HARVARD KENNEDY SCHOOL
LEADERSHIP DECISION MAKING

Syllabus, Spring 2018, MLD- 301/PSY-1584
Class meeting times: MW 2:45 – 4:00 PM, Location: Wexner 330
Optional review session: F 2:45 – 4:00 PM, Location: Wexner 330

Professor: Dr. Jennifer Lerner
Email: jennifer_lerner@harvard.edu
Office: Littauer 352
Office hours: Wednesdays 4:00 – 5:30 PM (signup online)

Prof. Lerner’s Assistant: Ms. Klara Kabadian1
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Office: Taubman 395
Office hours: Thursdays 1:00 – 2:30 PM

COURSE OVERVIEW

Welcome to class! From classical to contemporary times, two professional skills remain essential: wise judgment and effective decision making. Should organizations choose the risky option or the sure thing? Are organizations selecting the best talent? How can organizations know? How much risk can an organization tolerate? Are feelings biasing leaders’ perceptions? How should the organization structure accountability? Should organizations aim for larger delayed gains or smaller immediate gains? How can organizations improve decision processes? The list goes on and on. While this course does not address what specifically organizations should choose or what they should estimate, it will address how organizations should choose and how to estimate.

Specifically, grounded in theories and evidence from psychology, behavioral economics, and neuroscience, the course will enable students to:

1. Learn about the academic field of behavioral decision making, its major theories, results, and debates.
2. Become a critical consumer of research findings, learning methodological standards for evaluating the soundness of empirical studies.
3. Develop the ability to effectively write and speak about behavioral science theories, results, and debates.
4. Acquire practical skills for improving your own judgments and decisions.
5. Acquire knowledge of which biases individuals can fix with training/knowledge and which biases individuals cannot fix unless leaders engage in institutional design (e.g., nudges).

1 Ms. Kabadian schedules all appointments for Professor Lerner.
(6) Learn how to become “choice architects,” designing better judgment and decision environments in order to reduce bias and inaccuracy, thus making organizations smarter.

(7) Develop a capstone project in which you apply the material in a way that will improve professional decision making processes. Possible applications to legal process, government institutions, medical settings, public health, education, finance, and other domains abound.

INTENDED STUDENTS

Enrollment is potentially open to any currently enrolled Harvard University student. HKS students (for MLD-301) and Psychology concentrators (for Psych-1584) have first priority but, if space allows, we will admit students from other schools as well.

All students who wish to the take the course must complete the “Introduction and Application Form” handed out in class. Submit a hard copy of the completed form to Professor Lerner by Wednesday, January 24th at 5:00 PM. If spots are available, the teaching team will add students up until February 2nd. Students who have attended all classes will have highest priority for admission.

Details of enrollment vary by course number:

- **MLD-301**: There are no prerequisites for Harvard graduate students, however, introductory coursework in psychology and economics will be a significant help. Doctoral students will have additional assignments in order to receive credit.

- **Psych 1584**: Prerequisites include completion of Science of Living Systems 20 (or equivalent) and at least one foundational course from PSY 14, PSY 15, PSY 16, PSY 18, or Science of Living Systems 15 before enrolling in this course. Under special circumstances, exceptions to the prerequisites may be granted by Professor Lerner.

  - If demand exceeds space in Psych 1584, a stratified lottery will be implemented. Students will receive Email notification of the lottery results by 11:00 AM on Friday, January 26th and will be required to officially enroll in the course on that same day by midnight or forfeit their spot. If any students are not initially admitted, they will be invited to place their names on a waitlist.

GRADING POLICY

1) Quizzes 40%
2) Policy Memo or Research Prospectus 25%
3) Open Note Exam 25%
4) Class Participation 10%

TOTAL: 100%
1) Quizzes (40%)
Sometimes extra incentives help ensure that we do assignments on time. Therefore, on every day for which readings are assigned, there will be a 45% chance of a short quiz that tests knowledge of the readings assigned that day. These quizzes are designed to be easy so long as you carefully do the readings and you retain the most important information in them.

