Goal and target audience
How do managers make decisions in real-world situations? One approach to this question is that they behave according to the idealized models of neoclassical economics. Herbert Simon, a Nobel laureate in economics and a pioneer of artificial intelligence, proposed the concept of bounded rationality, which recognizes that human decision makers have limited cognitive capacities and information, and often make decisions in complex and uncertain environments. Managers do not always maximize their utility or profit, but rather use simple decision rules that exploit the structure of the environment. In this course, we will learn about the simple rules that managers use to make decisions in real-world organizations, in the domains of hiring, strategy, innovation, negotiation, and other domains of organizational decision making.

Application/Registration process
By email to tomas.lejarraga@uib.eu until June 15, 2024. Participants will be admitted on a first come, first served basis.

Course aims
What this course is
This course has three goals: (1) it will help doctoral candidates develop a better understanding of how managers make decisions; (2) it will provide them with conceptual tools to navigate their own professional careers; and (3) it will introduce them to a fascinating field of research in which much is left to be explored and discovered.

What this course is not
This is not a course on mainstream behavioral economic, and does not pursue the idea promoted in the heuristics-and-biases program that managers’ decisions are biased and prone to error. Instead, this course will offer a perspective in which simple decision rules are shown to be smart adaptations to navigate the uncertain business environment.
Course objectives

Knowledge Objectives
Participants will learn about a fascinating field of research that has been largely neglected in the mainstream scientific and practical domains of management, but that has made strong inroads in other domains such as artificial intelligence and operations management.

Skills Objectives
Participants will learn how managerial decision-making research is conducted and develop a critical view on research findings. They will also learn how scientific theories of decision making are evaluated and compared. Finally, they will learn how to communicate their own research to a scientific audience.

Learning Objectives
Participants will learn to understand, discover, and apply decision heuristics to scientific and practical managerial problems.

Preliminary schedule
The course will be held in person at the TUM main campus in Munich between June 18 to 20.

Core readings

Key reading


Extended reading


Course procedures
In the first session, I will give an overview on the historical background on the research on judgment and decisions making, leading to and introducing the theoretical foundations of the fast-and-frugal heuristics program. In the second session, we will discuss the properties of heuristics (such as the reasons why the work well in certain environments) and on the scientific methods to study them. Between the second and third session, students will prepare a group assignment that will be delivered in the third session. In the fourth and final session, the students will take an integrative exam.

Assessment
Groups presentations (40%) and exam (60%)

Workload
3 ECTS (21 hours lectures, 90 hours total workload)