

School of Management

**MGMT 401 / MMMS 511 Managerial Decision Processes**

Trimester One 2012

**COURSE OUTLINE**

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**NAMES AND CONTACT DETAILS**

**COURSE COORDINATOR**

Professor John Davies  
Room: RH920, Rutherford House  
Phone: 463 5382  
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**Academic STAFF**

Dr Arun Elias  
Room: RH928, Rutherford House  
Phone: 463 5376  
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**ADMINISTRATOR**

**Luisa Acheson**  
Room: RH1022, 10<sup>th</sup> floor reception,  
Phone: 463 5381  
Email: [Luisa.Acheson@vuw.ac.nz](mailto:Luisa.Acheson@vuw.ac.nz)

**Trimester Dates**

Teaching Period:	Monday 5 March	– Friday 8 June
Study Period:	Monday 11 June	– Thursday 14 June
Examination Period:	Friday 15 June	– Wednesday 4 July (inclusive)

**Class Times and Room Numbers**

Lecture Room: RWW 413  
Day: Thursdays  
Time: 09.30 – 12.20

**Withdrawal from Course**

1. Your fees will be refunded if you withdraw from this course on or before 16 March 2012.
2. The standard last date for withdrawal from this course is Friday 18 of May. After this date, students forced to withdraw by circumstances beyond their control must apply for permission on an 'Application for Associate Dean's Permission to Withdraw Late' including supporting documentation

The application form is available from either of the Commerce Faculty's Student Customer Service Desks at Kelburn (EA121) and Pipitea (Ground floor Rutherford House).

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## Introduction

Making decisions is a fundamental managerial task. To become a good decision maker you need to examine the process of decision-making, assess the appropriateness of different processes, practise and reflect on those processes and methods. This course will critically examine alternative frameworks for assessing decision-making processes, models and frameworks for managerial decision-making, including competitive and strategic decision making. Students will embark upon a study of the role and impact in the decision-making process of factors such as risk, judgment, ambiguity, preference, organisational belief systems, choice etc, from decision-theoretic and managerial perspectives. As such, the course will examine behavioural aspects of decision making and will also explore systems approaches to managerial decision making. Indeed, the course will explore a range of decision and systems models to help better understand and improve decision-making processes.

## BCA (Hons) Programme Learning Objectives

1. Directly access, comprehend, critically assess and draw on the published international scholarly research in their discipline.
2. Display insight in adapting and applying a theoretical framework(s) to real world situations.
3. Design and implement a research project or demonstrate advanced analytical skills
4. Explain, discuss and use a range of concepts, theories, and/or techniques in their discipline.
5. Convey key discipline-specific concepts concisely in an appropriate written format.
6. Display articulate oral communication skills.
7. Provide direction and/or present new ideas persuasively.

## Course Content

Session content will vary and will interweave discussion of theoretical and conceptual issues, related research and case analysis. The material will be explored using lecture format, class discussions, exercises, group activities, computer demonstrations and software use. A schedule of topics considered in the course is attached and includes the dates on which they will be covered in class.

## Course Learning Objectives

Objective	By the end of this course, students should be able to:	Addressed via
LO 1	Demonstrate an understanding of the major theoretical frameworks related to behavioural decision theory;	Assignment 2 & 3, Lectures
LO2a	Apply frameworks of a qualitative and quantitative nature to managerial – operational and strategic decision situations – to develop an understanding of such situations;	Assignment 1, 2 & 3, Lectures
LO2b	Apply frames and frameworks of a qualitative and quantitative nature to managerial and strategic decision situations – to develop improved decision making competencies;	Assignment 1, 2 & 3, Lectures
LO 3	Develop an ability to clearly communicate reason, argue and give recommendations on decision and policy formation within a holistic systems framework in both written and oral work;	Assignment 1, 2 & 3, Lectures
LO 4	Demonstrate an understanding of the role and impact of risk, uncertainty, ambiguity, preferences, judgment on decision making situations;	Assignment 1, 2 & 3, Lectures
LO 5a	Critically analyse and - evaluate decision models and frameworks for use in problem structuring, decision making, and strategy and policy analysis;	Assignment 1, 2 & 3, Lectures
LO 5b	Critically analyse and - accommodate seemingly divergent perspectives of decision making embedded within different models and frameworks	Assignment 1, 2 & 3, Lectures

## Course Delivery

The course requires students to prepare for and attend one three-hour session each week. Lecture sessions span 12 weeks of the course, but a re-scheduling of Sessions 6 & 7 may be necessary. Lectures will start in week one of the course.