Quizzes will ask you questions about main points in the readings; multiple quiz formats (e.g., multiple choice; short answer) are possible. By analogy, if the quiz readings pertained to Shakespeare’s *Romeo and Juliet*, the quiz question might be: “Why were Romeo and Juliet forbidden to marry?” The answer would be: “They were forbidden because they came from feuding families.” The quiz would not ask you to remember inconsequential details like: “Who died first – Romeo or Juliet?” The point (spoiler alert) is that they both died. On any day that a quiz occurs, it will take place at the start of class. You will receive a score of zero if you are absent or late for a quiz unless you have a note from a doctor on the day you return to class. Because everyone is human and we all have busy lives, your lowest quiz score will be dropped.

Whether or not we have a quiz will be determined by a random number generator. Thus, having a quiz one day is not predictive of whether you will have a quiz the next day (i.e., don’t fall prey to the gambler’s fallacy!).

2) Policy Memo or Research Prospectus (25%)
Students at the doctoral level will write a research prospectus. The content and format of the prospectus will be determined on an individual basis through consultation with Dr. Lerner.

Students at the undergraduate- and master’s level will work in teams of three/four people on a policy memo. The teaching fellow will coordinate a system for grouping students based on interests. The memo should be submitted by 2:30 PM EST on Wednesday, April 25th -- the last day of class -- with the name of each team member.

As motivation for your memo, consider the following decision-making process from history. The Bay of Pigs Invasion, a failed military invasion of Cuba undertaken by the CIA-sponsored paramilitary group Brigade 2506 (primarily Cuban exiles), took place on April 17th, 1961. Before the invasion, the US Joint Chiefs of Staff submitted a report to President Kennedy saying that the operation had a “fair chance” of success. The report’s author, Brigadier General David Gray, intended this expression to convey pessimism about the operation. However, President Kennedy interpreted “a fair chance” as indicating optimism. Gray believed that this misunderstanding played a key role in Kennedy’s decision. As he reported years later, “We thought other people would think that ‘a fair chance’ would mean ‘not too good.’” The invasion was a disaster in many ways. Clearly, the quality of a decision process can change the course of history.

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2 J. Simmons syllabus, OPIM/MGMT 690: Managerial Decision Making, University of Pennsylvania Wharton School of Business, Fall 2013
3 Several scholars converge on this analysis; I thank Richard Zeckhauser and Jeff Friedman for this particular summary.
Your task is to design and describe an optimal process for decisions. You can do so with one of the three options described below.

Option 1: Hiring and promotion in some public offices across the U.S. are characterized not only by implicit bias but also by corruption. Your mission, should you choose to accept it, is to design an optimal recruitment, selection, and promotion process for human resources that: identifies and attracts desired talent, diminishes impact of information that is non-diagnostic of potential performance, optimally matches individual attributes to organizational needs, communicates clear standards of merit/performance, rewards achievement according to merit/performance-based standards, and (the kicker) reduces bias in all stages. Begin by identifying the biases that might creep in. Then engineer a system to reduce their impact. Can you prevent any of them from occurring? If not, can you identify and reduce their impact by using choice architecture? Address your memo to the reform-minded District Attorney, Timothy Sini, of Suffolk County, New York.

Option 2: Northern California alone had over $9 billion in damage from wild fires in 2017. Nationwide in 2015, the U.S. had approximately 1,345,500 fires. While some damage is inevitable, these numbers could be reduced if, for example, citizens evacuated dangerous regions when fire safety officials asked them to do so and if citizens reduced such behaviors as leaving campfires unattended, carelessly discarding cigarettes, and burning garbage. Understanding the psychology of risk perception and risk communication is critical for fire chiefs and first responders around the world. Your mission, should you choose to accept it, is to identify common psychological biases in citizen understanding of risk in order to design optimal methods not only for effectively communicating risk to the public but also for improving citizen behavior. Consider such issues as how to persuade citizens to take preventative measures during hurricane season or in high-risk fire zones. Address your memo to Fire Chief, Janet Washburn, of Hollywood, Florida.

