

Description

742 - Decision Theory, Spring 2018

Decision Theory: Understanding and Making Decisions (vers. 2018)

7,5 ECTS

Course Director: Associate professor Karin Svedberg Helgesson

Decision Theory is a course for students who want to know more about the theories and practices of decision making, and who want to be better prepared to face future challenges of decision making as individuals, in groups, and in organizations. As a side effect, you will get new perspectives on the decision making of family and friends.

The course is suitable for students with a diversity of interests. It usually attracts students from across most specializations at the SSE. The course also welcomes exchange students, and is open to a limited number of students within The Swedish Program.

Intended Learning Outcomes

Decision Theory is an advanced course in the theories and practices of decision making. Having completed the course, the successful participant will be able to:

- apply decision theory to a variety of practices of complex decision making in business firms and other organizations - in everyday situations and during crisis,
- examine the wider context of strategic decision making and evaluate the extent to which important contingencies for such decision making may be altered (e.g. through lobbying),
- reflect upon her/his own role in processes of decision making (e.g. through knowledge of how bounded rationality influences the capacity of individuals in decision making) and make illustrations of it and express the insights by using course theories,
- **explain how and why “implementation problems” may arise, and to what extent and how such problems may be addressed,**
- describe the range of other functions that decisions can fulfil (apart from being choices of particular courses of action), and how these alternative functions may affect decision making in practice.

Content

The course integrates the study of important theoretical models and concepts with insights from decision making, and decision makers, in practice (see Pedagogical Structure below). Another key feature of the course is to take the experience of participants as a starting point for discussion. Hence, the course starts off by discussing individual decision. The course is structured around five themes:

Individual Decision Making The experience of participants as individual decision makers and as students at the SSE is used as a starting point for introducing theories of decision making. By reflecting on individual accounts, we explore the merits **and limits of the idea of the “rational decision maker”, a model of decision making that students have met in various previous courses** in e.g. marketing and economics. The analysis of individual decision making is elaborated upon through the ground-breaking work of authors like Daniel Kahneman and James G. March. We further probe issues to do with individual employee silence and ethics in the context of decision making.

Group Decision Making One topic discussed, is how decisions are made when the assigned decision maker in the group does not have access to all relevant knowledge. How may such **situations resolved? Another topic is the concept of “groupthink”, a form of group-based irrationality**: What is groupthink? How does it arise? What are the possible remedies? We also consider problems related to group composition and devote some time to discussing the evaluation of small group performance.

Crisis Decision Making Though decision making involves many problems and pitfalls, we usually engage in decision **making under conditions of “business as usual”**. **Sometimes, however**, crisis situations occur and the process of decision making becomes ever increasingly complex, and this is our next topic. For one, the level of uncertainty increases in a number of areas, while the demand for speed of decision making is often heightened. Here, we will analyze extended problems related to crisis decision making, including some communicative aspects.

Organizational Decision Making One main topic is how decisions are made and what various functions decisions and decision making in organizations may serve. We also discuss **“implementation problems” and how they can be handled, including the counter intuitive idea that clear goals may sometimes be more difficult than fuzzy ones to implement**. Finally, we outline the so-called Garbage Can Model and discuss how decision making within “Organized Anarchies” differ from that in more rational organizations.

Lobbying and Political Decision Making Here, we take a definite step outside of the single organization perspective in order to explore the wider conditions for decision making, and the **possibilities of affecting the “rules of the game” through lobbying**. **Theoretically, we draw on the Kingdon model for agenda setting** (which, in turn, is based on the Garbage Can Model), and related works. To provide a practitioner perspective on lobbying and public affairs, we finish off with guests from practice.

Pedagogical Structure

The course has a multi-method approach to learning, inside and outside the class room. The average class session is built around a mix of traditional lecturing (where the literature is outlined), discussions (on the topics at hand) and in-class group work (set around e.g. a **news item relating to the day’s topics**). **In addition**, we work with a set of business cases that are further discussed during the designated case analysis seminars.