**Expected Workload**

Students can expect the workload to be approximately 10-15hrs per week, including both scheduled contact time and outside class. For example, 150 hours of workload would equate 36 hours of classes, eight hours per week outside classes during teaching weeks spent reading, studying and writing assignments, and a further 18 hours revising during mid-trimester break and study week.

**Assessment**

A student's overall grade in the course will be determined in the following manner:

Assignment	Title	% of Marks Available	Due Date
1	Framing Exercise	20 %	<i>At Class, Thursday 22 March</i>
2	Behavioural Decision Making Processes	40 %	<i>At Class, Thursday 10 May</i>
3	Competitive & Strategic Decision Making	40 %	<i>At Class, Thursday 8 June</i>
	<b>TOTAL</b>	<b>100 %</b>	

**Full details of Assignments will be handed out in class and posted on Blackboard.**

**Mandatory Course Requirements**

To meet Mandatory Course Requirements, students are required to:

- a. Submit all assignments in hard copy for marking
- b. Submit all assignments within the allowable timeframe (see under **General University Policies and Statutes** below); and

**Note:** Failure to meet mandatory requirements does not prevent a student completing other pieces of assessment.

**Format for assignments**

Assignments should have the following format:

- Typed or word-processed, 11 point font.
- A cover sheet stating: Student name, project title and word count.
- Page numbers on each page.
- APA reference style used including in-text referencing and a list of references at the end.\*

**\*Referencing**

There are many different styles of referencing and the Faculty of Commerce & Administration at VUW has decided to make APA (American Psychological Association) referencing style the common standard across the Faculty. The Commerce and Central Libraries hold the APA Style Guide. You can also access the information from the online VUW library site (<http://www.vuw.ac.nz/library/research/reference/referencingguides.aspx>).

**Handing in assignments:**

Assignments should be in hard copy form by the due time on the due date. Assignments received after the due time will be deemed to be late

All completed assignments must have a cover sheet. The cover sheet is provided in Annex A.

Students must also keep an electronic copy of their work archived in case the original assignment goes missing. Failure to do so will jeopardise any claim by you that your work was submitted in the rare cases where your work goes astray.

**Use of Assessed Work for Quality Assurance Purposes**

**Use of Assessed Work for Quality Assurance Purposes**

Please note that your assessed work may be used for quality assurance purposes, such as to assess the level of achievement of learning objectives as required for accreditation and audit purposes. The findings may be used to inform changes aimed at improving the quality of FCA programmes. All material used for such processes will be treated as confidential, and the outcome will not affect your grade for the course.

### Grading Guidelines

The following broad indicative characterisations of grade will apply in grading assignments and the exam:

A+	excellent performance in all respects at this level
A	excellent performance in almost all respects at this level
A-	excellent performance in many respects at this level
B+	very good, some aspects excellent
B, B-	good but not excellent performance at this level
C+, C	work satisfactory overall but inadequate in some respects
D	poor performance overall, some aspects adequate
E	well below the required standard
K	failure to achieve mandatory course requirements and have achieved at least an average "C" over all the assessment. Note this is a failing grade.

### Policy on Remarking

Every attempt is made to ensure that the marking is consistent and fair to students.

Students may ask for their written work to be remarked. A different member of academic staff will do the remarking and provide comments. The original marking sheet is removed to ensure the process is independent. If the mark differs by 10% or less the two marks are averaged. If it exceeds 10% then it is independently marked by a third marker and the average of the two closest marks is taken. Experience from previous years is that almost all remarks are within 10% and where there is a change in mark, half the assignments go up and half go down. Occasionally there is a significant shift in the mark.

Application for remarks must be made within 5 days after the marks are available. To apply for a remark, complete the request for re-examination of assessed work form (Annex B) stating which sections (criteria listed in the mark sheet) you wish re-examined. Write on why you think the mark does not, in your view, fairly reflect the quality of your work. Hand this with your assignment into the following place:-

- Pipitea Campus – the Reception Desk on Level 10 Rutherford House where your assignment will have the **time, date and signature** noted on the front cover by the person receiving it.

Allow up to 10 days for remarks to be completed.

### Late assignments

Late assignments are to be handed to Luisa Acheson (or the Duty Receptionist in her absence) in RH 1022, Level 10 Reception. Late assignments that do not have **the time and date and signed by** the Administrator for the course, Luisa Acheson, will incur late penalties from the time the Administrator receives it. Assignments left on the Reception Counter will incur penalties from the time and date they are recovered. Assignments slid under the door of the Administrator's office will also incur penalties from the time and date they are recovered. Note that there is no provision to accept assignments on weekends or public holidays. Late assignment must be handed into Luisa while the Level 10 Reception area is open. The desk opens at 9am and closes at 5pm Monday to Friday during term time.

