

BUS 143: Judgment and Decision Making

Instructor: Ye Li

Office: School of Business Building 404

Phone: (951) 827-3694

Email: ye.li@ucr.edu (PLEASE include [BUS143] in subject line to pass spam filters)

Student Hours: Tuesday 10:50am-12pm (after class), Wednesday 9:40-10:30, by appointment

Quarter: Spring 2026

Lecture times: Tue + Thu 9:30-10:50

Classroom: School of Business Building 260

Course Website: <http://elearn.ucr.edu/>

Class Discord: <https://discord.gg/Jrbufpd5hU>

Final Exam Time: Take-home due June 9th

[AI Syllabus Bot for questions](#)

School of Business Vision

Vision: We pursue excellence in all that we do, as our vision is to be an internationally recognized leader in business education and research.

Mission: We create knowledge through impactful research, unlock potential through exceptional educational experiences, and foster success in an innovative and collaborative environment, thereby contributing to the upward mobility for our diverse student population.

Strategy: Through daily cultivation of an inspirational working environment, we enhance engagement and empower our stakeholders. It is a mutually beneficial relationship. Our research and teaching activities contribute knowledge and key insights to our stakeholders and society, and in return, our stakeholders enrich our experiences and relevancy and contribute to the financial stability of the School.

Undergraduate Program – Learning Goals

Problem Solving Skills

Students will be able to use a variety of theoretical perspectives to identify and critically evaluate implications of business decisions for organizational stakeholders (e.g., customers, colleagues, employees, stockholders, suppliers, foreign governments, communities, cultures, regulatory agencies) and the natural environment.

Professional Integrity / Ethical Reasoning Skills

Students will be able to recognize ethical issues, demonstrate familiarity with alternative frameworks for ethical reasoning, and discern trade-offs and implications of employing different ethical frames of reference when making business decisions.

Global Context Skills

Students will be conversant with major economic, social, political, and technological trends and conditions influencing foreign investment and development of the global economy and demonstrate an understanding of the cultural, interpersonal, and analytical competencies required for engaging in global business activities.

Written Communication Skills

Students will demonstrate proficiency in written communications by creating written document that are clearly written, with appropriate content and conclusions.

Oral Communication Skills

Students will be able to prepare, purposefully present information orally designed to increase knowledge, to foster understanding, or to promote change in the listeners' attitudes, values, beliefs, or behaviors.

Information Literacy Skills

Students will be able to know when there is a need for information, to be able to identify, locate, evaluate, and effectively and responsibly use and share that information for the problem at hand.

Course Description

Every day, managers, consumers, and organizations make countless decisions. Some of those decisions are thoughtful and effective; many are biased, inconsistent, or systematically flawed. This course is designed for future managers, consultants, analysts, marketers, accountants, and anyone who wants a deeper understanding of *how* people make decisions. Drawing on research in behavioral decision making, organizational behavior, consumer behavior, and psychology, you will learn how common biases and errors arise, how they affect business decisions, and how to design better environments, systems, and interventions that help people make better choices. Throughout the course, we will apply these ideas to real-world problems in areas such as organizational behavior, human resources, marketing, finance, analytics, and policy.

Format: This class emphasizes active learning and engagement. To prepare for class discussion, you will complete readings on original research before class each week. You will also complete weekly web assignments that let you directly experience and reflect on the psychological processes and biases we study. Class time will combine lecture, real-world examples, discussion of your web assignment results, in-class exercises, and class discussion. Write-ups will give you the opportunity to apply course concepts to topics and decisions that matter to you.

How the Course Works Each Week

- By Monday at 9:00am: Complete the weekly web assignment (15-45 minutes).
- Before class: Complete the assigned readings and prepare the reading questions (2-4 hours)
- During class: Attend (required) and actively engage with lecture, discussion, and exercises.
- After class: Next week's web assignment is available Thursday afternoon. If you did not participate in class, you may participate on eLearn discussion forums (before next week's class).
- By Thursday 11:59pm: Submit that week's write-up, if you are doing that topic (2-5 hours).

Learning Objectives

- Normative: Normative questions ask how we *should* think and choose if we want to be rational and consistent. What *should* a good decision look like in a particular situation? How *should* our choices fit together across situations if we want to act coherently? A central theme of the course is the contrast between the “should” (normative) and what we actually “do” (descriptive).
- Descriptive: Descriptive questions ask how people *actually do* make judgments and decisions. How *do* people evaluate business opportunities, risks, delays, emotions, and competing goals? How *do* they form judgments under uncertainty, and how *do* those judgments guide choice? You will learn core concepts in judgment and decision making and use them to analyze real decisions.
- Prescriptive: Prescriptive questions ask how to *improve* decision making. How can you make better choices yourself, and how can you help others do the same? Building on the *descriptive* reality, we will learn how to improve decisions by helping you generate better alternatives, assess critical uncertainties, clarify objectives, and choose more effectively.

Prerequisites

Curiosity about human behavior and a desire to understand and improve your decisions. Some background in psychology, economics, or statistics may be helpful, but is not required.

Course Materials

To minimize your financial burden, all readings are free and there is no required textbook. For students who want additional learning materials, I have listed recommended textbooks and other useful books at the end of the syllabus. These *optional* books are available for purchase on Amazon (links in the syllabus) and other sources. These books are NOT at the UCR bookstore but there are reserved copies at Rivera Library for students in this class to use. Assigned readings will be made available as PDFs on eLearn. Lecture slide handouts will be available on eLearn the evening before each class session, although some examples and activities won't be included.

