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Developing an Applied, Integrated MBA Managerial Decision Making Course

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Abstract

Curriculum change is both difficult and necessary in Universities. The expanding role of information technologies and the increased challenges of decision making in business and society in general warrant greater coverage in Master of Business Administration (MBA) programs, but determining what to include, how to reorganize courses, and what to eliminate in the curriculum is a complex set of tasks. This article describes one solution to MBA course and curriculum redesign. An applied integrated management course on behavioral decision making was developed as part of a revision of an MBA degree program. The course is designed to encourage integrative thinking and builds on foundational coursework in economics, statistics, information systems, and organizational behavior. Details of course development and a course project are discussed. In general, student feedback on the course is positive.

Keywords: behavioral decision making; MBA curriculum; curriculum design; applied integrated management

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1. Introduction

A course on behavioral decision making titled “Managerial Decision Making: The Pitfalls of Your Human Mind and What To Do About Them” was developed and taught as part of a revision of a Masters of Business (MBA) degree program. The focus of the MBA revision was to prepare students for managerial responsibilities in fewer credit hours by exposing them to a variety of business disciplines in courses that apply and integrate knowledge from multiple business domains. The course on behavioral decision making described in this paper integrates and builds on material from economics, statistics, information systems, and organizational behavior and is designed to foster integrative thinking on the part of students completing the course.

The sections of the paper that follow discuss the revision of the MBA degree program and the introduction of applied integrated management courses in the MBA program, the managerial decision making course developed as an applied integrated management course in the revised MBA program, the project used in the course, and feedback from students about the course.

2. Applied Integrated Management Courses in a Revised MBA

The managerial decision making course described in this paper was developed during a revision of the Masters of Business Administration (MBA) degree offered by a mid-sized, public university in the United States. A substantial revision of the MBA degree program was undertaken in which the number of required credits was reduced from 63 credit hours for students opting to complete a concentration in a business discipline or 60 credit hours for students opting out of a concentration to 48 credit hours for all students. Both the old and the revised MBA degree programs offered students the ability to waive some core courses with a minimum of 36 credit hours required for students with waivers of core courses.

The decision to reduce the number of required credit hours from 60 or 63 to 48 motivated the faculty to adopt innovative ways to expose students to advanced concepts across the range of business disciplines through courses that apply and integrate concepts in an interdisciplinary fashion. The revised MBA curriculum includes a requirement that students complete four three-credit courses labeled “Applied Integrated Management.” The applied integrated management courses are designed to foster integrated problem solving so that students are positioned to address business problems requiring an interdisciplinary perspective. Each course is required to have as its prerequisites at least three business core courses representing different business disciplines.

The revision of the MBA degree program and the inclusion of the applied integrated management courses is consistent with calls for graduate education in business to foster integrative thinking and to break away from the traditional “silo” approach in which business content is delivered in courses designed with a single discipline in mind (e.g., Bandyopadhyay, Coleman, and DeWolfe, 2011; Blass and Weight, 2005; Hazen and Higby, 2005; Moldoveanu and Martin, 2008; Shield and Coughlan, 2007).

3. The Managerial Decision Making Course

A course titled “Managerial Decision Making: The Pitfalls of Your Human Mind and What To Do About Them” was developed as an Applied Integrated Management course in the revised MBA program. The course has a focus on behavioral decision making and covers the key findings from research describing the ways in which humans make decisions from the beginnings of the discipline (e.g., Tversky and Kahneman, 1974; Kahneman and Tversky, 1984) to the present (e.g., Kahneman, 2011). The course integrates the core courses from the business economics, statistics, information systems, and organizational behavior disciplines. Students are told that behavioral decision making builds on and challenges the rational perspectives of economics and normative statistical models, that it occurs in the context of organizational behavior, and that it has the potential to be improved through applications of information technology. Students are also told brief stories about the lives of prominent scholars working in the field such as Herb Simon, Daniel Kahneman, and Max Bazerman who have transcended disciplinary boundaries as they have worked to improve our understanding of human decision making. The course description is presented in Table 1 below:

Table 1. Course Description

This course covers the findings of research on behavioral decision making as they apply to managerial decision making. You will learn how the human mind works, what it is particularly good at and not so good at, and what the implications of this are for managerial decision making. The course will help you make better decisions and understand the potential shortcomings of the decisions made by your colleagues, competitors, collaborators, and customers. Topics include human cognition, overconfidence, heuristics and biases in decision making, bounded awareness, framing, preference reversal, motivational and emotional influences on decision making, escalation of commitment, expertise in decision making, and fairness and ethics in decision making. We will apply the research on behavioral decision making to a wide variety of problems in various domains of business, study how applications of information systems can mitigate limitations of the human mind, and apply our knowledge of the way the human mind works to develop an understanding of ways to improve managerial decision making. Students interested in careers in a wide variety of business professions will find the knowledge and skills gained in this course to be useful in their professional endeavors.