### Penalties – for Lateness

- (i) In fairness to other students, work submitted after any deadline will incur a penalty for lateness. **The penalty is 2 of the marks available (marks available means what the assignment is worth i.e. 20% or 20 marks) for an assignment submitted after the due time on the due date for each part day or day late.** (for example if an assignment is out of 20 and the assignment receives 50% then one day late means the mark will be out of 18 and the student will receive 50% of 18). **Saturdays, Sundays and public holidays** will be included when counting the number of days late. Assignments received **more than 7 days after the due date** will not be accepted and the student will **automatically fail the Mandatory Course Requirements.**
- (ii) Course Outlines provide a signal to students of forthcoming workload, dates of submission etc, and thus student study plans should take account of course requirements across all courses. Consequently, workload issues related to other courses and employment will not be accepted as

- reason for dispensation from mandatory requirements or waiver of penalties. **Extensions** to submission deadlines for any assigned work will only be granted in **exceptional circumstances**.
- (iii) Students who are unable to comply with any of the mandatory requirements should make a written application for an extension to the due date for submission of assigned work or for waiver of a penalty, **in advance**, to the **Programme Manager**, providing documentary evidence of the reasons of their circumstances.  
All such applications must be made **before** the deadline and be accompanied by documentary evidence, e.g. a medical certificate, or counsellor's report clearly stating the degree of impairment, and the dates the illness or event prevented you from undertaking your academic studies. This can be applied retrospectively.
  - (iv) In the event of unusual or unforeseeable circumstances (e.g. serious illness, family bereavement or other exceptional events), that precludes an application in advance, students should make contact with the **Programme Manager** as soon as possible, and make application for waiver of a penalty as soon as practicable.
  - (v) Word limits should be adhered to, especially so when they provide a guide to limiting the student's coverage of a topic and the intended assignment work load. You are strongly advised to adhere to the word limit so as to keep your workload at a manageable level. Any material that is above the word limit may not be taken into account by the marker. Your marker will simply stop at the maximum words for the assignment and you will receive the appropriate grade.

### **Readings**

Required readings, eg academic and practitioner journal articles, research papers will be set and relied upon as the course progresses. Several of the texts and readings listed elsewhere in this course outline, eg March, Hogarth etc, will suggest even more readings.

Supplementary Readings A will provide additional background materials of an academic nature, whilst Supplementary Readings B will generally provide interesting media or practitioner perspectives on research findings.

Readings listed in the course schedule will be distributed via Blackboard, and students are expected to read these as indicated on the course schedule. Further resources are available in the VUW Commerce Library.

### **Additional Readings**

A selection of additional readings will be made available to students via Blackboard. Weekly readings are listed in the course schedule of this outline.

Students are expected to familiarise themselves with the set of suggested readings, and where directed, to have prepared topics in advance of classes/tutorials, being ready to discuss the issues which the readings present.

### **Class Representative**

A class representative will be elected in the first class, and that person's name and contact details made available to VUWSA, the Course Coordinator and the class. The class representative provides a communication channel to liaise with the Course Coordinator on behalf of students.

### **Communication**

As you will learn from MGMT papers, good communication is crucial to the success of any organisation, especially classes. Communication in this course will be conducted in face-to-face mode in the lectures as well in on-line mode through the **Blackboard** system.

### **Communication of Additional Information**

Additional course information will be conveyed to students via Blackboard and through lectures and tutorials so please check BB often and go to all tutorials and lectures.

**Email Contact**

Students wishing to contact staff by email should adhere to the following instructions:

Include the **Course Code**, your **Name**, your **Student ID** and the **Topic** in the subject area of the email, eg  
MGMT401\_Smith\_Pauline\_3000223344\_Ass1 Query

All students should use their VUW SCS email account and ID. Otherwise, email may be classified as Spam and will be dumped without being read. Emails with attachments will be dumped, unless requested by staff.

**For the following important information follow the links provided:**

**Academic Integrity and Plagiarism**

<http://www.victoria.ac.nz/home/study/plagiarism.aspx>

**General University Policies and Statutes**

Find key dates, explanations of grades and other useful information at [www.victoria.ac.nz/home/study](http://www.victoria.ac.nz/home/study)  
Find out about academic progress and restricted enrolment at

<http://www.victoria.ac.nz/home/study/academic-progress.aspx>

The University's statutes and policies are available at [www.victoria.ac.nz/home/about/policy](http://www.victoria.ac.nz/home/about/policy), except qualification statutes, which are available via the Calendar webpage at <http://www.victoria.ac.nz/home/study/calendar.aspx> (See Section C).

