

New York University
Stern School of Business
MBA Langone Program
Temporary

Managerial Decision Making (MGMT-GB-3151.S1 Spring 2026)
Classroom 3-120

Professor Zur Shapira
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3 Sundays, 9-4, EST
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Course description and objectives

The objective of this course is to help you become a better decision maker. When asked about their ability to make decisions, previous students expressed concerns that they lack self-confidence when making decisions. Others indicated that the process of making decisions can be painful, especially if one has to make an important decision. This may stem from the deliberation process one goes through that can be stressful. Others added that at times they second-guess their decisions and some acknowledged that they suffer from regret when a decision they have made led to an undesired outcome. A few mentioned that having gone through such a process made them indecisive and unclear about how to go about making future decisions.

While the above concerns are often described with regard to personal and business decisions, similar concerns are often voiced by more experienced managers whose work requires making many business decisions. Making decisions at work may be easier when managers can solicit the help of their colleagues but at the same time the consequences may loom even larger when making such decisions rather than when making personal decisions. This course takes a systematic approach to improve your decision-making skills. The course is organized around two major themes: (1) a distinction in decision-making among *descriptive*, *normative* and *prescriptive* aspects, and (2) a distinction between *intuitive* and *systematic* decision-making and their integration for better judgment and decision making. We will discuss applications of these themes to prediction, risk taking and organizational decision-making.

I. Descriptive, normative and prescriptive aspects

Descriptive aspect: This aspect examines how we make judgments and predictions about the world (such as how successful a certain start-up is going to be). How do we learn and how do we update our beliefs based on new information? How do we make decisions based on these judgments? How do we make risky choices? All these questions are descriptive and we will attempt to analyze the actual ways people behave in dealing with those aspects. It appears that while people may be consistent in forming judgments and making decisions, their decisions are not always as wise as they can be.

Normative aspects: How *should we act* in a given decision situation? In what way *should* our decisions be structured and constrained so that we eventually make decisions in a consistent manner? We will compare the “*should*” (*normative* analysis) with the “*do*” (*descriptive* aspect). The normative aspect often refers to the question of rational decision-making, that is, how we *should* act if we wish to behave rationally. Suppose you find a difference between the descriptive and normative aspects of decision behavior, what can one do to “correct” their behavior? This is the topic of the next aspect.

Prescriptive aspects: How can you improve your decision-making? The emphasis here is on prescription; similar to the way a doctor writes a prescription to improve someone's physical condition when her/his behavior (descriptive) does not conform to what it ought to be (normative). In this course, we will develop a framework that will help you understand your own decision behavior and will allow you to improve and generate options from which to choose better alternatives.

II. Intuitive, systematic decision-making and their combination

We often describe someone's decision behavior as "intuitive" because we cannot explain her/his behavior in a causal sequential manner. For example, the way a doctor makes a diagnosis of a patient in 10 seconds is not comprehensible to the naïve observer. We classify a decision as intuitive if it is fast and appears to be non-explainable. On the other hand, the systematic decision mode is often perceived as a slow and algorithmic type of a structured process.

In this course we will examine the perspective that intuition is knowledge based and may have required a long practice until it becomes fast and appears to be intuitive to an observer. While I will put a few formulas on the board they will be used just as illustration. This course is **not** about formal decision models. If you are looking for a formal decision-making course there are a few options at Stern such as Data Science and more. The goal of this course is how to incorporate decision models into your intuition.

III. Statistics.

Decision making uses on statistics and judgment. The third assignment in the course involves a **comparative analysis of your predictions of GPAs in an MBA program (via your intuitive judgments) and GPAs predicted through a linear regression using admission data.** You will **NOT** be requested to run regressions; I will do it for you. However, it will be helpful if you do a short overview to remind you how regression analysis works. I know that some of you have had statistics a while ago. For that purpose, I post in **Bright Space/pre-class work** a document that was written by two Stern professors for the exact purpose of reminding students with the essentials of statistics and regression. Please read pages **21-23**, and **27-28**, to remind yourself of the essentials of regression **interpretation**. Note again: You will **NOT** be requested to run regressions; I will do it for you. The purpose of the assignment is to introduce to machine learning so that you can use it along with your intuitive judgment as tools for making predictions.

IV. Course format: Interactive

Since we will be meeting for 3 full Sundays, the course will take the form of interactive workshop, which means that we will engage in several exercises and analyze cases in groups with the goal of learning from ourselves as well as from the other students in the class. To that end, there will be an electronic survey prior to class that will ask you to respond to a specific set of questions. Please complete this survey by **Tuesday, April 14th** at 11 PM. See description below.