The course has four prerequisites: (1) Economic Analysis: Firm and Consumer, (2) Applied Statistical Modeling, (3) Computer and Information Systems, and (4) Organization Behavior. The course on economic analysis is a prerequisite because the course material requires a basic understanding of economics as it seeks to explain the conditions under which people make seemingly irrational economic decisions. The course on applied statistical modeling is a prerequisite because an understanding of prescriptive decision models and statistics is helpful in understanding the course material. The information systems course is a prerequisite because knowledge of decision support systems is helpful in understanding the course material and because the course considers how applications of information systems and technology can mitigate limitations of the human mind and support efforts to improve decision making. The course on organizational behavior is a prerequisite because the course builds on the coverage of decision making and negotiation covered in the class and considers the ways in which decision making influences and is influenced by people acting in organizational settings.

The course has seven learning goals. Specifically, students who complete the course should be able to: (1) explain the basic concepts of human cognition; (2) explain the following aspects of behavioral decision making: overconfidence, heuristics and biases, bounded awareness, framing, preference reversal, motivational and emotional influences on decision making, escalation of commitment, expertise, and fairness and commitment; (3) explain the design and findings of classic and contemporary experiments in behavioral decision making; (4) apply the principles of behavioral decision making to improvements in the decisions made by themselves and others; (5) apply the principles of behavioral decision making in a variety business domains; (6) synthesize the principles of behavioral decision making by proposing solutions in practical problem solving scenarios; and (7) communicate an understanding of the principles of behavioral decision making orally and in writing. The course uses two books: Bazerman, M. H., & Moore, D. A. (2012) and Kahneman, D. (2011).

Course topics include an introduction to behavioral decision making, human cognition, overconfidence, heuristics and biases, bounded awareness, framing and the reversal of preferences, motivational and emotional influences on decision making, escalation of commitment, fairness and ethics in decision making, applications of behavioral decision making, and improving decision making; and readers interested in teaching similar courses are encouraged to consult the readings listed in Appendix 1 for background information.

4. The Course Project

A project used in the course gives students an opportunity to apply and synthesize the course materials. Students work in groups to study a decision or set of decisions made in a local organization. Student teams select an organization to study, interview people working in the organization, analyze a decision or set of related decisions made in the organization using concepts studied in the course, and formulate a set of recommendations based on course concepts. Students write a paper on their analysis and recommendations and present their work during a class session.

The project focuses on what went right and what went wrong in the decision-making process and students examine how the decision(s) and decision-making process could have been improved. The complete project objective and requirements as given to the students are presented in Appendix 2.

5. Student Feedback

The course has been taught during three semesters beginning in the winter 2015 semester. Feedback from students is generally positive with overall scores of 4.5 (in the winter 2015 semester), 4.4 (in the fall 2015 semester), and 4.9 (in the winter 2016 semester) on the college's course evaluation instrument. A score of 1.0 means "poor" on the course evaluation instrument, and a score of 5.0 means "excellent" on the course evaluation instrument. In addition to the quantitative feedback, student comments are generally positive.

It was a great course. The insights provided by the topics were great. Most of the material was completely new to me.

Very interesting subject. Great addition to MBA curriculum.

It was a fascinating subject to learn about.

Valuable to learn about decision-making process rather than end result of decisions.

*I understand this is a new course and I believe the material is **HIGHLY** relevant. This was a very good course.*

Great eye-opening class. Would highly recommend to anyone.

Students viewed the books used in the course positively.

Both books were very interesting and useful.

Interesting books and great class for the MBA program.

Great textbooks!

Textbooks were very useful and easy to understand.

Students also noted that they were able to apply the course material in their professional and personal lives.

The ability to actively use class material at work right away.

Extremely practical and applicable concepts I have and will use at work.

Good information in the course for use in all aspects of personal and professional life.

Students generally liked the class format which was heavily oriented toward discussions and active learning rather than lectures.