Option 3: Across the public and private sector, ethics violations remain a problem. In addition to rare, high profile webs of corruption, such abuses as sexual harassment and assault, embezzling of funds, and taking bribes in procurement deals take place every day. A National Business Ethics Survey of the U.S. Workforce published in 2014 revealed that 41% of employees reported observing misconduct in 2013. In addition, sixty percent of the ethical misconduct reported by workers involved someone in a supervisory or managerial position, and twenty-one percent of workers in 2013 experienced retaliation for reporting ethical misconduct in their workplace. Your mission, should you choose to accept it, is to draw on behavioral decision science in order to design systems that the U.S. Department of the Navy (which also includes oversight of the Marine Corps) can use to increase a culture of ethical conduct. Among other topics, consider such issues as how to prevent opportunities for abuse of power. Address your memo to the Inspector General of the U.S. Navy, Vice Admiral Herman Shelanski.

Policy Memo Submission Guidelines and Grading Criteria
You and your team members will receive the same grade, so effective collaboration is essential. I will hand out a team contract for each member to sign. The main considerations in grading will be the extent to which your memo demonstrates intelligent, resourceful, and convincing (i.e., evidence-based and well-articulated) application of course concepts. Please carefully read the format and grading criteria below.
The memo should contain at least five of the most relevant scholarly citations on your topic. In order to facilitate your access to scholarly journal articles, you should use the special guide designed by HKS librarians for this assignment.

The memo should be 2-3 single-spaced pages (12 pt. Times New Roman font, standard margins). This format requires a concise writing style. Thus, it is essential that you (re)consider each sentence you write carefully for its contribution. Revising the memo multiple times should be the norm. Strive for excellence rather than mere mastery.

Submit the memo on the Canvas website by 2:30 PM EST on Wednesday, April 25th. A signature from each class member should appear on the coversheet with your submission. The coversheet is not included in the page count.

Out of fairness to your fellow classmates, any late papers will have points deducted. Please plan accordingly and send your paper well in advance of the deadline so you avoid technical difficulties. Any papers from 1 minute to 1 hour late will receive a 1/3 grade deduction (for example from an A to an A-). Additional deductions for each hour thereafter will be at Prof. Lerner’s discretion.

The paper is worth 25% of your grade for the semester. The main considerations in grading will be the extent to which your memo demonstrates intelligent, resourceful, and convincing (i.e., well-reasoned and well-articulated) use of peer-reviewed scientific evidence.

CONTENT – 15 Points
• 3 (points): Clear statement of problem(s) to be addressed
• 4: Comprehensive and clear scientific evidence supporting recommendations
• 3: Sophisticated consideration of costs and benefits for all recommendations
• 2: Overall originality and creativity in content
• 3: Clear and convincing conclusion that summarizes recommendations

ORGANIZATION – 5 Points
• 3: Clear progression of ideas
• 1: Good use of headings and subheadings
• 1: Good executive summary

MECHANICS – 5 Points
• 1: Format: 2-3 pages, single-spaced, 12 pt. Times New Roman font, standard margins, cover sheet included with submission
• 1: Use of APA style (in-text citations and reference section)
• 1: Clarity and readability
• 1: Appropriate professional tone
• 1: Spelling, grammar, and sentence structure

3) Open-Note Exam (25%)
There will be an open-note, in-class cumulative exam during class time on Wednesday, March 7th. Electronic devices will not be allowed; all notes need to be on paper. An in-depth review for the exam will be held during the Friday review session preceding the exam.
come to the review prepared with any questions you may have regarding the content of the course.

4) Class Participation (10%)
The first principle of participation is to respect others by arriving on time and by actively listening to others’ ideas. Although participation counts for only 10% of your final grade, I will weigh it heavily when/if a semester grade hangs at the balance of two letter grades such as B+ to A-. In addition to this first principle, participation will be graded based on:

(a) completing the online decision survey no later than Friday, January 26th at midnight;
(b) contributing to a positive learning environment by (1) actively listening in class, (2) asking thoughtful questions that advance understanding, and (3) constructively building upon the ideas of others – especially in your behavioral insight team; and
(c) participating in presenting your policy memo to the class on either April 23rd or 25th.