Course Requirements

1. Attendance Policy

It is imperative that you attend all class sessions. Missing a class (especially the first class) for anything other than a family or medical emergency will substantially reduce this component of your grade. If you must miss a class due to an emergency, please notify me before the class session you will be missing. Partial attendance at a class session or showing up unprepared for a class will be treated as an absence.

2. Class participation (15% of your grade). You are expected to attend all class sessions since live discussion is essential for learning the class material. Students are expected to participate in all class discussions. Participation includes full preparation for class and for exercises. If you will be absent (only under exceptional circumstances) or unprepared, I should be notified in advance. There are reading assignments for each class and in class exercises in all class sessions. Class participation includes:

* Quality of class participation. Active discussion is a very important part of the learning process in the course and is also part of what will make the course interesting for you and your fellow students. You will be evaluated on the quality of your contributions and insights. Quality comments possess one or more of the following properties:

- Offer a different and unique, but relevant, perspective
- Contribute to moving the discussion and analysis forward
- Build on other students' comments
- Transcend the "I feel" syndrome. (That is, they include some evidence, argumentation, or recognition and demonstrate some reflective thinking.)
- Provide a real-life example of a course concept
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3. Home assignments (35% of your grade). There will be three home assignments. All assignments should be submitted electronically via Bright Space (*BSpace*). Assignments will be graded based on the quality of your descriptions and analysis using model/frameworks from class. Be sure to complete all items in the assignment and provide rationale for your analysis. Attention will be given to how clearly and coherently you convey your arguments.

4. Final exam (50% of your grade). The final exam in this course will enable me to assess your mastery of the full spectrum of the material we cover in the course. It will focus on how well you understand the decision-making phenomena and related frameworks that we discuss. It will also focus on your ability to apply these frameworks. It will be a take-home exam and will consist of approximately 8 short essay questions. You will have to complete it in a single 2-3-hour setting. More information about the exam will be provided.

Text:

Shapira, Z. (1997). *Risk Taking: A Managerial Perspective*. New York: Russell Sage Foundation.

Available on [Amazon](#), B&N, Google Play (virtual), and as [ebook on Bobst library](#).

Readings:

1. Short cases distributed in class and/or via email.
2. Articles and cases posted on Bright Space (*BSpace*).
3. Harvard Business School Cases (HBS). We will use Harvard cases in class. To pay for these cases see note from the bookstore below.

A note from the bookstore

This course requires payment for materials from the Harvard business school that will be shared by your instructor in class. The cost for this handout will be processed through the Follett ACCESS program. The fee for the material will be added as a "book charge" **to your bursar bill**. In courses less than 4 weeks in duration fees may appear at the end of the semester. The fee will appear on your bursar account around mid-term to allow drop/add and withdrawals.

***Please note** - When the charges are processed through our system an email will be generated saying you have something to "pick-up" in the store. Please disregard this message. Your materials will be distributed in class and available on Brightspace.

Pre-class work

1. **Survey.** Click on the link below to fill out the survey by **Tuesday, April 14th** at 11 PM. This is a strict deadline because I need to download your responses and run several regressions on them and return those results to you by the first day of class.

The survey has 2 parts:

- a. A very short 4 decision 4 item survey.
- b. This part requests that you make predictions about final MBA GPAs for 60 real former students. The data are described in Assignment 3 (see below). Please copy the excel column of the GPA values you predicted for the 60 students and email it to me immediately upon completion. Bring it with you to the afternoon class on **April 19th**. In addition, your estimates and the entire admission data including the final GPAs of those MBA students and the regression analyses will be emailed to you prior to Session 2.

When responding to the two parts of the survey please **DO NOT use any information** (print or online) other than what is provided on the surveys (**DO NOT consult computers, iPads, smart phones, calculators, websites, etc.**) and **DO NOT use any formula or computer program** when completing this survey, **just use your intuitive judgment**.

The link to the survey is:

TBD

2. **Decision description.** Prepare (and type) a one-page (300 words) decision description that you have recently made. It should be a significant decision such as a decision to accept a job offer, switch jobs, go to school, or make a real major purchase, etc. Please bring a copy with you to the afternoon class on April 19th. We will discuss your decisions in small groups using some of the models and frameworks that we will cover in class on the first day. Use one of them to analyze your decision in Assignment 1. Please add a couple of sentences at the bottom outlining your expectations of this course.

