



# MGSM985

## Special Topics in Management

Term 3 North Ryde 2019

*Dept of Economics*

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#### **Disclaimer**

Macquarie University has taken all reasonable measures to ensure the information in this publication is accurate and up-to-date. However, the information may change or become out-dated as a result of change in University policies, procedures or rules. The University reserves the right to make changes to any information in this publication without notice. Users of this publication are advised to check the website version of this publication [or the relevant faculty or department] before acting on any information in this publication.

## General Information

Unit convenor and teaching staff Maroš Servátka <a href="mailto:maros.servatka@mq.edu.au">maros.servatka@mq.edu.au</a>
Credit points 4
Prerequisites Admission to MBA or MMgmt or GradCertMgtPostMBA or GradDipMgt
Corequisites
Co-badged status
Unit description This unit provides an opportunity to examine a topical issue in management that is not covered in another MGSM unit. The topic will depend on the current global and domestic business environment and on the availability of teaching staff. The content is likely to vary from offering to offering however each will support the MGSM goals to develop managers with strong professional skills; leadership; global mindset, citizenship and an ability to create sustainable value. The course will seek to combine underlying theory with a strong practical emphasis to support advanced specific knowledge, critical thinking and high level communication capabilities.

## Important Academic Dates

Information about important academic dates including deadlines for withdrawing from units are available at <https://www.mq.edu.au/study/calendar-of-dates>

## Learning Outcomes

On successful completion of this unit, you will be able to:

Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.

Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.

Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

## Assessment Tasks

Name	Weighting	Hurdle	Due
<u>Group Presentation</u>	40%	No	Starting Session 3 of class
<u>Individual Essay</u>	60%	No	30 August 2019

### Group Presentation

Due: **Starting Session 3 of class**

Weighting: **40%**

Depending on numbers, the class will be divided into groups. Each group will introduce a given topic on the morning selected, as elaborated in the Unit Schedule section of this guide. This presentation will cover the issues, the relevant readings, and any recent articles in the business press, and open up the topic for discussion.

Please ensure all participants full names, the unit code (MGSM985), unit name (Special Topics in Management: Behavioural Economics), lecturer (Maroš Servátka), as well as the topic presented is clearly visible on your presentation front page.

On successful completion you will be able to:

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

### Individual Essay

Due: **30 August 2019**

Weighting: **60%**

The individual report is an essay on a topic of the student's own choosing, given that it is relevant to the course. It is the work of the student as an individual, and will present an argument, buttressed by evidence, at a length adequate to this task (between 3,000 and 4,000 words). Details will be discussed as the course unfolds.

Please ensure your full name, student number, unit code (MGSM985), unit name (Special Topics in Management: Behavioural Economics), and lecturer (Maroš Servátka) is clearly visible on your assignment.

A penalty of 10% of possible marks per calendar day will be applied to late assignment submission. This penalty does not apply for cases in which an application for special

consideration is made and approved.

Please submit a softcopy through iLearn and drop off a hardcopy in the Assignments Shute located at the MGSM main reception.

On successful completion you will be able to:

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

## Delivery and Resources

See Unit Schedule for details regarding assigned articles.

\* marks additional recommended readings on the given topic.

“CLR” refers to the following textbook: Camerer, C., G. Loewenstein & M. Rabin (eds.) (2004), *Advances in Behavioral Economics*, Russell Sage Foundation, Princeton University Press. (henceforth CLR)

MGSM iLearn

The web page for this unit can be found at: <https://ilearn.mq.edu.au/login/MGSM>

## Unit Schedule

Block class as follows:

2 August 2019	Friday	9am - 5pm
3 August 2019	Saturday	9am - 5pm
4 August 2019	Sunday	9am - 5pm
17 August 2019	Saturday	9am - 5pm
18 August 2019	Sunday	9am - 5pm

Students are required to attend all classes.

Note that this is a tentative outline of topics and dates; we might not have enough time to cover all material mentioned in this outline and the order of topics might get rearranged. We will select topics and readings based on our class discussions and student interests. I also reserve the right to assign additional readings.