Further information about the University's academic processes can be found on the website of the Assistant Vice-Chancellor (Academic) at [www.victoria.ac.nz/home/about\\_victoria/avcacademic/default.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/default.aspx)

**AVC (Academic) Website: information including: Conduct, Academic Grievances, Students with Impairments, Student Support**

[http://www.victoria.ac.nz/home/about\\_victoria/avcacademic/Publications.aspx](http://www.victoria.ac.nz/home/about_victoria/avcacademic/Publications.aspx)

**Faculty of Commerce and Administration Offices**

<http://www.victoria.ac.nz/fca/studenthelp/>

**Te Putahi Atawhai****Maori and Pacific Mentoring Programme**

<http://www.victoria.ac.nz/tpa/>

## Texts

Although there is no set text for this course, the following non-exhaustive mix of classic texts and research-informed managerial texts will be found to be of value:

- Ariely, D. (2010). *Predictably Irrational*. New York: Harper.
- Axelrod, R. (1984), *The Evolution of Cooperation*, New York: Basic Books
- Arkes, HR & Hammond, KR. (1986). *Judgment and Decision Making: An interdisciplinary reader*. Cambridge: Cambridge university Press.
- Bazerman, M. (1996). *Judgment in Managerial Decision-Making*, New York: Wiley
- Bazerman, MH. (1998), *Judgment in Managerial Decision-Making*, New York: Wiley
- Beach, LR. (1993), *Making the Right Decision*, London: Prentice-Hall
- Beach, LR. (1997), *The Psychology of Decision Making*, London: Sage
- Bell, D, Raiffa A, & Tversky, A. (1972?), *Decision-Making*, Wiley
- Brandenburger, AM & Nalebuff, BJ. (1996). *Co-opetition*, New York: Doubleday
- Cyert, RM & March, JG. (1963). *A Behavioral Theory of the Firm*, Prentice-Hall
- Dettmer, HW. (1997). *Goldratt's Theory of Constraints - A Systems Approach to Continuous Improvement*, ASQC Quality Press
- Dettmer, HW. (1997). *Goldratt's Theory of Constraints*, ASQ Quality Press
- Eiser & Van der Pligt, J. (1988). *Attitudes & Decisions*, Routledge
- Elbing, A. (1978). *Behavioural Decisions in Organisations*, Scott, Foresman
- Fisher, R & Ury, W. (1987). *Getting to Yes*, London: Arrow
- Ury, W. (1987). *Getting Past No*, London: Arrow
- Flood, RL & Jackson, MC. (1991). *Creative Problem Solving*, Chichester: Wiley
- Goodwin P & Wright, G. (1991). *Decision Analysis for Management Judgment*, Chichester: Wiley
- Hammond, JS, Keeney, RL & Raiffa, H. (1999). *Smart Choices*, New York: Broadway Books
- Hickson, D J et al. (1986). *Top Decisions*, Blackwell 1986
- Hoch, SJ & Kunreuther, HC. *Wharton on Making Decisions*: Hoboken, NJ: Wiley
- Hogarth, RM. (1980). *Judgment & Choice*, Chichester: Wiley
- Jackson, MC. (2003). *Systems Thinking*, Chichester: Wiley
- Janis, IL. (1982). *Groupthink*, Houghton-Mifflin
- Juslin, P & Montgomery, H (Eds). (1999). *Judgment & Decision Making*, London: Lawrence Erlbaum Associates
- Kahneman, D. (2011). *Thinking Fast and Slow*. London: Allen Lane.
- Libby, A. (1981). *Human Information Processing*, Prentice-Hall
- Maani, K.E. and Cavana, R. Y. (2000). *Systems Thinking and Modelling: Understanding Change and Complexity*. Pearson Education NZ (Prentice Hall), Auckland.
- March JG. (1989). *Decisions & Organisations*, London: Blackwell
- March JG. (1994). *A Primer on Decision Making*, New York: Free Press
- McMillan, J. (1992). *Games, Strategies & Managers*, Oxford: Oxford UP
- Moore, PG & Thomas, H. (1976). *The Anatomy of Decisions*, Penguin
- Mowen, JC. (1993). *Judgment Calls*. New York: Fireside.
- Nutt, PC. (2002). *Why Decisions Fail - Avoiding the blunders and traps that lead to debacles*, San Francisco: Berrett-Koehler Publishers.
- Ragsdale, C.T. (2005). *Spreadsheet Modeling and Decision Analysis*, Cincinnati, Ohio,: South-Western College Publishing
- Rosenhead, J. & Mingers, J. (Eds). (2002). *Rational Analysis for a Problematic World*, Chichester: Wiley
- Russo, JE & Schoemaker, PJH. (1989). *Decision Traps*, New York: Fireside **or**
- Russo, JE & Schoemaker, PJH. (1994). *Confident Decision Making*, London: Piatkus
- Russo, JE & Schoemaker, PJH. (2001) *Winning Decisions: Getting It Right the First Time*, Doubleday.