Group format with interactive discussion helped apply and retain information.

I liked that we all participated in every class.

Discussions during class were more beneficial than just lectures. It gave ideas outside of my own thinking.

Gives good examples and stimulates discussions.

The in class activities and problems helped put course material into context. Material was much easier to understand and learn with real world examples.

The in-class activities were very relevant to the weekly topics and really helped to make the content relate-able.

I love the way the class is designed so students participate in discussions. I think it helps people learn the concepts rather than just trying to memorize concepts and definitions.

Discussions helped to prepare for the exams. Group work during class time was good for helping to understand what was read before class. Presenting group discussions helped with learning/remembering the material.

While students were generally satisfied with the course, some students suggested improvements, primarily to the course format. These students tended to say that they would have preferred a more lecture-oriented approach to the course.

Too heavy on discussion!

The lessons were mainly class discussions, rather than the professor giving instruction. I think that different teaching mediums should be used, mixed in.

More lecture, less group work.

6. Conclusion

Change is occurring in our organizations and curriculum needs to be refreshed and updated. Decision support systems need to be integrated in an MBA curriculum. The applied integrated management course described in this brief article provides a model for others seeking to encourage integrative thinking in the context of an MBA program. The course readings and project are designed to foster integrative thinking and were generally well received by students taking the course. Academics at other institutions wrestling with the need to deliver relevant preparation to students in fewer credit hours are encouraged to modify the approach described here to fit the mission and needs of their own institutions.

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Appendix 1. Background Readings on Course Topics and General

Introduction to Behavioral Decision Making

Campbell, A., Whitehead, J., & Finkelstein, S. (2009). Why good leaders make bad decisions. *Harvard Business Review*, Feb, 60-66.

Human Cognition

Bazerman, M. H., & Chugh, D. (2006). Decisions without blinders. *Harvard Business Review*, Jan, 88-97.

Gilbert, D. T. (1991). How mental systems believe. *American Psychologist*, 46, 107-119.

Monsell, S. (2003). Task switching. *Trends in Cognitive Sciences*, 7, 134-140.

Overconfidence

Johnson, D. D. P., & Fowler, J. H. (2011). The evolution of overconfidence. *Nature*, 477(7364), 317-320.

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Sieck, W. R., & Arkes, H. R. (2005). The recalcitrance of overconfidence and its contribution to decision aid neglect. *Journal of Behavioral Decision Making*, 18(1), 29-53.

Heuristics and Biases

Epley, N., & Gilovich, T. (2001). Putting adjustment back in the anchoring and adjustment heuristic: Differential processing of self-generated and experimenter-provided anchors. *Psychological Science*, 12, 391-396.

Frederick, S., Kahneman, D., & Mochon, D. (2010). Elaborating a simpler theory of anchoring. *Journal of Consumer Psychology*, 20(1), 17-19.

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LeBoeuf, R., & Shafir, E. (2006). The long and short of it: Physical anchoring effects. *Journal of Behavioral Decision Making*, 19, 393-406.

Bounded Awareness

Chugh, D., & Bazerman, M. (2007). Bounded awareness: What you fail to see can hurt you. *Mind & Society*, 6, 1-18.

Framing and the Reversal of Preferences

Gamliel, E., & Kreiner, H. (2013). Is a picture worth a thousand words?: The interaction of visual display and attribute representation in attenuating framing bias. *Judgment and Decision Making*, 8(4), 482-491.

Geurts, B. (2013). Alternatives in framing and decision making. *Mind & Language*, 28, 1-19.

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Tversky, A., Slovic, P., & Kahneman, D. (1990). The causes of preference reversal. *The American Economic Review*, 80(1), 204-217.

Motivational and Emotional Influences on Decision Making

Lovallò D., & Kahneman D. (2003). Delusions of success: How optimism undermines executives' decisions. *Harvard Business Review*, 81, 56-63.

Maitlis, S., Ozcelik, H. (2004). Toxic decision processes: A study of emotion and organizational decision making. *Organization Science*, 15(4), 375-393.

Zeelenberg, M. (1999). Anticipated regret, expected feedback and behavioral decision making. *Journal of Behavioral Decision Making*, 12(2), 93-106.

Escalation of Commitment

Desai, M. S., & Chulkov, D. V. (2009). Escalation of commitment in MIS projects: A meta-analysis. *International Journal of Management and Information Systems*. 13(2), 29-37.