Session 1	<p><b>Introduction to behavioural economics</b></p> <p>Camerer C.F. &amp; Loewenstein G. (2004). "Behavioral economics: Past, present, future," In: Camerer, C., G. Loewenstein &amp; M. Rabin (eds.) <i>Advances in Behavioral Economics</i>, Russell Sage Foundation, Princeton University Press (henceforth CLR)</p> <p><b>Experimental methods in economics</b></p> <p><b>What do behavioural and experimental economics have in common?</b></p> <p>Smith, V. (1991) "Rational choice - the contrast between economics and psychology" <i>Journal of Political Economy</i>, 99, 877-97</p> <p>Loewenstein, G. (1999) "Experimental Economics from the Vantage Point of Behavioural Economics" <i>Economic Journal</i> 109, 25-34.</p> <p>Activity: Ultimatum game experiment</p>
Session 2	<p><b>Fairness, gift exchange, reciprocity, and contract enforcement</b></p> <p>CLR CH8: Kahneman, D., J.L. Knetsch &amp; R. Thaler "Fairness as a Constraint on Profit Seeking: Entitlements in the Market"</p> <p>Hoffman, E., K. A. McCabe, K. Shachat &amp; V. L. Smith (1994) "Preferences, Property Rights, and Anonymity in Bargaining Games," <i>Games and Economic Behavior</i>, 7(3), 346-80.</p> <p>Fehr, E., S. Gächter &amp; G. Kirchsteiger (1997) "Reciprocity as a Contract Enforcement Device: Experimental Evidence," <i>Econometrica</i>, 65(4), 833-60.</p> <p>* Gächter, S. and Falk, A. (2002) "Reputation and Reciprocity - Consequences for the Labour Relation," <i>Scandinavian Journal of Economics</i>, 104, 1-26.</p> <p>* J.C. Cox, M. Servátka &amp; R. Vadovič (2017) "Status Quo Effects in Fairness Games: Reciprocal Responses to Acts of Commission vs. Acts of Omission," <i>Experimental Economics</i>, 20, 1-18.</p> <p>Activity: Gift exchange experiment</p>
Session 3	<p><b>Trust, trustworthiness, communication and cooperation</b></p> <p>Berg, J., J. Dickhaut &amp; K. McCabe (1995) "Trust, Reciprocity, and Social History," <i>Games and Economic Behavior</i>, 10(1), 122-42.</p> <p>Charness, G. &amp; M. Dufwenberg (2006) "Promises and Partnership," <i>Econometrica</i>, 74(6), 1579-1601.</p> <p>Dufwenberg, M., M. Servátka &amp; R. Vadovič "Honesty and Informal Agreements," <i>Games &amp; Economic Behavior</i>, 102, 2017, 269-285.</p> <p>* Cox, J. C. (2004) "How to Identify Trust and Reciprocity," <i>Games and Economic Behavior</i>, 46, 260-281.</p> <p>* Servátka, M. S. Tucker &amp; R. Vadovič (2011) "Words Speak Louder Than Money," <i>Journal of Economic Psychology</i>, 32(5), 700-709.</p> <p>* Servátka, M. S. Tucker &amp; R. Vadovič (2011) "Building Trust One Gift at a Time," <i>Games</i>, 2(4), 412-433. Special Issue on Fairness in Games.</p> <p>* Xiao, E. &amp; Houser, D. (2009) "Avoiding the sharp tongue: Anticipated written messages promote fair economic exchange," <i>Journal of Economic Psychology</i>, 30(3), 393-40</p> <p>* Brook, R. &amp; M. Servátka "The Anticipatory Effect of Nonverbal Communication," <i>Economics Letters</i>, 144, 2016, 45-48.</p> <p>Activity: Investment game experiment</p>