- Schneider, SL & Shanteau, J. (2003). *Emerging Perspectives on Judgment and Decision Research*, Cambridge: Cambridge UP
- Senge, PM et al. (1993). *The Fifth Discipline*, London: Random House
- Senge, PM, Kleiner, A et al. (1999). *The Dance of Change*, London: Nicholas Brealey,
- Senge, PM, Smith, B et al (2010). *The Necessary Revolution*, London: Nicholas Brealey,
- Simon, HA. (1976). *Administrative Behaviour*, New York: Free Press
- Thaler, RH., & Sunstein, CR. (2009). *Nudge: Improving Decisions about Health, Wealth and Happiness*. London: Penguin.
- Vickers, G. (1965). *The Art of Judgment*, London: Basic Books 65



**Managerial Decision Processes - 2012**  
**MGMT 401 / MMMS 511 - Course Schedule**

**Session 1 – March 8**

**Administration/Introduction/Course Overview;**

Problem Structuring, Problem Solving and Decision Making

- Art and Science?

The Logics of Decision Making

Speculations about Decision Making

The Role of Decision Science

- The Role of Models and Theories of Decision Making
  - Decision Theory / Decision Analysis / Behavioural Decision Theory
    - Descriptive Theories / Prescriptive Approaches
    - Paradigms and Doctrine – Optimising, satisficing etc
  - The Role of Models of Decision Making processes
- The Role of Information in Decision Making
  - Ambiguity and Limited Rationality;
  - The Role of Preference, Values etc
  - The Exercise of Judgment

The Notion of Framing

- Framing, Perception and Judgment
- Framing Effects, Decision Traps

The Engineering of Choice and Choice Architecture

Decision Making as a Skill

**Relevant Readings**

Bazerman MH. & Moore, DM. (1998). *Judgment in Managerial Decision-Making*, Hoboken, NJ: Wiley, Ch 1

Bazerman. MH.(2001) The Study of Real Decision Making, *Journal of Behavioural Decision Making*, **14** (5): 353-355

Hoch, SJ. & Kunreuther, HC. (2001). A Complex Web of Decisions, in *Wharton on Making Decisions*, Hoboken, NJ: Wiley, Ch: 1-16

Simon, HA. (1987). Decision Making and Problem Solving, *Interfaces*, 17: 5 Sept-October 1987 (pp. 11-31)

**Supplementary Readings A**

Dunford, R. (1992). *Organisational Behaviour - An Organisational Analysis Perspective*, Sydney: Addison-Wesley, Ch 11

Etzioni, A. (1989). Humble Decision Making, *Harvard Business Review*, July-August 1989

Garvin, D.A., & Roberto, M.A. (2001). What you don't know about making decisions. *Harvard Business Review*, 79(8), 108-116

March, JG. (1987). Ambiguity and Accounting, *Accounting, Organisations and Society*, 12: 153-68

March, JG. (1989). A Chronicle of Speculations about Decision Making in Organisations, *Decisions & Organisations*, Ch : 1-21

March, JG. (1994). Bounded Rationality, Ambiguity, and the Engineering of Choice, *Decisions & Organisations*, Ch 13: 265-293

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**Sessions 2 & 3 - March 15, 22**

**Decision Framing: the Framing of Problem Situations and Choice**

Decision Making and Framing

- The Framing of Problems, Choices and Outcomes
- The Framing of Information

Decision Frames, Organisational & Functional Frames and Schemas

- The Cognitive Structure of Decision Frames

Framing as a Factor in Decision Making

- The structure, use and impact of implicit frames
  - Boundary issues, values, objectives and performance measures
  - Alternative frames for creative problem solving
- Framing Effects

Decision Theoretic concepts of Risk

- The position of risk in decision theory
- Its standing in managerial ideology

Managerial Perspectives on Risk and Risk Taking

Role of Behavioural Decision Theory, Utility Theory and Prospect Theory

- Prospect Theory; Schemas, Frames, and Metaphors
- Describing and understanding behaviour using Prospect Theory

**Relevant Readings**

Schoemaker, PJH. & Russo, JH. (2001). Managing Frames to Make Better Decisions, in Hoch, SJ & Kunreuther, HC (Eds), *Wharton on Decision Making*, Wiley, Ch8: 131-158

Kahneman, D. & Tversky, A. (1984). Choices, Values and Frames, *American Psychologist*, Vol 39(4): 341-350.