Geiger, S. W., Robertson, C. J., & Irwin, J. G. (1998). The impact of cultural values on escalation of commitment. *International Journal of Organizational Analysis*. 6(2), 165-176.

Keil, M., Tan, B. C. Y., Wei, K.-K., & Timo, S. (2000). A cross-cultural study on escalation of commitment behavior in software projects. *MIS Quarterly*, 24(2), 299-325.

Expertise

Kahneman, D., & Klein, G. (2009). Conditions for intuitive expertise: A failure to disagree. *American Psychologist*, 64(6), 515-526.

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Fairness and Ethics in Decision Making

Chugh, D., Bazerman, M. H., & Banaji, M. R. (2005). Bounded ethicality: A psychological barrier to recognizing conflicts of interest. In D. A. Moore, D. M. Cain, G. Lowenstein, and M. Bazerman (eds). *Conflicts of Interest*. London: Cambridge University Press, 74-95.

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Applications

Kahneman D. (2003). A psychological perspective on economics. *American Economic Review*, 93, 162-168.

Ratner, R.K., Kahn, B.E., & Kahneman, D. (1999). Choosing less-preferred experiences for the sake of variety. *Journal of Consumer Research*, 26, 1-15.

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Improving Decision Making

Gawande, A. (2009). *The Checklist Manifesto: How to Get Things Right*. New York: Holt.

Heath, C., Larrick, R. P., & Klayman, J. (1998). Cognitive repairs: How organizational practices can compensate for individual shortcomings. *Research in Organizational Behavior*, 20, 1-37.

Kahneman, D., Lovallo, D., & Sibony, O. (2011). The big idea: Before you make that next big decision... . *Harvard Business Review*, 89, 50-60.

General

Ariely, D. (2013). *The Honest Truth About Dishonesty: How We Lie to Everyone – Especially Ourselves*. New York: Harper.

Ariely, D. (2010). *Predictably Irrational: The Hidden Forces That Shape Our Decisions*. New York: Harper.

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Appendix 2. Project Objective and Requirements

Project Objective

Your objective in this project is to apply the course material to an analysis of a decision or set of related decisions made by members of an organization. The organization needs to be one for which you can interview members of the organization. You should not select an organization about which you will only be able to read about decision(s) made in the organization. Your analysis will be focused on what went right and what went wrong in the decision-making process. Your project will examine how the decision(s) and decision-making process that is the focus of your project work illustrate the pitfalls of the human mind we will study in this class. Your project will also examine how the decision(s) and decision-making process could have been improved.

Specific Project Requirements

A. Project Selection

1. Begin by selecting an organization in which you will be able to conduct interviews about a decision or set of related decisions made by a person or group of people who are members of the organization.
2. Conduct preliminary discussions with members of the group in order to focus on a decision or set of related decisions made by members of the group.

B. Interviews

1. Your group will conduct at least five interviews with people working in the organization you have selected in order to learn about the decision(s) and decision-making process you are focusing on in your project. You should interview at least one decision-maker and may interview more. You may also interview people who were affected by the decision(s) and decision-making process (especially if there is a single decision-maker). You may not focus on or interview a person who is a member of your project group because that person will be involved in the analytical work of the project.

C. Analysis and Synthesis

1. Perform an analysis of the decision(s) and decision making process using the material we are studying in this course. Avoid framing your analysis in terms of personal opinion or informal ideas about decision making. You should apply the course material broadly rather than focusing only on a few of the concepts we will study in the course. Your analysis should be focused on what went right and what went wrong in the decision-making process and should be framed in terms of the concepts we will study in the course.
2. Your analysis should then focus on how the decision(s) and decision-making process could have been improved. Formulate a set of recommendations for the future that would be useful for the members of the organization you are studying or members of a similar organization. Again, apply the course material here rather than relying on personal opinion or informal ideas about decision making.

Author Biography



Barbara D. Klein is Professor of Management Information Systems and Information Technology Management at the University of Michigan-Dearborn. She received her Ph.D. in Information and Decision Sciences from the University of Minnesota, her M.B.A. from the State University of New York at Albany, and her B.A. from the University of Iowa. Professor Klein has published in the *Journal of the Midwest Association for Information Systems*, *MIS Quarterly*, *Omega*, *Database, Information & Management*, *Information Resources Management Journal*, and other journals. Her research interests include information quality, user error behavior, and information systems pedagogy. Professor Klein has also worked in the information systems field at IBM, Exxon, and AMP.