Next: You will have to use one of the models that we will discuss in the first session and upload your decision description plus the above analysis as Assignment 1 to *BSpace* by Tuesday, **April 21st at 11PM.**

Course outline

1. April 19 (9-12): Introduction to decision-making

We will start the course with a case of organizational decision-making and will discuss normative and behavioral perspectives of decision-making. We will review the ways people come up with estimates of probabilities and examine how to improve your ability to estimate uncertainty.

Prepare: 1. Shapira (1997). Ch. 1-2

2. April 19 (1-4): The two-system of reasoning and behavioral choice models

We will briefly review the heuristics and biases approach the two-system view of reasoning, and note cases where uncertainty cannot be easily resolved by formal models and examine a few models of choice behavior.

Prepare: 1. Soll: *Outsmart your biases* (HBS)

2. Gawande, A (2002). “The Red Leg” (*BSpace*)

- Follow up:** 1. Assignment 1 (Decision description & Analysis) due **April 21** by 11pm on *BSpace*.
2. Three-minute memo 1 (April 19th two sessions) due **April 22** by 11 pm on *BSpace*
3. Assignment 2 (Create a decision tree) is due on **April 24** by 11 pm on *BSpace*.

3. April 26 (9-12): Information integration: Models, Intuition and Prediction

In making decisions and predictions people use information from different variables. Combining this information and comparing the outcome against a cut off criterion is not easy. We will analyze the ways people combine information and compare those with the ways recommended by normative methods. We will then discuss the strengths and weaknesses of humans vs. non-human mechanisms (i.e., computer programs) to arrive at a way of using both sources for better information integration. We will also hold a short prediction task in class.

- Prepare:** 1. Shapira (1997): Chs. 3-6
2. Fashion: *Art vs. Science in Fashion Retailing*. (HBS)
3. McKinsey & Company A: Early careers (HBS)

4. April 26 (1-4): From prediction to decision-making

The project selection model is a generic model used to predict success or failure in a variety of contexts such as admission decisions, identifying alternative patterns on radar, sonar and in radiology. However, there are different costs associated with the different errors that can result from misdiagnosis. In this session, we focus on the role of the costs of such consequences in affecting decisions (rather than on prediction accuracy only).

- Prepare:** 1. DeVaul, (1987). “Medical school performance of initially rejected students. (*BSpace*).
2. Shapira, Ch. 8

- Follow up** 1. Three-minute memo 2 (on Dec 7th two sessions) due **April 30th** by 11 pm, on *BSpace*
2. Assignment 3 is due on **April 30th** by 11 pm, on *BSpace*

5. May 3 (9-12): Risk taking and decision-making in organizations

Risk taking plays a particular role in managerial decision-making. For example, individual investors in the stock market do not have to report to any manager about their decisions. In organizational settings, however, managers have to report to their bosses about their decisions, and the degree to which they are willing to take risks is affected by the anticipated rewards and penalties that are a part of their organizations’ rules and culture. We will discuss several aspects affecting the willingness to take risks in organizations and relate them to examples in the corporate world.

- Prepare:** 1. Shapira (1997): Chs. 7-8
2. Ramstad, E. “*How Trilogy Software trains its new hires to take risks...*” (*BSpace*).
3. An additional case (TBD) will be distributed before class.

6. May 3 (1-4): (a) Longitudinal and dynamic decision-making (b) Course wrap up

- Prepare** 1. BCPC Internet Strategy Team, (HBS)
2. Garvin & Roberto: “What you don’t know about DM.” (HBS)
3. Shapira (1997) Ch. 9

Risk is associated with uncertainty. Formal models suggest ways in which people should evaluate alternatives and decide whether to take certain risks. We will discuss the applicability of normative models to problems of managerial risk taking in such areas as entrepreneurship and innovation. Finally, in the course wrap-up we will tie the material we covered in the entire course and provide a framework that will help you harness the systematic approach to improve your “intuitive” decision-making skills.

7. Final exam period

The exam will be posted to *BSpace* at 10am Monday, May 4th. It is due no later than Monday, May 11th at 9 PM. You are to complete the exam in a **single, 3 hours sitting**. You should set aside 3 hours between May 4th and May 11th to take the exam. Details will be provided in class.