Kahneman, D. & Tversky, A. (1981). The Framing of Decisions and the Psychology of Choice, *Science*, Vol 211(4481): 453-458.

Kahneman, D. & Tversky, A. (1982). The Psychology of Preferences, *Decision Science*, Vol 246: 160-173. 16-141

Bazerman MH. & Moore, DM. (1998). *Judgment in Managerial Decision-Making*, Hoboken, NJ: Wiley, Ch 2

Hammond, JS, Keeney, RL and Raiffa, H. (1998). The Hidden Traps in Decision Making. *Harvard Business Review*, Sept-October 1998: 47-58

Russo JE and Schoemaker PJH. (1992). *Decision Traps*, London: Piatkus, Ch 1

Davies & Mabin, The Power of Framing, ANZAM Conference, Wellington, December 94

**Supplementary Readings A**

Bazerman, MH. (1984). The Relevance of Kahneman and Tversky's Concept of Framing to Organisational Behaviour, *Journal of Management*, Vol. 10: 333-343

Einhorn HJ. & R M Hogarth, RM. (1981). Behavioural Decision Theory: Processes of Judgment & Choice, *Ann Rev Psychology*, 32:53-88

Irwin, J. & Baron, J. (2001). Values and Decisions, in Hoch, SJ & Kunreuther, HC (Eds), *Wharton on Decision Making*, Wiley 2001, Ch13: 243-257

Kahneman, D. & D Lovallo, D. (1993). Timid Choices and Bold Forecasts: A Cognitive Perspective on Risk Taking, *Management Science*, Vol 39, No. 1, January: 17-31

March, JG. & Z Shapira, Z. (1987). Managerial Perspectives on Risk and Risk Taking, *Management Science*, Vol 33: 76-97

Slovic, P., Fischhoff, B. & Lichtenstein, S. (1977). Behavioural Decision Theory, *Ann Rev Psychol*, 28:1-39

**Supplementary Readings B**

Bonabeau, E. (1987). Don't Trust Your Gut. *Harvard Business Review*, May 2003: 116-123

Herbert, W. (2008). Why Things Cost \$19.95. *Scientific American Mind*, April/May 2008, p.80-81

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**Sessions 4 & 5 - March 29 & TBA**

**The Role of Judgment in Decision Making**

Decision Making, and the Exercise of Judgment

- The impact of framing on judgment in decision making
- Cognitive Biases and Judgment Heuristics

Role of Behavioural Decision Theory, Utility Theory and Prospect Theory

- Describing and understanding behaviour using Prospect Theory

Processes of Judgment and Choice

- Understanding choice architecture – guiding choice
- Improving judgment and decision-making behaviour

**Relevant Readings**

Bazerman MH. & Moore, DM. (1998). *Judgment in Managerial Decision-Making*, Hoboken, NJ: Wiley, Ch 3

Behling, O. & Eckel, NL. (1991). Making Sense out of Intuition, *Academy of Management Executive*, Vol. 5 No. 1: 57-64

Kahneman, D. & Tversky, A. (1979). Prospect Theory: An Analysis of Decision under Risk, *Econometrica*, Vol 47(2): 263-291

Hammond, JS., Keeney, RL. & Raiffa, H. (1998). The Hidden Traps in Decision Making, *Harvard Business Review*, Sept-Oct: 47- 58

Russo JE & Schoemaker PJH. (1992). *Decision Traps*, London: Piatkus, Chs 2 & 3

Schoemaker, PJH. & Russo, JH. (1992). Managing Overconfidence, *Sloan Management Review*, Winter 92: 7-17

Thaler, RH., & Sunstein, CR. (2009). *Nudge: Improving Decisions about Health, Wealth and Happiness*. London: Penguin, Chs 1, 5 & 11.

Johnson, EJ., & Goldstein, D. (2003). Do Defaults Save Lives?. *Science*, Vol 302(5649): 1338-1339.

