

University of Cologne

Bachelor Seminar: Behavioral Management Science

Area Corporate Development

Syllabus for winter term 2017/18



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| Instructors: | Guest professor Ernesto Reuben (NYU Abu Dhabi) Caroline Stein | ereuben@nyu.edu stein@wiso.uni-koeln.de |
| Times & Locations: | Kick-off | January 11, 16:00-17:30, Room: tba |
| | Final block seminar | February 23, 9:00-18.00, Room: tba |

COURSE LANGUAGE: English

BACHELOR SEMINAR WITH ERNESTO REUBEN

Ernesto Reuben currently holds a professorship at the New York University of Abu Dhabi. Before that he taught at the Columbia Business School in New York. He is an internationally recognized researcher in the field of experimental and behavioral economics. Among others his main research interests lie in studying the determinants of prosocial and antisocial behavior as well as the emergence and enforcement of social norms.

COURSE OVERVIEW

This course introduces students to the field of behavioral management science, which seeks to combine standard economic thinking with more psychologically plausible assumptions about human behavior. This is accomplished by making nonstandard assumptions about human preferences, exploring nonstandard beliefs, and emphasizing the limitations of our decision-making faculties. Predictions about individual behavior are more accurate and policies of companies or governments are more effective when this more-realistic thinking is effectively used. The topics covered include, but are not restricted to, overconfidence and competitiveness, mental accounting, fairness and social norms and procrastination.

COURSE OUTLINE

Below is the outline of the course. This is meant only as a rough guide of the topics and the sequence in which they will be covered. The instructor retains the right to change or deviate from the course outline.

| Topics | |
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| 1 | Heuristics and biases: thinking fast and slow |
| 2 | Commitment: self-control, dynamic inconsistency, procrastination |
| 3 | Nudging: status quo bias, nudging the public, libertarian paternalism |
| 4 | Beliefs: Bayesian updating, stereotypes, implicit associations |
| 5 | Fairness: other-regarding preferences, social norms |
| 6 | Trust: reciprocity, betrayal, guilt aversion |
| 7 | Honesty: lying, whistle-blowing |
| 8 | Performing: overconfidence, competition aversion, stereotype threat |

GRADING

Grades are based on a presentation (50%) students have to give on the final block seminar day and an essay (50%) that has to be handed in by March 20.

ATTENDANCE

Full attendance to both the kick-off meeting and the block seminar day is expected.

LITERATURE

The required readings will be based on journal articles and case studies that will be available online.

The books below are fun to read and are a good starting point to many of the topics that will be covered in class. They are not required reading but students who want to have a better idea of what the course will be about are encouraged to take a look.

- *Nudge: Improving Decisions About Health, Wealth, and Happiness* by Richard H. Thaler and Cass R. Sunstein. (Harder than Ariely's book, but deeper and more policy oriented)
- *Thinking, Fast and Slow* by Daniel Kahneman. (An introductory account of behavioral economics by a psychologist who won the Nobel Memorial Prize in Economics)
- *Misbehaving: The Making of Behavioral Economics* by Richard H. Thaler. (A personal account of the birth of behavioral economics from one of the pioneers)