The course further expects and encourages students to continuously reflect on what they have learned about the themes and problems encountered, individually, and in groups. This aim is promoted through a set of assignments. In addition to the final written exam, there is therefore **1 graded individual assignments and 4 graded assignments to be conducted collectively** in study groups. Please **refer to “Examination” and “Assignments” for further details, and deadlines**

Literature

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Literature

- Ackrill, Robert and Adrian Kay (2011), “Multiple Streams in EU Policy-making: The Case of the 2005 Sugar Reform”, *Journal of European Public Policy*, 18:1, 72-89.
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- Cabantou, Laure and Jean-Pascal Gond (2011) 'Rational Decision Making as Performative Praxis: Explaining Rationality's Éternel Retour', *Organization Science*, (22) 3: 573-586.
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- Frey, Dieter and Felix C. Brodbeck (2004), 'Group Processes in Organizations', *International Encyclopedia of the Social and Behavioral Sciences*, 6407-6413.
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- March, James G. (1978), 'Bounded Rationality, Ambiguity and the Engineering of Choice', *The Bell Journal of Economics*, (9) 2:587-608.
- Milliken, Frances J., Elizabeth W. Morrison, and Patricia F. Hewlin (2003) 'An Exploratory Study of Employee Silence: Issues that Employees Don't Communicate Upward and Why', *Journal of Management Studies*, 40: 1453-1476.
- Pralle, Sarah B. (2003), *Venue Shopping, Political Strategy, and Policy Change: The Internationalization of Canadian Forest Advocacy*, *Journal of Public Policy*, (23) 3: 233-260.*
- Scheufele, Dietram A. and David Tewksbury (2007) 'Framing, Agenda Setting, and Priming: The Evolution of Three Media Effects Models', *Journal of Communication*, 57: 9-20.*
- Umphress, Elizabeth E. and John B. Bingham (2011) 'When Employees Do Bad Things for Good Reasons: Examining Unethical Pro-Organizational Behaviors', *Organization Science*, 22: 3: 621-640.
- Weick, Karl E. (1988) 'Enacted Sensemaking in Crisis Situations', *Journal of Management Studies*, (25) 4:305-317.
- Whyte, Glen (1998), 'Recasting Janis's Groupthink Model: The Key Role of Efficacy in Decision Fiascos', *Organizational Behavior and Human Decision Processes*, 2/3: 185-209.

Examination

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The maximum score on the course is 100p. The examination consists of three parts, as outlined below. In order to pass, students need a minimum total score of at least 50p and a minimum score of 28p on the final written exam. Letter grades (A-E) for the course will be awarded following the SSE standard.

Individual Examination (Max 15 + 57= 72p)

- **Individual Case Analysis (Max 15p):**

Each student is required to complete a mandatory case analysis on the topic of Individual Decision Making. The required length is **1200-1600 words**. This assignment is to be up-loaded by 10.00 a.m., Tuesday, February 6, 2018 (**please see “Assignments” for details**). The specifics of the assignment will be released around one week before the deadline.

Please note: Individual Case Analyses that are not up-loaded on time may only receive a maximum score of 7p.

- **Final Written Exam (Max 57 p):**

The final written exam covers all the literature. The two-hour exam consists of two questions designed to cut across themes and articles. Each question may consist of one or more sub-questions. To pass the exam, a minimum score of 28p (out of 57p) is required.

Please note: Students who fail the March exam have a second chance to pass at the retake in June.

Group Examination (Max 4 x 7 p= 28 p)

- **Group Reflections (max 7p each):**

There are 4 **mandatory “Group Reflections” to be completed**. Group Reflections are written within smaller work groups (around 4 students). Group Reflections are constructed around different cases, and the assigned topics follow the themes of the course.

The required length of each group reflection is **1200-1600 words**. Each Group Reflection is to be uploaded by 10.00 a.m. on the designated Tuesday (**please see “Assignments” for details**). Each Group Reflection may receive a maximum score of 7p.

Please note: Group Reflections that are not up-loaded on time may only receive a maximum score of 3p.