Session 4	<p><b>Group 1 presentation:</b></p> <p><b>Social norms and cooperation</b></p> <p>Fehr, E. &amp; S. Gächter (2000) "Cooperation and Punishment in Public Goods Experiments," American Economic Review, 90, 980-994.</p> <p>Masclét, D., C. Noussair, S. Tucker &amp; M.C. Villeval (2003) "Monetary and Non-monetary Punishment in the Voluntary Contributions Mechanism," American Economic Review, 93, 366-380</p> <p>Activity: Voluntary contribution mechanism experiment</p> <p><b>Group 2 presentation:</b></p> <p><b>Psychology of incentives, dysfunctional effects of explicit incentives</b></p> <p>Fehr, E. &amp; A. Falk (2002) "Psychological Foundations of Incentives," European Economic Review, 46, 687-724</p> <p>Falk, A. &amp; Kosfeld, M. (2006) "Distrust - The Hidden Cost of Control" American Economic Review, 96 (5), 1611-1630.</p> <p>Gneezy, U. (2004) "The W Effect of Incentives," Chicago GSB working paper.</p> <p>* Schnedler, W. &amp; Vadovič, R. (2011) "Legitimacy of Control," Journal of Economics &amp; Management Strategy, 20(4), 985-1009.</p>
Session 5	<p><b>Group 3 presentation:</b></p> <p><b>Asymmetry of incentive effects in coordination problems</b></p> <p>Blume, A. &amp; A Ortmann (2007) "The effects of costless pre-play communication: Experimental evidence from games with Pareto-ranked equilibria," Journal of Economic Theory 132 (1), 274-290</p> <p>Dugar, S. (2010) "Nonmonetary sanctions and rewards in an experimental coordination game," Journal of Economic Behavior &amp; Organization, 73 (3), 377-386</p> <p><b>Motivation</b></p> <p>Ariely, D., E. Kamenica &amp; D. Prelec (2008) "Man's Search for Meaning: The Case of Legos," Journal of Economic Behavior and Organization, 67(3), 671-677. (discussion led my MS)</p>
Session 6	<p><b>Group 4 presentation:</b></p> <p><b>Decision-making under risk and uncertainty, loss aversion, reference dependence, framing of decisions, anchoring</b></p> <p>Kahneman, D., and A. Tversky (1979): "Prospect Theory: An analysis of decision under risk," Econometrica, 47: 263-291.</p> <p>CLR CH2: Kahneman, D., J.L. Knetsch &amp; R. Thaler "Experimental Test of the Endowment Effect and the Coase Theorem"</p> <p>CLR CH3: Thaler, R. "Mental Accounting Matters"</p> <p>Lorko, M., M. Servátka &amp; L. Zhang, "Anchoring in Project Duration Estimation," Journal of Economic Behavior &amp; Organization, forthcoming.</p> <p>Activity: Loss aversion experiment</p>
Session 7	<p><b>Group 5 presentation:</b></p> <p><b>Intertemporal choice and procrastination</b></p> <p>CLR CH6: Frederick, S., G. Loewenstein &amp; T. O'Donoghue "Time Discounting and Time Preference: A Critical Review"</p> <p>CLR CH7: T. O'Donoghue &amp; M. Rabin "Doing It Now or Later"</p> <p>Knowles, S. &amp; Servátka, M., "Transaction Costs, the Opportunity Cost of Time and Procrastination in Charitable Giving," Journal of Public Economics, 125, 2015, 54-63.</p> <p>* Knowles, S., Servátka, M., Sullivan, T. &amp; Genç, M. (2019) "Deadlines, Procrastination, and Inattention in Charitable Tasks: A Field Experiment," working paper.</p>