Tversky, A. & Kahneman, D. (1974). Judgment under Uncertainty: Heuristics and Biases, *Science*, Vol 185(4157): 1124-1131.

**Supplementary Readings A**

Bell, DE. (1982). Regret in Decision Making under Uncertainty , *Operations Research*, 30(5) Sept-October : 961-981

Bell, DE. (1985). Disappointment in Decision Making under Uncertainty, *Operations Research*, 33(1) Jan-Feb: 1-27

Simon, HA. (1987). Making Management Decisions: the Role of Emotion & Intuition, *Academy of Management Executive*, February 1987: 57- 64

Slovic, P., Fischhoff, B. & Lichtenstein, S. (1977). Behavioural Decision Theory, *Ann Rev Psychol*, 28:1-39

**Supplementary Readings B**

Bazerman M & Chugh D. (2006). How did I miss that? *Computerworld*, 40, 2, January 9 2006: p.37

Bazerman M. (2005). Vividness Bias? *Leadership Excellence*, March 2005, 22, 3, p.11

Belsky, G, Money Mistakes Everyone Makes. (1996). *Readers Digest*, March 1996: 65-68

Wolkomir R & J. (1996). How to Make Smart Choices, *Readers Digest*, February 1996: 127-130

**Managerial Decision Processes - 2012**  
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**Sessions 6, 7 & 8 – April 26, May 3 & 10**

**Understanding Competition and Cooperation; Conflict and Negotiation**

Decision Making in Competitive Situations / Negotiations

Develop alternative frameworks for conceptualizing competition

- Game theory approaches, the value-net of Brandenburg, Porter's 5 forces etc
- Systems Thinking - the Theory of Constraints

The Nature of Conflict

- Importance of surfacing implicit assumptions, perceptions

A Systemic approach to Conflict Resolution

- Goldratt's approach - the use of 'evaporating clouds' & conflict resolution diagrams

Decision Analytic Approaches to Negotiation and Competitive Bidding

- Importance of understanding interests, values and strategic behaviour in negotiation
- Importance of framing;

The Framing of Negotiator Judgment

- Decision Traps
- Perceptual and Judgmental Biases
- Framing effects and competitive blind-spots in competitive decision-making and negotiation
  - Negotiator Overconfidence
  - Perceptions of Competitors
  - Non Rational Escalation of Commitment

The Appropriateness of alternative competitive behaviours and strategies

**Relevant Readings**

Ackoff, RL. (1983). An Interactive View of Rationality, *JORS*, Vol 34(8): 719-722

Brandenburger AM & Nalebuff BJ. (1996). *Co-opetition*, New York: Doubleday, Chs 14

Cohen, O. (2010). Daily Management with TOC. In Cox III, JF. & Schleier, JG. (Eds), *Theory of Constraints Handbook*, McGraw Hill, Ch 24, 671--727

Cox J. & Spencer, MS. (1998). What is Constraints Management? in *The Constraints Management handbook*, Boca Raton: St Lucie Press/APICS Series in Constraint Management, Ch 1

Dettmer, H. W. 2007. *The Logical Thinking Process: A Systems Approach to Complex Problem-Solving*. Milwaukee, WI: ASQ Quality Press. Ch1, 1-30

Zahra, SA. & S Chaples, S. (1993). Blind Spots in Competitive Analysis, *J Academy of Management Executive*, 7(2):7-28.

Zajac EJ & Bazerman, MH. (1991). Blind Spots in Industry & Competitor Analysis: Implications of Interfirm (Mis)perceptions for Strategic Decisions, *Academy of Management Review*, 16(1): 37-56

**Supplementary Readings A**

Bennett, PG. & Dando, MR & R G Sharp, RG. (1980). Using Hypergames to Model Difficult Social Issues: An Approach to the Case of Soccer Hooliganism, *JORS*, 31:621-635

Bennett, PG. & Dando, MR (1982). The Arms Race as a Hypergame: A Study of Routes towards a Safer World, *Futures*, pp 293-306

Bennett, PG. & Huxham, CS. (1982). Hypergames and What They Do: A 'Soft OR Approach', *JORS*, 33(1):40-50

Bennett, PG. (1980). Bidders and Dispenser: Manipulative Hypergames in a Multinational Context, *EJORS*, 4: 293-306

Bryant, J. (1984). Modelling Alternative Realities in Conflict and Negotiation, *JORS*, Vol 35(11): 985-993

**Supplementary Readings B**

Bazerman M. (2005). Negotiator Focus, *Leadership Excellence*, Feb 2005, 22, 2, p.17