Class AI Policy

I expect you to use AI tools (e.g., ChatGPT, Gemini, Claude, etc.) to better understand their role in the decision-making process. In fact, most write-ups will have an AI component. However, “use AI as a tutor, not a co-author or editor.” These are the **limits** to acceptable AI use:

- **Acceptable Use:** Think of AI as a tutor who can help you understand concepts but would not do your work or critical thinking for you. If you have trouble with a reading, you may use AI to *help*, but you are responsible for knowing the full content of required readings.
- **Unacceptable uses:** Do *NOT* think of AI as a co-author. AI may not do your writing, reasoning, or examples for you. Do not use AI for grammar/style; I don't grade on this.
- **Be Critical:** Do NOT blindly trust AI outputs. I find that AI often uses class concepts superficially or incorrectly. AI output often *seems* impressive to non-experts, but it can “hallucinate” false facts or sources. AI works best for topics you understand already.
- **Disclosure:** If you use AI on submitted work, report the model and version used (free or paid, thinking?), what you used it for, and the full prompts and outputs (either pasted in or shared through a link). **Failure to disclose AI use violates academic integrity policies.**

Course activity	AI status	What is allowed	What is not allowed
Required readings	Allowed with limits	Use AI to help you work through difficult passages or clarify the reading	Replacing the reading with AI summaries instead of doing the reading yourself
Understanding course concepts (custom AI tutors/NotebookLM)	Encouraged	Explain concepts, define terms, quiz you, or help you study	Relying on AI without checking whether it agrees with the course readings
Write-ups: concept help	Allowed	Use AI to better understand <i>concepts</i>	Letting AI do any of the thinking for you
Write-ups: drafting	Prohibited except...	Only the AI use specifically required by the prompt	Having AI write any draft, paragraph, or sentence
Write-ups: examples	Prohibited	None	Generate your examples
Write-ups: grammar/style editing	Prohibited	None	Using AI to improve clarity, wording, grammar, or style
Write-up feedback	Allowed with limits	Using the feedback AI on a draft you wrote yourself	Having AI rewrite the draft for you
Discussion forum posts	Prohibited	None	Using AI to write, revise, or edit forum posts
Web assignments	Prohibited	None	AI or Google search

Grading Policy

1) Class Engagement	20%
2) Four Write-Ups	40%
3) Weekly Web Assignments	10%
4) Final Exam	30%
5) Extra Credit	Up to 5%

1) CLASS ENGAGEMENT (20%). Your class engagement grade is based on both attendance (50%) and active in-class participation (50%).

Electronics: To maximize student engagement, **NO electronics are allowed in class** (laptops, cellphones, tablets). I will provide slide PDFs and upload YuJa class recordings. You just need to focus on actively listening and engaging with the material. You are allowed to take handwritten notes in a notebook, tablet, or digital notebook (e.g., Supernote, reMarkable, Kindle Scribe). If you *need* electronic notetaking to learn better, you must send me a formal request by email and you must share your digital notes with me throughout the quarter. (Across 24 studies, college students who took *handwritten* notes were 58% more likely to get A's than those who *typed* notes. Flanigan et al, 2024.)

Mandatory Attendance: Attendance is required, but I understand that unexpected circumstances arise. Absences will be excused for documented illness, emergencies, or other legitimate reasons. Even if documentation is unavailable, you should contact me as soon as possible if you miss class. Any missed class must be made up by watching the YuJa recording within one week and completing both Discussion Forum questions for that week.

Illness Policy: I want to support your learning while also protecting the well-being of the class as a whole. If you are only mildly sick and feel well enough to sit in class, please attend class wearing a mask. If you are too sick to participate effectively or are seriously ill, please stay home. Your health and the health of your classmates come first.

In-Class Participation: Class discussion is an essential part of learning in this course, and many students say it is one of their favorite parts. We will discuss ideas from the readings, and I will often ask for your own examples to test understanding. You are expected to do the readings and prepare the reading questions before class (but no need to submit them). The best discussions are *broad* (many students) and *lively* (thoughtful disagreement). Thoughts on good participation:

(1) *Audience:* Your fellow students are your audience (not me, the professor). An important part of critical thinking is active listening and reactive participation. Thus, I will evaluate your participation in terms of how you help other students improve their understanding of the course material, and not my understanding. Many of the best discussions involve students responding to and building off each other's comments.

(2) *Quality over Quantity:* **Quality** is more important than quantity. I cannot hear from every student each class. It is possible to max out participation for the quarter with a few really excellent comments. Some examples of quality comments: (a) providing a real-world

example or illustration of a course concept; (b) offering a new explanation or way of thinking about a course idea; (c) **asking questions** that highlight some issue that is unclear to many students in the class.

(3) *Do NOT worry about being wrong*: Good participation is not limited to having the “right” answer. Some students hold back because they think participation only counts if their comment is fully correct. In fact, some of the most valuable class discussions begin when a student raises an idea that is incomplete, debatable, or headed in the wrong direction. Those moments help us clarify concepts, uncover assumptions, and think more carefully. Thus, I encourage you to contribute even when you are unsure. This class is a supportive learning environment, and mistakes are part of the learning process.

eLearn Discussion Forums: May substitute for *in-class* participation but not for attendance.

- **Purpose:** The discussion forums are intended for students who are less comfortable speaking in class or who do not have many opportunities to contribute during class discussion. They are meant to be a dialogue in which students apply course concepts and learn from one another. If you do not participate in class at least once every week or two, the discussion forums will be an important way for you to earn participation credit. If you already actively participate in class, forum participation is generally not necessary (unless you have absences), even if you do not get a chance to speak in a particular week. Usually, around 30-40% of students choose to participate mainly in discussion forums.
- **Format:** Each week, I will post two discussion questions on eLearn. Respond to one or both questions to earn participation credit, based on the quality of your posts. Thoughtful replies to other students’ posts also count. Discussion topics will remain open only during the week in which we are covering that material and will close at the start of class the following week. No AI use is permitted for forum posts, including for grammar checking or editing. Again, discussion forums do *not* replace the attendance portion.