Session 8	<p><b>Guest lecture</b></p> <p>(Note: The date of the guest lecture will be determined based on the availability of the lecturer)</p> <p>Topic &amp; readings: TBA</p> <p><b>Group 6 presentation:</b></p> <p><b>Group effects, group identity, and group behaviour</b></p> <p>Charness, Gary, Luca Rigotti &amp; Aldo Rustichini (2007) "Individual behavior and group membership." American Economic Review, 97: 1340-1352.</p> <p>Chen, Yan &amp; Sherry Xin Li (2009) "Group Identity and Social Preferences," American Economic Review, 99 (1), 431–457.</p> <p>H. Morita &amp; M. Servátka (2013) "Group Identity and Relation-specific Investment: An Experimental Investigation," European Economic Review, 58(2), 95-109.</p> <p>H. Morita &amp; M. Servátka (2016) "Does Group Identity Prevent Inefficient Investment in Outside Options? An Experimental Investigation," in S.J. Goerg and J. Hamman eds., Research in Experimental Economics: Experiments in Organizational Economics, 19, 105-127.</p>
Session 9	<p><b>Student project presentations and discussions</b></p>
Session 10	<p><b>Student project presentations and discussions</b></p> <p><b>Course wrap-up</b></p> <p>This session will provide a final opportunity to discuss and debate the issues involved, with a view to students finalizing their arguments to be deployed in their individual essays.</p>

\* marks additional recommended readings on the given topic

## Policies and Procedures

Macquarie University policies and procedures are accessible from [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>). Students should be aware of the following policies in particular with regard to Learning and Teaching:

- [Academic Appeals Policy](#)
- [Academic Integrity Policy](#)
- [Academic Progression Policy](#)
- [Assessment Policy](#)
- [Fitness to Practice Procedure](#)
- [Grade Appeal Policy](#)
- [Complaint Management Procedure for Students and Members of the Public](#)
- [Special Consideration Policy](#) (**Note:** The Special Consideration Policy is effective from 4 December 2017 and replaces the Disruption to Studies Policy.)

Undergraduate students seeking more policy resources can visit the [Student Policy Gateway](https://students.mq.edu.au/support/study/student-policy-gateway) (<https://students.mq.edu.au/support/study/student-policy-gateway>). It is your one-stop-shop for the key policies you need to know about throughout your undergraduate student journey.

If you would like to see all the policies relevant to Learning and Teaching visit [Policy Central](https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central) (<https://staff.mq.edu.au/work/strategy-planning-and-governance/university-policies-and-procedures/policy-central>).

## Student Code of Conduct

Macquarie University students have a responsibility to be familiar with the Student Code of Conduct: <https://students.mq.edu.au/study/getting-started/student-conduct>

## Results

Results published on platform other than [eStudent](#), (eg. iLearn, Coursera etc.) or released directly by your Unit Convenor, are not confirmed as they are subject to final approval by the University. Once approved, final results will be sent to your student email address and will be made available in [eStudent](#). For more information visit [ask.mq.edu.au](http://ask.mq.edu.au) or if you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## Student Support

Macquarie University provides a range of support services for students. For details, visit <http://students.mq.edu.au/support/>

## Learning Skills

Learning Skills ([mq.edu.au/learningskills](http://mq.edu.au/learningskills)) provides academic writing resources and study strategies to improve your marks and take control of your study.

- [Workshops](#)
- [StudyWise](#)
- [Academic Integrity Module for Students](#)
- [Ask a Learning Adviser](#)

## Student Services and Support

Students with a disability are encouraged to contact the [Disability Service](#) who can provide appropriate help with any issues that arise during their studies.

## Student Enquiries

For all student enquiries, visit Student Connect at [ask.mq.edu.au](http://ask.mq.edu.au)

If you are a Global MBA student contact [globalmba.support@mq.edu.au](mailto:globalmba.support@mq.edu.au)

## IT Help

For help with University computer systems and technology, visit [http://www.mq.edu.au/about\\_us/offices\\_and\\_units/information\\_technology/help/](http://www.mq.edu.au/about_us/offices_and_units/information_technology/help/).

When using the University's IT, you must adhere to the [Acceptable Use of IT Resources Policy](#). The policy applies to all who connect to the MQ network including students.