**Managerial Decision Processes - 2012**  
**MGMT 401 / MMMS 511 - Course Schedule**

**Sessions 9, 10 & 11- May 17, 24 & 31**

**Systems Approaches to Problem Structuring and Decision Making**

Systems Thinking, Systems Methods and Methodologies

- The Need for Systems Thinking
  - being Holistic
  - developing a global rather than local; a long term rather short term perspective
  - understanding, responding to, and learning from Feedback
- Systems Approaches to Problem Solving and Decision Making
  - Systems Representational Methodologies and Problem Structuring
    - Systems Dynamics and Causal Loop Diagrams
    - The Theory of Constraints and Logic Trees
    - Senge's and Goldratt's frameworks compared
  - Systemic Structure
    - Problem and Systems Archetypes
      - *Fixes that Fail, Shifting the Burden, Limits to Growth, The Tragedy of the Commons, The Tragedy of the Commons, Success to the Successful, Escalation*
      - Use in Problem Structuring and Decision Making
    - Solution Archetypes
- Integrating different methodologies in a Multi-methodological Approach
  - their mutually reinforcing use and benefits
  - harnessing different approaches
- A Return to Multiple Framing

**Relevant Readings**

Senge, PM, Smith, B et al (2010). *The Necessary Revolution*, London: Nicholas Brealey, Ch13 Spaceship Earth.  
Senge, PM, Smith, B et al (2010). *The Necessary Revolution*, London: Nicholas Brealey, Ch 14 Seeing Our Choices.  
Senge, PM et al. (1993). *The Fifth Discipline*, London: Random House, Chs 6 & 7  
Dettmer, HW, *Goldratt's Theory of Constraints*, ASQC Press, 1997, Ch 1 An Introduction to TOC.

**Supplementary Readings**

Davies, J. (2010). Management theory: a systems perspective on understanding management practice and management behavior. *International Journal of Strategic Decision Sciences*, Vol 1(3) Sept 2010, pp. 1-14, DOI: 10.4018/ijds, ISSN: 1947-8569, EISSN: 1947-8577  
Senge, PM et al. (1993). *The Fifth Discipline*, London: Random House, Chs 8 & 10  
Davies, J., Howell, B. & Mabin, V. The Harnessing of Systems Methodologies to Enhance Understanding of the Systemic Structure of Industry Based Dilemmas, *Proceedings of the 13th Annual Australia New Zealand Systems Society ANZSYS Conference*, Sheffield, J & Bryant, K. (Eds), Auckland, 2-5, December 2007, pp.12, ISBN 978-0-9791688-9-5  
Davies, J., Mabin, V. & Elias, A. (2008). Agriculture and energy - biofuels and food: a systems perspective. *The Systemist*, Vol 30 (2), September 2008, ISSN 0961-8309  
Rosenhead, J. (1981). Planning under Uncertainty: I The Inflexibility of Methodologies, *JORS*, 31(3):209-216  
Rosenhead, J. (1981). Planning under Uncertainty: II A Methodology for Robustness Analysis, *JORS*, 31(4): 331-341, 1981

**Session 12 – June 7**

Course Review

Synthesis and Integration

Evaluation.

ANNEX A



**School of Management**

**MGMT 401 /MMMS 511 Individual Assignment Cover Sheet**

Name: \_\_\_\_\_ Student ID: \_\_\_\_\_

*I have read and understood the university policy on Academic Integrity and Plagiarism.*

*I declare this assignment is free from plagiarism.*

Signed: \_\_\_\_\_

Extension of the due date (*if applicable*)

**Please attach a copy of the note authorising your extension.**

*Date extension applied for* \_\_\_\_\_

*Extension granted until:* \_\_\_\_\_

*Extension granted by:* \_\_\_\_\_



**School of Management**

**MGMT 401**

**Request for re-examination of assessed work**

	<b>Assessment affected</b> <i>e.g. Individual Assignment, In-class Test</i>	
<b>Student ID</b>	Name <i>As it appears in your enrolment</i>	Tutorial No/Tutor's name
<b>Contact Details</b>	<i>Phone</i> _____ <i>Email</i> _____	

**Specify which section (criteria specified in the mark sheet) you wish to be re-examined**

*Note: requests to re-examine "all" criteria will not be considered.*

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**Clearly state why you believe each of these sections should be re-examined:**

*Note: "I think it is worth more," is insufficient.*

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In requesting a re-examination of my submitted work, I understand that the result may be an increase OR decrease in the mark obtained.

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Signature: \_\_\_\_\_ Date: \_\_\_\_\_