Expectations & Accountability

- **Preparation:** Arriving prepared (having completed assigned readings or pre-class activities) is essential for meaningful participation. I may occasionally *cold call* students even if their hands are not raised. Please let me know at the beginning of class if you are not prepared to participate, so I will not cold call you. Trying to bluff your way through a question wastes class time and does not help our learning.
- **Timeliness:** Arriving on time is part of your attendance score. Please be punctual so I can start on time. In return, I will do my best to end class on time as well. Late arrivals reduce your participation score, but arriving late is still much better than not attending at all.

2) WRITE-UPS (40%). You must complete 4 of the 8 weekly write-up topics. These write-ups are an integral part of course learning. Their primary reason is to have you think seriously about the topics for the week so that the class discussion is more thoughtful. They are designed to push

your understanding of the readings and give you practice applying the concepts to real decision problems. **You should attempt a write-up only after completing the readings for that topic.**

1. (Due Thursday week 2) Everyone completes Topics 1+2 in randomly-assigned groups of four (you may pick one group member, but I will randomly group pairs of students). These two topics count as a single write-up. Each group submits one file for Topics 1+2.
2. (Due Thursday week 3) Everyone then completes Topic 3 on their own (not with group).
3. Of topics 4-8, you submit any **TWO** write-ups of your choice in the weeks they are due.

Your four write-up scores will be **weighted** according to how well you do on them. Your best write-up will have 40% weight, second best 30%, and third best 20%, and fourth best 10%. You may also submit an optional fifth write-up to drop your lowest score.

- ❖ Example: You score 21, 23, 22, and 25 on four write-ups. The 25 would be weighted at 40%, the 23 at 30%, the 22 at 20%, and the 21 at 10%. Your weighted average would be 23.4.
- ❖ Example (5 write-ups): Same as above but you did a 5th write-up and got a 24. The 21 would be dropped and the 24 would be weighted at 30%; your weighted average would be 24.

Some Guidelines:

- ❖ Write-ups are due **11:59pm Thursday** of the week we are learning that topic. However, to have better class discussion, write-ups received by **11:59pm Wednesday get a +1 bonus**.
- ❖ Late write-ups lose 1 point if received before the next week's class start. After that, it's a 2-point penalty until the last day of lecture!! Please submit late write-ups on eLearn and also **by email** (*subject*: [BUS143] Late write-up #X) with a brief explanation of why it is late.
- ❖ For write-up topics 3 to 8, you will use AI as an important part of the write-up process. Please only use AI as specified in the instructions and in accordance with class policy.
- ❖ Write-ups should be **written entirely using Google Docs** so that I can see *how* you wrote it. Do NOT write in *Word* or *Pages* and then upload or paste into Google Docs. Make sure you use AI tools only as specified in the Class AI policy (see ↑) or in the assignment instructions.
- ❖ Submit write-ups by deleting the blue instructions, exporting the Google Doc (*File* > *Download* > *Microsoft Word (.docx)*), and uploading the .docx file on eLearn. Include your student ID, the word count, and an editable share link to the Google Doc at the top of the document ([detailed instructions on how to do this](#)). Do NOT include your name.
- ❖ **No fluff rule:** Your goal is to *show* your understanding. Do NOT write an intro, background, or conclusion. Do NOT define terms or quote from readings/slides. DO make sure to read the readings thoroughly (the optional ones for that topic may help), not just AI summaries.
- ❖ I do not review write-ups before you turn them in. However, I have created an [AI Write-up Feedback Bot](#). It seems to work well in my testing, but given the nature of AI, I cannot guarantee its accuracy or effectiveness. Use at your own discretion (but disclose use).

Grading System: Write-up grading is out of 25. A score of 25 = “perfect” (pretty rare) and less than 18 = “unacceptable” (you didn’t really answer the question, or it is clear that you rushed an answer without much thinking). Most grades will be in the 19 to 22 range, and you should think of 19-20 as OK, 21-22 as pretty good, and 23-24 as very good. In the past, 21 was the most

common score on students' first write-ups, but by write-up 3, the most common score was 22. You should think of the scores as guidelines for how you can improve, NOT as percentages.

Writing Resources: For academic support, students are encouraged to visit the [ARC](#), a hub supporting students at all skill levels. The ARC offers free tutoring, peer mentoring, and writing help. While you will not be graded on style and grammar, your ideas must be understandable.

Tips for mastering the write-ups:

There rarely exist *right* answers to a prompt. That's what makes them interesting, useful, and fun (we hope). Good write-ups will always reflect a solid understanding of the material but even more importantly you should be able to *apply* the concepts to the prompt. This means that you should not provide definitions and examples directly from the reading but instead figure out what concepts are relevant and how they apply to this business situation.

The following are a few tangible, specific tips based on years of grading write-ups. I offer them to you in roughly decreasing order of how frustrating their violations are to a grader.

1. **Use ideas from this class.** It's quite jarring when ideas from other classes, or even worse, that have come from the internet or AI appear in write-ups. It is always obvious, and it usually means you are not following directions for applying the knowledge from this class's readings and lectures.
2. **Don't regurgitate the reading.** Write as if your audience not only has read the assigned materials but also *knows* them well. Do not waste space on definitions or direct quotes from the reading. Relying on these usually reveals your *lack* of full understanding. The fact that you carefully did the reading should be revealed to us by your thinking, NOT by some quotation or definition.
3. **Start quickly and end abruptly.** For these short write-ups, introductions, background, and conclusions are entirely unnecessary. Even worse, they take away space that is better used in other ways. These things should read like business memos, not English essays. Nor are we strangers to why you're writing in the first place. Jump right in.
4. **Choose concrete over abstract.** Precision is good. It's good for communication and for sharpening thinking. When you feel yourself getting fuzzy, you probably need an example. We *love* examples. Choose **your own** real examples, not ones from the readings.
5. **Be realistic.** A suggestion (e.g., of how to mitigate a certain bias) that works theoretically but is totally infeasible can show understanding but won't be judged as creative. Perhaps the best criterion is to ask yourself if you'd be willing to sit in a manager's office advocating for your recommendation.