CONVERSATION: OFFICE HOURS AND LUNCHEONS

I welcome conversation about course themes. I therefore encourage you to come to office hours. I also encourage you to participate in one of the free (yes, free) lunch sessions I will host. If you wish to be considered for a lunch session, please Email your name to my assistant by Monday, January 29th. Ms. Kabadian will randomly select 3-5 names per lunch and the details will be announced at least one week in advance.

ACADEMIC INTEGRITY

Almost every year, Harvard expels students for cheating. Don’t let this be you. You must observe HKS and Harvard University rules on honesty and ethics, which you can find at this website.

The Harvard College Honor Council provided an Annual Report 2016-2017, which details cases seen by the Honor Council in the 2016-2017 academic year. To become more acquainted with Harvard policies, you may view the report here. The Office of Academic Integrity and Student Conduct is also available for additional guidance: https://oaisc.fas.harvard.edu/.

Please also encourage your classmates to uphold the highest standards. Let us build a community that values correct attribution of others’ ideas.

Remember that “any sentences or paragraphs taken verbatim from the writing of (or interviews with) any other person or persons, or from your own writing that has been published elsewhere or stated in an address, must be placed in quotation marks and their source must be clearly identified. Changing the wording of a sentence or passage slightly does not evade the requirement for citation. Indeed, whenever you draw an important argument or insight from someone else, even if you reword it into your own words, a reference to the source is required. Including material from others in the assignments without appropriate quotation marks and citations is regarded as a serious violation.”

4 D. Keith syllabus, IGA-408M: Learning from the Failure of Climate Policy, Harvard Kennedy School, Spring 2014
You can make sure that you do not inadvertently plagiarize if you follow good note-taking “hygiene.” Harvard has prepared a website on resources to keep track of your sources. Remember, turning an assignment in late carries a far less severe penalty than turning in an assignment that contains plagiarism.

**To summarize, this class follows the Harvard Kennedy School Academic Code**

All students commit to:

1) Doing their own work.
2) Citing ideas and words that are not their own in all assignments, e.g., any fact, phrase, or sentence from the Internet. Failure to do so may result in any of the full range of disciplinary actions (see page 24 of HKS Student Handbook).
3) Strictly following collaboration guidelines as set forth by instructors for each assignment.
4) Not doing another student’s work or providing answers to another student.

**ACCOMMODATIONS FOR STUDENTS WITH PHYSICAL, MENTAL, AND/OR LEARNING DISABILITIES**

If you need an accommodation for a disability, it is important for you to let me know this via Email within the first two weeks of class (by Feb. 5). Some aspects of this course, the assignments, the in-class activities, and the way the course is usually taught may be modified to facilitate your participation and progress. As soon as you make me aware of your needs, we can work with the relevant offices to help us determine appropriate academic accommodations. Any information you provide is private and confidential and I will treat it as such.

**ATTENDANCE POLICY**

The classroom experience is an integral part of this course. Key concepts are elicited through discussion and may not appear in the skeleton outline provided in class slides. Moreover, learning how to discuss and evaluate scientific evidence and to interact with peers in a scholarly manner are skills gained through class discussion. Therefore, the syllabus incentivizes coming to class prepared by offering a series of relatively easy quizzes on which you can earn points.

That said, it is important to strike a balance between incentivizing attendance, on the one hand, and allowing flexibility for each of you to pursue personal and professional goals. With this in mind, I will drop the two lowest quiz scores when calculating your final average. If you have extended illness, missing more than two quizzes, please come see me to make special arrangements.

**ELECTRONIC DEVICE POLICY**

Please turn off cell phones and laptops at the start of class. Please also place your devices in a bag out of sight. Why? Because this will help you and your classmates make the most of this class. Randomized controlled trials find that students assigned to take notes on laptops retain significantly less course content than do students assigned to take notes by hand.\(^5\) In

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addition, peers who sit next to laptop users are distracted from learning, scoring 17% lower on class material. For a summary of evidence, click here.

