



Course program and reading list

Semester 1 Year 2024

School: Arison School of Business M.A. in OBD

Behavioral Economics in Organizations

Lecturer:

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Teaching Assistant:

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Course No.:	Course Type :	Weekly Hours :	Credit:
28918	Elective	2	2

Course Requirements :	Group Code :	Language:
Final Paper	241289189	English



Course Description

Course topics

1. Introduction to behavioral economics
 2. Decisions under risk – Prospect theory
 3. Decisions under uncertainty – Heuristics and biases
 4. Social vs. economic markets
 5. Factors influencing organizational decisions
 6. The psychology of money
 7. Motivation
 8. Moral behavior
 9. Group decision-making – Boards and managers
 10. Behavioral change and summary
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Course Goals

Behavioral Economics deals with the psychological factors influencing how people make economic and managerial decisions. Decisions can be small and mundane, such as which route to take on the way to work, or more substantial, such as investing a big budget for a new product. Either way, these decisions play a major role in the survival and success of organizations. Research in behavioral economics has developed substantially in the last 50 years, providing numerous insights into how people make personal and business-related decisions. The current course deals with the behavioral and psychological aspects of managerial decision-making. Among others, the course will cover normative models for decision-making, heuristics and biases, risk perception, decision making under risk and uncertainty, pro-social behavior, and motivation. During class, we will examine how people make decisions, why they lead to systematic biases, and how they are applied to organizational and consumer behavior. The course is based on lectures and course discussions.



Grading

The course includes frontal lectures.

The final assignment is to submit 10 multiple-choice questions on the materials we cover in class and 6 True/False questions. The questions should emphasize higher-level thinking and understanding and not just examine memory for the learned material. The multiple-choice questions should include 4 possible answers, and the True/false statements should include a short explanation (why it is true or false). The questions should be challenging but not too hard.

The grade will be based on creativity, difficulty level, and proficiency.

Due date: 20.03.2024



Reading List

	Date	Topic	Reading materials
1	22/ 12/ 2023	Introduction to behavioral economics	Hochman, G., and Ariely, D. (2015). Behavioral Economics. In Scott, R. A., & Kosslyn, S. M. (Eds.), <i>Emerging Trends in the Social and Behavioral Sciences</i> . Wiley Inc.
2	29/ 12/ 2023	Decisions under risk – Prospect theory	Tversky, A., & Kahneman, D. (1988). Rational Choice and the Framing of Decisions. <i>Journal of Business</i> , 59, S251-S278.

		Hossain, T., and List, J. A. (2012). The behavioralist visits the factory: Increasing productivity using simple framing manipulations. <i>Management Science</i> , 58, 2151–2167.
3	05/01/2024 Decisions under uncertainty – Heuristics and biases	Tversky, A., & Kahneman, D. (1974). Judgment under uncertainty: Heuristics and biases. <i>Science</i> , 185, 1124–1131. Ruffle, B. J., & Shtudiner, Z. (2014). Are good-looking people more employable? <i>Management Science</i> , 61, 1760–1776.
4	12/1/2024 Social vs. economic markets	Ariely, D. (2000). <i>Predictably irrational – The hidden forces that shape our decisions</i> , Chapter 4 – The cost of social norms. HarperCollins Publishers. Gneezy, U., & Rustichini, A. (2000). A fine is a price. <i>Journal of Legal Studies</i> , 29, 1–17.
5	19/11/2024 Factors influencing organizational decisions	Levin, I. P., Schreiber, J., Gaeth, G.J., & Lauriola, M. (2002). A tale of two pizzas: building up from a basic product versus scaling down from a fully loaded product. <i>Marketing Letters</i> , 13, 335–344.
6	In Zoom 26/11/2024 The psychology of money	Maaravi, Y., Idan, O., & Hochman, G. (2019). And Sympathy is what we need, my friend – Polite requests improve negotiation results. <i>PLOS One</i> , 14(3): e0212306 Heath, C., & Soll, J. B. (1996). Mental budgeting and consumer decisions. <i>Journal of Consumer Research</i> , 23, 40–52.
7	02/02/2024 Motivation	Hochman, G., Ayal, S., & Ariely, D. (2014). Keeping Your Gains Close but Your Money Closer: The Effect of Prepayment on Choice and Performance. <i>Journal of Economic Behavior & Organization</i> , 107, 582–594. Locke, E. A., & Latham, G. P. (2015). Breaking the rules: A historical overview of goal-setting theory. <i>Advances in Motivation Science</i> , 2, 99–126.
		Bareket-Bojmel, L., Hochman, G. & Ariely, D. (2017). It's (not) all

about the Jacksons: Testing different types of short-term bonuses in the field. *Journal of Management*, 43, 534-554.

09/ 02/ 2024	Moral behavior	Erat, S., & Gneezy, U. (2012). White lies. <i>Management Science</i> , 58, 723-733.
8		Hochman, G., Peleg, D., Ariely, D., & Ayal, S. (2021). Pinocchio meets Robin Hood: Justifications increase cheating behavior while decrease the probability of being detected. <i>Journal of Behavioral and Experimental Economics</i> , 92, 101699.
16/ 02/ 2024	Group decision- making – Boards and managers	See, K. E., Morrison, E. W., Rothman, N. B., & Soll, J. B. (2011). The detrimental effects of power on confidence, advice taking, and accuracy. <i>Organizational Behavior and Human Decision Processes</i> , 116, 272-285.
9		Venkataramani, V. & Tang, C. (2023). When Does External Knowledge Benefit Team Creativity? The Role of Internal Team Network Structure and Task Complexity. <i>Organization Science</i>
23/ 02/ 2024	Behavioral change And summary	Sunstein, C. R. (2014). Nudging: A very short guide. <i>Journal of Consumer Policy</i> , 37, 583-588.
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