3) WEB ASSIGNMENTS (10%). There will be weekly web assignments available after each Thursday class and due at 9am Monday (NOTE: **the first one is due Monday before the first class**). Each generally takes 15-30 minutes and should be completed on a laptop (if you use your phone or iPad, it may not display properly). Links to each web assignment will be posted on eLearn. You should mark them done on eLearn but do **NOT** need to separately submit anything. (I upload these grades manually, sometimes with delay, so don't worry if you don't see a score.)

The web assignments are critical for my teaching and take time to analyze, which is why they are due Monday. Submissions received after 9am Monday but before the start of the first class of the week will still receive full credit BUT will not be included in the results in the class slides. Submissions after the start of the Tuesday lecture will receive ½ credit, and after the Thursday lecture will only receive ¼ credit. Although I do not grade web assignments for "correctness," you will only receive partial credit when I can tell you rushed or did not pay attention. Do *not* do web or AI searches for the web assignments. They're meant to be fun and about your intuitions.

4) FINAL (30%). The final will be a **take-home case write-up** (only 2000-word limit). It will be available on the last day of lecture and due noon the Tuesday of finals week. This should give a lot of flexibility about when you work on it. You will read a business case study and analyze it using concepts that we have covered in this course (guided by a series of question prompts). **You may complete the final in pairs** (1 submission per pair). The grading criteria are the same whether you work with a partner or alone, and I encourage working with a partner. More details about the final will be provided in the final weeks of the quarter. (Also, there is no midterm!)

5) EXTRA CREDIT (UP TO 5%): To earn extra credit, find recent examples from current news, your life, etc., that illustrate concept(s) from the course. I use these examples to keep my slides fresh. Please email a short (< 5 sentences) analysis indicating why you think it is a good example of class concept(s) and include a link or picture. I will accept extra credit submissions until 9am on the last day of class. Great examples will receive 1 point of extra credit, up to a max of 5 total submissions. In the past, ~½ of submissions qualified for extra credit, but I hope you can do better. Articles about research or that directly reference the class terms are ineligible.

- Hint 1:* Can you see this be used in class slides as a *clear* example of some class concept(s)?
- Hint 2:* The concept should “pop out.” I should get it even without your explanation.
- Hint 3:* The best examples occur to you organically. If you specifically search online for examples/articles, you won’t find good ones.

6) MISCELLANEOUS: I post scores and feedback to eLearn once I grade assignments. If you find any problems, you must inform me within **one week** of posting; afterward, scores will not be reviewed. In the case of a dispute, I will review the entire assignment. The score could go up, down, or remain the same.

Course Schedule

Details are subject to change. All classes are equally important so try your best not to miss any!

Week: Dates	Topic	Assignments
1: 3/31 & 4/02	Introduction Preferences	Web 1 (due 9am on 3/30)
2: 4/07 & 4/09	Risk and Heuristics	Web 2, Group write-up topic 1+2
3: 4/14 & 4/16	System 1 and 2 Overconfidence	Web 3, Write-up topic 3
4: 4/21 & 4/23	Choice Over Time	Web 4, Write-up topic 4 plan
5: 4/28 & 4/30	Choice Context Mental Accounting	Web 5, Write-up topic 5
6: 5/05 & 5/07	Memory, Emotion, & Social Heuristics	Web 6, Write-up topic 6
7: 5/12 & 5/14	Algorithmic Decisions	Web 7, Write-up topic 7
8: 5/19 & 5/21	Organizational Decision Making	Web 8, Write-up topic 8
9: 5/26 & 5/28	Happiness Nudge	Web 9, Write-up topic 4
10: 6/02 & 6/04	Behavioral Finance Course Wrap	Web 10, Final exam (due 6/9)

Readings and Assignments (Detailed Schedule)

All readings not labeled [Optional] or Supplemental are **required**.

Week 1	Introduction
Topics	Course introduction, philosophy, and structure
Readings (finish before first class)	<ul style="list-style-type: none"> - Muoio - <i>Fast Company</i> Decisions, Decisions. Preparation Questions (prepare for discussion, but no need to turn in): <ol style="list-style-type: none"> 1. Some successful (and famous) people offer so some advice on decision making. Which advice is good? Why? How would we know? 2. What makes for a good decision? Provide three tests. 3. Why, in your mind, are decisions difficult? Give three reasons.
Supplemental	<ul style="list-style-type: none"> - Russo & Schoemaker (2002) Introduction, Chapter 1 - Kim (2018) Chapter 1 - Hardman (2009) Chapter 1 - Kahneman (2011) Chapter 2-9 - Newell et al (2022) Chapter 2, 14
Due 9am 3/30	Web Assignment 1 is due Monday before the first class and before doing any readings.
	Preferences
Topics	Standard theory: Diminishing Marginal Utility of Wealth Behavioral theory: Prospect Theory Applications: Endowment Effect, Sunk Costs, Defaults
Readings (finish these by Thursday)	<ul style="list-style-type: none"> - Kahneman and Tversky (1984) <i>AP</i> Choices, Values, and Frames Preparation Questions (to be discussed in class; not to hand in): <ol style="list-style-type: none"> 1. What does it mean to be risk-seeking? What does it mean to be risk-averse? <p>[Optional] Kahneman (2011) <i>Thinking, Fast and Slow</i> – Chapter 34 [Optional] Anderson Green 2018 <i>PNAS</i> Personal bests as reference points</p>
Supplemental	<ul style="list-style-type: none"> - Plous (1993) Chapters 7-9 - Kim (2018) Chapters 8-9 - Hardman (2009) Chapter 7 - Bazerman & Moore (2009) Chapter 4 - Kahneman (2011) Chapters 25-27 - Newell et al (2022) Chapter 9

