactive summaries for missed quizzes or written assignments. Late assignments will receive half credit if received within 24 hours after the assignment was due.

Exams: There will be two exams. Each will contain 5-8 short-answer questions and will be administered in class.

Group Project/Presentation: Everyone will take part in a group project (3-4 people per group) that will involve applying an idea from the first two thirds of this course to a managerial problem. Groups will develop a proposed behavioral intervention to solve a managerial problem at a particular organization and will develop an argument for why their proposal should be implemented by the organization in question. For example, a managerial problem of interest might be high rates of worker absenteeism in a specific US manufacturing facility. A behavioral intervention to address the problem might involve mailings to workers emphasizing low absenteeism rates among their peers. Your group would put together a compelling proposal designed to convince management at the manufacturing company that they should implement your intervention and detailing both how to deploy it and how to measure its effectiveness. Groups must research their managerial setting in detail, define the problem to be addressed, describe their proposed intervention, provide a brief review of past research that gave rise to the proposed intervention, and describe the methods that are proposed for evaluating the effectiveness of the intervention.

• PRELIMINARY GROUP SELECTION (*October 1st*): Please plan to sign-up online with the group you plan to work with on your final project by October 1st.

• PROPOSAL (*October 24th*): Each group must submit a 1-page, single-spaced summary of their planned project by October 24th. I will provide feedback on these project proposals. Prior to

submitting this assignment each group should plan on meeting with me to talk through several ideas and choose the best one to work on.

• PRESENTATIONS (*November 26th and December 3rd*): On these two days of class, each group will have between 5 and 15 minutes (depending on the final number of groups) to present their project to the class.

• PAPERS (*Due December 5th*): Each group must submit a 5-page, single-spaced paper providing a description of their project.

Lecture Slides: Lecture slides will be posted by 5pm the day after lecture.

Optional contest: I like including relevant examples into lectures (e.g., video clips, comics, news articles, etc. illustrating concepts from the course). Throughout the semester, if you come across a relevant example, please share it with me. As incentive to do so, the three students who shared the best examples across all sections by November 21 will receive 1% extra credit.

Class Policies:
Laptop/Cell Phone Policy: This class does not require any use of your computers or the internet, so I do not expect there to be any open laptops or Wi-Fi use during class. Please see me if you have a special need that requires a laptop during class.

Late Adds: Given the no-makeup-assignment policy and the number of assignments due within the first couple of weeks of the course, there will be no adds after September 3.

Name Tents: Please display your name tent throughout the semester. I like to have an interactive classroom, and a name tent helps me to remember your names.

Leaving Class Early/Switching Sections: If you need to leave class early, you must let me know by telling me in person right before class; you do not have to email me in advance. Note: if you leave class before the last 20 minutes for a non-emergency reason, you will receive a 0 on the quiz *even if you have already taken it.* That is, unless you submit a summary of the reading(s) prior to the start of class, you will earn a 0 on a quiz if your section has one.

Similarly, if you decide to switch sections on a given class day, you will need to submit a summary of the reading(s) prior to the start of class or you will earn a 0 on a quiz if your section has one. Thus, the only benefit to switching sections is to be present for the lecture in the event that you cannot make it to your section.

Respect in the Classroom: Be respectful of other people's comments/questions in class. A disrespectful tone will not be tolerated; I reserve the right to ask you to leave the class if I deem your behavior to be disrespectful, disruptive, or unacceptable.

In the class schedule below, there is a list of topics and assignments. The readings and assignments are sorted by <u>due date</u> rather than by topic.

Class Schedule (As of 8/20/19. Subject to change.)

<u>Date</u>	<u>Topic</u>	<u>Assignments Due</u>
Aug. 27	Introduction	
Aug. 29	Understanding Evidence: *How to be evidence-based*	Evidence-based Management (Pfeffer) When Evidence Says No, But Doctors Say Yes (Epstein)
Sep. 3	Understanding Evidence: *How to be evidence-based II*	*Survey #1 due Mon, Sept 2* How Little We Know (Rosenzweig) The A/B Test (Christian)
Sep. 5	Understanding Evidence: *What data looks like*	*Correlations-As-Causes Assignment* The Cancer Cluster Myth (Gawande) The Odds of That (Belkin)
Sep. 10	Understanding Evidence *What data looks like II*	*Survey #2 due Mon, Sept 9* What If Games Were Shorter? (Simmons) Science Isn't Broken (Aschwanden)
Sep. 12	Understanding Evidence: *What data looks like III*	The Triumph of Mediocrity (Ellenberg) Why the Biggest Winners are Almost Always Lucky (Frank)
Sep. 17	Heuristics & Biases	*Data Analysis Assignment* How Doctors Think (Groopman) Dropping Anchor (Belsky)
Sep. 19	Heuristics & Biases II	Connecting the Dots (Gladwell) Why is the Media Biased Against Us, Not Them? (Cohen)
Sep. 24	Motivated/Confirmatory Reasoning	Dr. Drug Rep (Calat) This Article Won't Change Your Mind (Beck)
Sep. 26	Overconfidence	*Anchoring Data Collection Assignment* Are You Smarter Than A Television Pundit? (Silver) Delusions of Success (Lovallo)
Oct. 1	*Guest Lecture: Jennifer Shahade (Pro Poker Player and Woman Grand Master in Chess)*	*Group Sign-Ups*
Oct. 3	EXAM #1	
Oct. 8	NO CLASS	
Oct. 10	**FALL BREAK**	
Oct. 15	Intuitive vs. Statistical Decision Making I	Blink, *Introduction & Thin Slices* (Gladwell) The Power of Intuition (Klein)

Oct. 17	Intuitive vs. Statistical Decision Making II	Your Faulty Gut (Stephens-Davidowitz) Noise (Kahneman) Who's on First? (Thaler)
Oct. 22	Combining Opinions	*Survey #3 due Mon, Oct 21* The Wisdom of Crowds (Surowiecki) Polarization: One Reason Groups Fail (Hastie)
Oct. 24	The Psychology of Choice: *Reason-based Choice*	*Group Project Proposal* Reversals (Kahneman) The Truth About Relativity (Ariely)
Oct. 29	The Psychology of Choice: *Prospect Theory*	Prospect Theory (Kahneman) When Six of One Isn't Half A Dozen of Another (Belsky)
Oct. 31	The Psychology of Choice: *Mental Accounting*	Bitter Money & Christmas Clubs (Surowiecki) Knowing When to Pull the Plug (Staw)
Nov. 5	The Power of Social Influence	When Doctors Make Mistakes (Gawande) You Need Hands (Underhill)
Nov. 7	*Guest Lecture: Rebecca Hetey (Associate Director of Criminal Justice Partnerships)*	*Prospect Theory Assignment*
Nov. 12	EXAM #2	
Nov. 14	NO CLASS	
Nov. 19	PREP FOR FINAL PRESENTATIONS	
Nov. 21	Nudges and Behavior Change	*Survey #4* Nudge, *Introduction* (Thaler) Nudge, *Objections* (Thaler)
Nov. 26	FINAL PROJECT PRESENTATIONS	
Nov. 28	**THANKSGIVING DAY**	
Dec. 3	FINAL PROJECT PRESENTATIONS	
Dec. 5	Goals & Performance / Conclusions	*Final Papers* Pre-Commitment Devices (Akst)