## Graduate Capabilities

### PG - Capable of Professional and Personal Judgment and Initiative

Our postgraduates will demonstrate a high standard of discernment and common sense in their professional and personal judgment. They will have the ability to make informed choices and decisions that reflect both the nature of their professional work and their personal perspectives.

This graduate capability is supported by:

#### Learning outcomes

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

#### Assessment tasks

- Group Presentation
- Individual Essay

### PG - Discipline Knowledge and Skills

Our postgraduates will be able to demonstrate a significantly enhanced depth and breadth of knowledge, scholarly understanding, and specific subject content knowledge in their chosen fields.

This graduate capability is supported by:

#### Learning outcomes

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

#### Assessment tasks

- Group Presentation
- Individual Essay

## PG - Critical, Analytical and Integrative Thinking

Our postgraduates will be capable of utilising and reflecting on prior knowledge and experience, of applying higher level critical thinking skills, and of integrating and synthesising learning and knowledge from a range of sources and environments. A characteristic of this form of thinking is the generation of new, professionally oriented knowledge through personal or group-based critique of practice and theory.

This graduate capability is supported by:

### Learning outcomes

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

### Assessment tasks

- Group Presentation
- Individual Essay

## PG - Research and Problem Solving Capability

Our postgraduates will be capable of systematic enquiry; able to use research skills to create new knowledge that can be applied to real world issues, or contribute to a field of study or practice to enhance society. They will be capable of creative questioning, problem finding and problem solving.

This graduate capability is supported by:

### Learning outcomes

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

### Assessment tasks

- Group Presentation
- Individual Essay

## PG - Effective Communication

Our postgraduates will be able to communicate effectively and convey their views to different social, cultural, and professional audiences. They will be able to use a variety of technologically supported media to communicate with empathy using a range of written, spoken or visual formats.

This graduate capability is supported by:

### Learning outcomes

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

### Assessment tasks

- Group Presentation
- Individual Essay

## PG - Engaged and Responsible, Active and Ethical Citizens

Our postgraduates will be ethically aware and capable of confident transformative action in relation to their professional responsibilities and the wider community. They will have a sense of connectedness with others and country and have a sense of mutual obligation. They will be able to appreciate the impact of their professional roles for social justice and inclusion related to national and global issues

This graduate capability is supported by:

### Learning outcomes

- Evaluate a wide array of empirical findings on behavioural phenomena to develop solutions to organization problems.
- Apply behavioural economics insights to formulate well-informed, responsible, and sustainable managerial decisions and business strategies.
- Critically reflect on how changes in monetary and non-monetary incentives interact and how the resulting economic environment affects performance.

### Assessment tasks

- Group Presentation
- Individual Essay

## Alignment with MGSM's mission-driven attributes

- **Leadership:** Develop skills required of leaders with respect to the synthesis of a wide array of information on behavioural phenomena
- **Global mindset:** Assessment of the implications of strategic decisions from an entity perspective, across a wide spectrum of stakeholders
- **Citizenship:** Apply a fair view approach to matters of economic decision making and implementation related to business strategies through consideration of the wider stakeholder implications
- **Creating sustainable value:** Adoption of a forward-looking perspective on the impact of decisions on the performance of the entity

## Attendance Policy (MGSM)

The interactive environment of the classroom is central to the MGSM experience. Students are required to attend the full duration of all classes for the units in which they are enrolled. We recognise that exceptional circumstances may occur, such as unavoidable travel on behalf of your organization or the serious illness or injury of you or a close family member.

Special consideration may be given for a maximum of 20% non-attendance for such circumstances as long as lecturers are contacted in advance, and supporting documentation provided, to request exemption from attendance. Failure to abide by these conditions may result in automatic withdrawal, with academic and/or financial penalty. The full Student Attendance Policy is published in the MGSM Student Handbook at <https://students.mgsm.edu.au/handbook>

## Content Disclaimer

These unit materials and the content of this unit are provided for educational purposes only and no decision should be made based on the material without obtaining independent professional advice relating to the particular circumstances involved.