Due <i>next</i> Thursday	<p>Write-up Topic 1: Find a recent (within 6 months) example (or two) of bad “framing” from a reputable news source (include link URL to the news article). That is, find a title or sentence that you think could be improved by changing the reference point to switch from gain to loss “frame” or vice versa, and rewrite it with a new “frame” that you think would be better.</p> <p>Hint: Make sure you know what “frame” means for this class... a bad frame is not simply about poor wording or spin!</p> <p>Note: Topics 1+2 are to be written in your randomly-assigned groups. Both are due Thursday of week 2 (or Wednesday for +1 bonus).</p>
-----------------------------	---

Week 2	Uncertainty, Risks, and Heuristics
Topics	<p>Standard theory: Rationality and Bayes Theorem Behavioral theory: Heuristics and Biases Applications: Availability, Representativeness, Anchoring. Advertising.</p>
Readings	<ul style="list-style-type: none"> - Tversky & Kahneman (1974) Judgment under Uncertainty: Heuristics and Biases Managers often make implicit or explicit probabilistic judgments about future events, such as next quarter's sales of Kellogg's Cornflakes, the price of crude oil in May, or the chance of being promoted to partner. The focus of this class is on how people make such judgments and the reasons why these judgments are sometimes biased. Tversky and Kahneman describe three heuristics that we often use in forming such judgments: representativeness, availability, and anchoring and adjustment. These heuristics, while in general sensible, lead to systematic judgmental biases. The Science article that describes these biases is difficult, but worth the effort. The ideas are deep and important! Pay particular attention to <i>anchoring</i> and <i>availability</i>. The section on <i>representativeness</i> is difficult, so don't worry so much about the names applied to the phenomena discussed in this section (e.g., illusion of validity). Instead, you should try to get a sense for why these findings are inconsistent with reasonable statistical principles. 1. Try to think of an example of anchoring other than the ones described in the article. 2. Consider an "item forecaster" at an electronic retailer such as Amazon. An item forecaster must make quarterly sales forecasts for all items or SKU's (stock keeping units) that need to be stocked during that quarter. The sales forecast is then ordered. How might availability lead an item forecaster to be systematically biased in his or her forecasts? - Sunstein (2003) Fear Factor - Truth Is, Sunbathing is Probably More Dangerous Than Terrorism 1. What steps can we take to prevent availability bias? Make a list of at least 3 managerial situations in your future career in which availability would cause poor decision making? What preventative measures can you think of? 2. In what circumstances might the availability heuristic be beneficial to a company? How can or should it be used for marketing or advertising? What other corporate uses of availability can you think of? - Munger (1995) A Lesson on Elementary, Worldly Wisdom as it relates to Investment Management & Business [just part of this] Read from beginning through the paragraph starting: "One approach is rationality" and ending: "many of which are wrong" and then again starting: "And, by the way, I have a name for people..." and ending: "And, as usual in human affairs..." The rest is optional.

	<p>1. Charlie Munger has been Warren Buffett’s right-hand man for many years. What are the most important general (not “stock picking”) insights in the first few pages of his talk? How should they shape the planning of your daily and weekly activities in your future career?</p> <p>2. Why does Munger believe it is so important to have multiple models in your head? How might the use of multiple models be used as a corrective measure for the sometimes inappropriate use of the judgmental heuristics described in Tversky and Kahneman?</p> <p>[Optional] Kahneman et al 2016 HBR Noise- How to Overcome the High, Hidden Cost of Inconsistent Decision Making [Optional] Kruger, Savitsky & Gilovich (1999) Superstition and the regression effect [Optional] Wu (1999) Bayes Rule Primer</p>
Supplemental	<ul style="list-style-type: none"> - Plous (1993) Chapters 10-13, 19 - Russo & Schoemaker (2002) Chapters 4-5 - Kim (2018) Chapters 2-3, 12 - Hardman (2009) Chapters 3-4 - Bazerman & Moore (2009) Chapter 2 - Kahneman (2011) Chapters 11-18
Due Thursday of week 2	<p>Write-up Topic 2: We all use heuristics in our everyday lives and even in our jobs. Provide three concrete examples of recent work decisions (yours, your coworker’s, or even your boss’s) that were biased by the three judgmental heuristics in this week’s readings. (If you have no work experience, you may use a club or group project.) Show that you understand the psychology by explaining the source of bias in each decision. For each bias, explain how you can avoid this type of bias for decisions in similar situations in the future (use course concepts and be realistic).</p> <p>Instructions and template (make a copy and use this to submit)</p> <p>Note: Topics 1+2 are to be written in your randomly-assigned groups. Submissions by Wednesday get a +1 bonus.</p>

Week 3 - Tue	System 1 + 2
Topics	Your two brains: Slow, effortful, analytic vs. fast, automatic, intuitive
Readings	<ul style="list-style-type: none"> - Kahneman (2011) <i>Thinking, Fast and Slow</i> – Introduction, Chapter 1 - Li 2025 System 1 vs 2 overview for business leaders - Huang (2019) HBR When It’s OK to Trust Your Gut on a Big Decision [Optional] Huston (2019) Psychology Today – 8 Truths About Intuition
Week 3 - Thur	Overconfidence
Topics	Overconfidence and excessive optimism. Confidence game in-class.
Readings	<ul style="list-style-type: none"> - Russo & Schoemaker (1992) SMR Managing Overconfidence - Moore Bazerman (2022) BSP Leadership & overconfidence [Optional] Sanchez & Dunning (2018) Learning a Little About Something Makes Us Overconfident

Supplemental	- Kahneman (2011) Chapters 19-20
Due Thursday of week 3	<p>Write-up Topic 3: Research shows that 80% of small businesses fail within their first three years. Your friend, unaware of this statistic, intends to quit a stable management consulting job to open a restaurant in Los Angeles. As a concerned friend, you want to ensure overconfidence does not cloud their judgment. Your task: Interact with an AI who roleplays your friend and convince them they are being overconfident using course concepts, then write a reflection on the conversation.</p> <p>Full Instructions (make a copy and use this to submit)</p> <p>Note: Everyone must complete this write-up individually.</p>