**KEY DATES**

- Wednesday, January 24th .......... Submit Introduction Form to Dr. Lerner
- Friday, January 26th ............... Last day to complete online decision survey
- Monday, January 29th .............. Last day to email re: lunch meeting with Dr. Lerner
- Friday, March 2nd .................. In-depth exam review session
- Wednesday, March 7th ............. Open-note, in-class cumulative exam
- Monday, April 23rd ............... Presentation of policy memos (part 1)
- Wednesday, April 25th ............ Papers due and policy memo presentations (part 2)

**CLASS SCHEDULE**

<table>
<thead>
<tr>
<th>WEEK</th>
<th>TOPICS</th>
<th>CLASS DATES AND ASSIGNMENTS (subject to change; check draft date)</th>
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| 1    | Introduction and Key Principles  
overview of course, rationality, automatic versus controlled thought, cognitive capacity constraints, evidence-based decision making, Moneyball | 01.22 (M):  
No reading; opening lecture; complete introduction form  
01.24 (W):  
(Optional: Congressional Commission on Evidence-Based Policymaking (2017). *The Promise of Evidence-Based Policymaking*. Washington, DC. Available [here](#))  
01.26 (F): Review Session (reviews are optional and recommended)  
Complete online decision survey by midnight |

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7 Note: Reading assignments and dates subject to change. The newest syllabus will always be posted on the Canvas website.
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<th>2</th>
<th><strong>Research Methodology; Judgment Heuristics:</strong> correlatesional versus experimental design, third variable, selection effect, independent versus dependent variable, random assignment, control condition, validity vs. reliability, regression to the mean, informed consent, deception, confirmation bias, normative theories, heuristics, availability/fluency, representativeness, anchoring</th>
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<tr>
<td>02.02 (F): Cross-Registration Deadline</td>
<td>Review Session</td>
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<td>3</td>
<td><strong>Risk perception and probability estimation:</strong> dread risk, unknown risk, The Appraisal-Tendency Framework, appraisal dimensions (certainty, controllability)</td>
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<td>02.05 (M):</td>
<td>Guest lecture by Mr. Charles Dorison, Harvard University</td>
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02.09 (F): Review Session

4 Economic decision making: Prospect Theory, preference reversals, certainty, pseudo-certainty, loss aversion, mental accounting, rebate/bonus framing, the endowment effect, sunk cost bias, irrational escalation of commitment, status quo bias

02.12 (M):

02.14 (W):


02.16 (F): Review Session

5 Emotion and economic decision making: effects of discrete emotions on willingness to buy and willingness to sell

02.19 (M): Presidents’ Day, No class

02.21 (W):
Watch & take notes on NOVA documentary: *Mind Over Money*: http://www.pbs.org/wgbh/nova/body/mind-over-money.html


02.23 (F): Review Session

6 Intertemporal Choice & Effects of Emotion on Intertemporal Choice: present

02.26 (M):
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<th>Date</th>
<th>Event</th>
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<tr>
<td>03.02 (F)</td>
<td>Review Session (special session for exam)</td>
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<tr>
<td>03.05 (M)</td>
<td>In-Class Activity: Videos by Vice Admiral Herman Shelanski, District Attorney Tim Sini, and Chief Janet Washburn.</td>
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<tr>
<td>03.07 (W)</td>
<td>Exam</td>
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<td>03.09 (F)</td>
<td>No review today</td>
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<td>03.10 – 03.18</td>
<td>Spring Break</td>
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<td>03.23 (F)</td>
<td>Review Session</td>
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<td>03.28 (W)</td>
<td><strong>In-Class Activity:</strong> Behavioral Insight Teams Results</td>
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<td>03.30 (F)</td>
<td>Review Session</td>
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<td>04.02 (M)</td>
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<td>04.06 (F)</td>
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| 12 | **Debiasing judgment & choice**: Incentives for bias reduction, bias blind spot, cost-benefit reasoning, emotion regulation, cognitive reappraisal | 04.16 (M):
|   |   | 04.18 (W):
|   |   | 04.20 (F): Review Session |
| 13 | **Papers due; integration, and application of concepts** | 04.23 (M): Project showcase, part 1
(no reading)
04.25 (W): PAPERS DUE and Project showcase, part 2
(no reading) |