Week 4	Choice over Time
Topics	Standard theory: Exponential discounting Behavioral theory: Present bias and dynamic inconsistency Applications: Self-control, commitment devices
Readings	- Loewenstein & Thaler (1989) Anomalies: Intertemporal choice - Li (2025) Intertemporal Choice Overview [Optional] Berns et al. (2007) Intertemporal choice: Toward an integrative framework [Optional] Zauberman Urminsky (2016) Consumer intertemporal preferences
Supplemental	- Hardman (2009) Chapter 10 - Newell et al (2022) Chapter 11
Due Thursday of week 4	<p>Write-up Topic 4—Self-Control Project: To deal with self-control problems, people can pre-commit themselves to doing more of a good behavior or less of a bad behavior in the future. In pairs of students, solve your OWN self-control problems with precommitment and/or prepayment.</p> <p>Full Instructions (make a copy and use this to submit)</p> <p>Note: The project <i>plan</i> is due this Thursday. The final report is due week 9. Everyone choosing this as one of their four topics receives a +2 bonus.</p>

Week 5 - Tue	Choice Context
Topics	Standard theory: Expected utility maximization Behavioral theory: Attraction and compromise effects; evaluability Applications: Marketing strategy
Readings	- Li 2025 The Role of Context in Managerial Decision-Making Shafir, Simonson & Tversky (1993) Reason-based Choice (more in depth) 1. How does reason-based choice differ from value maximization? If value maximization is normative, what departures from normative behavior are caused by reason-based thinking? 2. What relationship does mental accounting have with reason-based choice? 3. The article discusses some applications of reason-based choice. Can you think of others? [Optional] Simonson (1989) Choice Based on Reasons: The Case of Attraction and Compromise Effects

	[Optional] Hsee (1996) The Evaluability Hypothesis
Supplemental	<ul style="list-style-type: none"> - Hardman (2009) Chapter 8 - Newell et al (2022) Chapter 7
Week 5 - Thu	Mental Accounting
Topics	<p>Standard theory: Fungibility and the universal frame of reference</p> <p>Behavioral theory: Mental accounting and hedonic editing</p> <ul style="list-style-type: none"> - Applications: Pricing
Readings	<ul style="list-style-type: none"> - Thaler (1999) Mental Accounting Matters <p>1. What is loss aversion? In what ways are outcomes “short” of the reference point qualitatively different from outcomes “past” the reference point? What other reference points can you think of besides the status quo?</p> <p>2. Why do segregation and aggregation (of gains or losses) lead an individual to perceive a situation (or a product) differently and hence behave differently? Can you think of any other implications besides those discussed in the Thaler reading?</p> <p>[Optional] Kahneman (2011) <i>Thinking, Fast and Slow</i> – Chapter 32</p> <p>[Optional] Chase & Dasu (2001) Want to Perfect your Company’s Service? Use Behavioral Science</p>
Supplemental	<ul style="list-style-type: none"> - Hardman (2009) Chapter 8 - Bazerman & Moore (2009) Chapter 4 - Kahneman (2011) Chapters 33 - Kim (2018) Chapter 7
Due Thursday of week 5	<p>Write-up Topic 5: Imagine that you have saved \$2,000 specifically for a short post-quarter or weekend vacation (to a destination of your choice), and you’re determined not to exceed this budget. Your goal is to apply mental accounting, prospect theory, and hedonic editing to plan how you will spend your vacation budget to maximize enjoyment. Use AI to critique your plan, and then update or reaffirm your plan using course concepts.</p> <ul style="list-style-type: none"> - Full instructions (make a copy and use this to submit)
Week 6	Memory, Emotion, and Social Heuristics
Topics	<p>Standard theory: Maximizing and always mindful</p> <p>Behavioral theory: Satisficing and often mindless behavior</p> <p>Applications: Branding and advertising, Social influence</p>
Readings	<ul style="list-style-type: none"> - Cialdini (2001) HBR - Harnessing the science of persuasion <p><i>I also highly recommend the full book: Influence: Science and Practice</i></p> <ul style="list-style-type: none"> - Surowiecki (2009) Branded a Cheat <p>[Optional] Van Bavel et al. (2020) Using social and behavioral science to support COVID-19 pandemic response</p>
Supplemental	<ul style="list-style-type: none"> - Bazerman & Moore (2009) Chapter 5 - Newell et al (2022) Chapter 15

Due Thursday of week 6	<p>Write-up Topic 6: Examine the packaging of some of your favorite consumer packaged goods (i.e., foods, household products, etc. from around YOUR home). Choose a product and take your <u>own</u> photo(s) of its packaging. How does the packaging currently use Cialdini’s principles of persuasion? Use AI to help suggest improvements to the packaging using additional principles. Critique and improve on the AI’s suggestions.</p> <p>Full instructions (make a copy and use this to submit)</p> <p>NOTE: There are only 2 write-up topics after this.</p>
----------------------------------	---

Week 7	Decisions by Algorithm
Topics	How and why algorithms/models can make better predictions than people do
Readings	<ul style="list-style-type: none"> - Li (2025) Algorithm decision making overview - Kleinberg et al. (2016) HBR Solving Social Problems with Machine Learning [Optional] Miller (2018) HBR Want Less-Biased Decisions? Use Algorithms. [Optional] Harrell (2016) HBR Managers Shouldn’t Fear Algorithmic Decision Making [Optional] Yalcin Puntoni (2023) HBR How AI Affects Our Sense of Self [Optional] Camerer & Johnson (1991) The process-performance paradox in expert judgment: How can experts know so much and predict so badly? [Optional] Brynjolfsson Mitchell (2017) What can machine learning do? [Optional] Dana (2017) NYT – The Utter Uselessness of Job Interviews [Optional] HBR 2014 The Problem with Using Personality Tests for Hiring
Supplemental	<ul style="list-style-type: none"> - Kim (2018) Chapter 6 - Kahneman (2011) Chapters 21-22 - Newell et al (2022) Chapter 13
Due Thursday of week 7	<p>Write-up Topic 7: UCR’s admissions office is considering using predictive models to select students based on one or more “success metrics.” You will take a stance on using such models for admissions, have the AI argue the opposite position, and then synthesize the two perspectives.</p> <p>Full instructions (make a copy and use this to submit)</p> <p>NOTE: Topic 8 (for next week) is the last write-up topic available.</p>

Week 8	Organizational Decision Making, “Into Thin Air” Case
Topics	<p>Decision making in an organizational context</p> <p>Inside vs. Outside views</p> <p>Risk and decision making in a real-world setting</p>
Readings	<ul style="list-style-type: none"> - Krakauer (1996) Into Thin Air (if interested, full book: Into Thin Air) <ol style="list-style-type: none"> 1. Why are the climbers up there? Consider the motivation and incentives facing each participant. What does this imply for potential decisions biases and corrective measures? 2. What are the defining characteristics of the decision-making environment on Mt. Everest? Setting aside the extreme physiological conditions, what are the biggest challenges for good decision making?

	<p>3. Describe Hall’s and Fischer’s decision processes. What mistakes did the guides or climbing teams make during the climb to the summit? Why were these mistakes made? How do these mistakes relate to concepts we have discussed in the course?</p> <p>4. If you were advising a friend interested in organizing an expedition to the top of Everest (or some other large but potentially dangerous mountain), what advice would you give him or her based on the concepts of this course?</p> <ul style="list-style-type: none"> - Lovallo & Kahneman (2003) HBR Delusions of Success - How Optimism Undermines Executives’ Decisions <p>Lovallo and Kahneman describe an important difference between individual and organizational decision making: the distinction between the inside and outside view.</p> <ol style="list-style-type: none"> 1. An oft-cited example of an inside/outside view relationship is the entrepreneur and the venture capitalist. What other business relationships share this quality? 2. They describe the potentially offsetting biases of timid choices and bold forecasts. What jobs are more likely to be governed by timid choices (rather than bold forecasts)? What jobs are more likely to be governed by bold forecasts (rather than timid choices)? Can you think of any jobs in which timid choices and bold forecasts might cancel each other out? <ul style="list-style-type: none"> - Heath, Larrick & Klayman (1998) Cognitive Repairs <p>This article describes how organizations impose practices designed to overcome the judgmental biases we have learned in class.</p> <ol style="list-style-type: none"> 1. What is a cognitive repair? How does a cognitive repair differ from the following prescription: "follow the normative rule that applies in this situation"? 2. What conditions must be in place for a cognitive repair to be successful? <p>[Optional] McKinsey (2010) Strategic decisions: When can you trust your gut? [Optional] Courtney, Lovallo & Clarke (2013) HBR Deciding How to Decide [Optional] Rosenzweig (2013) HBR What Makes Strategic Decisions Different</p>
Supplemental	<ul style="list-style-type: none"> - Russo & Schoemaker (2002) Chapter 9 - Kahneman (2011) Chapters 23-24 - Newell et al (2022) Chapter 17
Due Thursday of week 8	<p>Write-up Topic 8: Managers often rely on the “inside view” when making decisions. Your task is to propose ways to shift an organization from an inside-view approach to a more outside-view-oriented decision process. You will do this by describing a specific type of organizational decision, then trying to convince an AI “manager” who is skeptical of the outside view, and finally refining your recommendations based on this interaction.</p> <p>Full instructions (make a copy and use this to submit)</p> <p><i>NOTE: This is the last write-up topic to choose from.</i></p>

Week 9 - Tue	Happiness
Topics	What does (and does not) make people happy

Readings	<ul style="list-style-type: none"> - NY Times (1999): In Forecasting Their Emotions, Most People Flunk Out - Kahneman et al (2006) Would You Be Happier If You Were Richer? [Optional] Wall Street Journal (2006) Nine Tips for Investing in Happiness [Optional] Wall Street Journal (2010) What Salary Buys You Happiness [Optional] Lyubormirsky (2012) New Love - A Short Shelf Life [Optional] Easterlin et al (2012) China's life satisfaction, 1990-2010 <p><i>For more: See Daniel Gilbert's book Stumbling on Happiness.</i></p>
Supplemental	- Kahneman (2011) Chapters 35-38

Week 9 - Thu	Nudge (Choice Architecture)
Topics	<p>Big Idea: Designing choice environments that subtly improve people's behavior without restricting choice.</p> <p>Applications: financial, health, environmental, and policy choices</p>
Readings	<ul style="list-style-type: none"> - Thaler & Sunstein (2008) Nudge [introduction chapter] - (Just skim this) Rotman- Practioner's Guide to Nudging [Optional] Johnson (2023) How Netflix's Choice Engine Drives Its Business [Optional] Johnson and Goldstein (2003) <i>S</i> Do Defaults Save Lives?
Supplemental	<p>Thaler & Sunstein (2021 book): Nudge: The Final Edition</p> <p>Johnson (2021): The Elements of Choice: Why the Way We Decide Matters</p>
Due Thursday of week 9	<p>Write-up Topic 4 (self-control partner project): Final report (<i>see week 4</i>).</p> <p>Everyone gets +2; no additional bonus for early submission.</p>

Week 10 - Tue	Behavioral Finance
Topics	Applications: Personal investing and financial services firms
Readings	<ul style="list-style-type: none"> - Benartzi & Thaler (2013) Behavioral Economics and the Retirement Savings Crisis - De Bondt & Thaler (1995) Financial Decision Making in Markets and Firms <p>1. What psychological concepts discussed in this course does behavioral finance draw upon?</p> <ul style="list-style-type: none"> [Optional] Lamont & Thaler (2003) The Law of One Price in Financial Markets [Optional] Thaler (1999): The End of Behavioral Finance [Optional] Surowiecki – The cult of overwork [Optional] Tankersley - A black hole for our best and brightest
Supplemental	- Bazerman & Moore (2009) Chapter 8

Week 10 - Thu	Course Wrap-Up and Summary
Due	Take-home Final Exam available end of class (due noon Tuesday 6/9)
Optional Readings	<ul style="list-style-type: none"> [Optional] Courtney Lovallo Clarke (2013) HBR Deciding How to Decide [Optional] Charan (2013) HBR You Can't Be a Wimp, Make the Tough Calls [Optional] Rosenzweig (2013) HBR What Makes Strategic Decisions Different

Other Resources (OPTIONAL, *but could be helpful*)

Textbooks: I will not teach directly from any of these textbooks. However, sections that overlap with lecture topics can act as supplemental reading for those who learn better from textbooks. Some things I cover in lecture will NOT be in any textbook. *These books are on reserve at Rivera Library for short term borrowing. Please try before you buy!*

- * Daniel Kahneman [2002 Nobel Prize] (2011). [*Thinking: Fast and Slow*](#). (Only \$9 for new paperback)
- Nancy S. Kim (2018). [*Judgment and Decision-Making: In the Lab and the World*](#). (~\$8 digital rental)
- Max Bazerman & Don Moore (2012). [*Judgment in Managerial Decision Making*](#) (7th ed. used ~ \$8).
- Don Moore and Max Bazerman (2022). [*Decision Leadership: Empowering Others to Make Better Choices*](#) (successor to Bazerman & Moore 2012, but more focused on managers)
- David Hardman (2009). [*Judgment and Decision Making: Psychological Perspectives*](#). (~\$30 used).
- Scott Plous (1993). [*The Psychology of Judgment and Decision Making*](#). McGraw-Hill. (~\$15 used)
- Ben R. Newell, David A. Lagnado, & David R. Shanks (2022). [*Straight Choices: The Psychology of Decision Making*](#) (3rd ed). Psychological Press. (~\$45 paperback)

Popular Science: These are more casual books suitable for any interested audience. * Favorite

- Gary Belsky and Thomas Gilovich (2010). [*Why Smart People Make Big Money Mistakes and How to Correct Them: Lessons from the Life-Changing Science of Behavioral Economics*](#).
- John S. Hammond, Ralph L. Keeney, & Howard Raiffa (2002). [*Smart Choices: A Practical Guide to Making Better Decisions*](#).
- * Chip Heath & Dan Heath (2013). [*Decisive: How to Make Better Choices in Life and Work*](#). (UCR ebook)
- Eric J. Johnson (2021). [*The Elements of Choice: Why the Way We Decide Matters*](#)
- Daniel Kahneman, Olivier Sibony, Cass Sunstein (2021). [*Noise: A Flaw in Human Judgment*](#).
- Katy Milkman [host of Choiceology] (2021). [*How to Change: The Science of Getting from Where You Are to Where You Want to Be*](#)
- J. Edward Russo & Paul Schoemaker (2001). [*Winning Decisions: Getting It Right the First Time*](#).
- Richard H. Thaler [2017 Nobel Prize] (2016). [*Misbehaving: The Making of Behavioral Economics*](#).
- * Richard H. Thaler & Cass R. Sunstein (2009, updated 2021). [*Nudge: The Final Edition*](#) (UCR ebook)
- Harvard Business Review articles on Decision Making: <https://hbr.org/topic/decision-making>

Podcasts: There are many great podcasts that are devoted to the psychology of decision making. The ones on top are most relevant to class but they are all great.

Choiceology with Katy Milkman: [Apple Spotify](#)

Decision Education Podcast: [Apple Spotify](#)

The Behavioral Divide (more focused on financial decisions): [Apple Spotify](#)

UCR Integrity Statement

At the University of California, Riverside (UCR) honesty and integrity are fundamental values that guide and inform us as individuals and as a community. The academic culture requires that each student take responsibility for learning and for producing work that reflect their intellectual potential, curiosity, and capability. Students must represent themselves truthfully, claim only work that is their own, acknowledge their use of others' words, research results, and ideas, using the methods accepted by the appropriate academic disciplines and engage honestly in all academic assignments. Misunderstanding of the appropriate academic conduct will not be accepted as an excuse for academic misconduct. If a student is in doubt about appropriate academic conduct in a particular situation, he or she should consult with the instructor in the course to avoid the serious charge of academic misconduct. To ensure the highest standard of academic integrity, all students should be familiar with the [guidelines](#).

UCR Copyright Statement

This content is protected and may not be shared, uploaded, or distributed. My lectures and course materials, including PowerPoint presentations, syllabus, exams, outlines, and similar materials, are protected by U.S. copyright law and by [University policy](#). I am the exclusive owner of the copyright in those materials I create. You may take notes and make copies of course materials for your own use. You may not [reproduce, distribute or display \(post/upload\)](#) lecture notes or recordings or course materials in any other way — whether or not a fee is charged — without my express written consent. You also may not allow others to do so. If you do so, you may be subject to student conduct proceedings under the UCR [Student Code of Conduct, Section 102.23](#)

Note: Please do not submit *anything* (e.g., slides, write-ups, exams) related to this class to CourseHero, Chegg, or similar websites. This is not fair and disrespects me and other students. It also often results in copyright infringement. If you do submit course materials to these types of websites, I will pursue actions to remove them and your grade will suffer, including after you have finished the class or graduate.

UCR Disability Statement

UC Riverside is committed to providing equal access to learning opportunities to students with documented disabilities. To ensure access to this class, and your program, please contact the Student Disability Resource Center (SDRC) to engage in a confidential conversation about the process for requesting accommodations in the classroom. More information can be found on sdruc.ucr.edu. If you are a student registered with the SDRC, please ensure you request your quarterly accommodations through rability.ucr.edu.