Professor Zur Shapira

Zur Shapira is the William R. Berkley Professor of Entrepreneurship and Management at the Stern School of Business, New York University. He was a Research Fellow at the *International Institute of Management in Berlin*, a Visiting Scholar at the *Russell Sage Foundation*, a Resident Scholar at the *Rockefeller Foundation* and a Visiting Scholar at the *Center for Rationality*. He is a Fellow of the *Academy of Management* and a Fellow of the *American Psychological Society*. His publications include the books: *Risk Taking: A Managerial Perspective* (translated to Hebrew), *Organizational Decision Making*, *Technological Learning: Oversights and Foresights*, *Organizational Cognition*, and *The Evolution of a New Industry: A Genealogical Approach* (translated to Chinese). He appeared on *NBC Nightly News*, *NBC's Today Show*, *BBC worldwide*, *CNBC*, *NPR* and *NBC Nightly News*. His research was cited in *Forbes Magazine*, *Inc. Magazine*, *Institutional Investor*, *The Hill*, *TheMarker*, *The Seattle Times* and *the Wall Street Journal*. He has been Editor in Chief of *Organization Science*. Recent invited keynote addresses at the Intel Corporation, CNH Capital, the Conference Board of Canada, the 5th International Congress of Exercise and Sport Sciences.

Managerial Decision Making: A Road Map

Date	Topic	Case	Reading	Assignment	Due
1. 4/19	Introduction	TBD	Shapira, Chs. 1&2	Assign 1	April 21
2. 4/19	Two-System of reasoning	The Red Leg	Gawande	3 min memo 1 Assign 2	April 22 April 24
3. 4/26	Prediction and intuition	Flashion McKinsey & Co early careers	TBD Shapira, Chs. 3-6		
4. 4/26	Prediction and decision making	Medical School admissions	Shapira, Ch. 8 DeVaul	3 min memo 2 Assign 3	April 30 April 30
5. 5/3	Risk taking in organizations	Trilogy TBD	Shapira, Ch 7		
6. 5/3	Organizational decision making	BCPC Internet Strategy Team Course wrap up	Shapira Ch. 9 Garvin & Roberto		
Final Exam: May 4-May 11					

ACADEMIC INTEGRITY

We take pride in our well-rounded education and approach our academics with honesty and integrity. Indeed, integrity is critical to all that we do here at NYU Stern. As members of our community, all students agree to abide by the NYU Academic Integrity Policies as well as the NYU Stern Student Code of Conduct, which includes a commitment to:

- Exercise integrity in all aspects of one's academic work including, but not limited to, the preparation and completion of exams, papers and all other course requirements by not engaging in any method or means that provides an unfair advantage.
- Clearly acknowledge the work and efforts of others when submitting written work as one's own. Ideas, data, direct quotations (which should be designated with quotation marks), paraphrasing, creative expression, or any other incorporation of the work of others should be fully referenced.
- Refrain from behaving in ways that knowingly support, assist, or in any way attempt to enable another person to engage in any violation of the Code of Conduct. Our support also includes reporting any observed violations of this Code of Conduct or other School and University policies that are deemed to adversely affect the NYU Stern community.

STERN CODE OF CONDUCT

The Stern Code of Conduct and Judiciary Process applies to all students enrolled in Stern courses.

For graduate students, information can be found here: <https://www.stern.nyu.edu/uc/codeofconduct>

To help ensure the integrity of our learning community, prose assignments you submit to NYU Brightspace will be submitted to Turnitin. Turnitin will compare your submission to a database of prior submissions to Turnitin, current and archived Web pages, periodicals, journals, and publications. Additionally, your document will become part of the Turnitin database.

GENERAL CONDUCT & BEHAVIOR

Students are also expected to maintain and abide by the highest standards of professional conduct and behavior. Please familiarize yourself with Stern's Policy in regard to In-Class Behavior & Expectations for Graduate and Undergraduate students.

<https://www.stern.nyu.edu/portal-partners/registrar/policies-procedures/general-policies/code-conduct>

<http://www.stern.nyu.edu/portal-partners/current-students/undergraduate/resources-policies/academic-policies/index.htm>

<https://www.nyu.edu/about/policies-guidelines-compliance/policies-and-guidelines/university-student-conduct-policy.html>

GRADING GUIDELINES

Grading Information for Stern Core Courses

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have adopted a grading guideline for core courses with enrollments of more than 25 students in which approximately 35% of students will receive an “A” or “A-“ grade. In core classes of less than 25 students, the instructor is

at liberty to give whatever grades they think the students deserve, while maintaining rigorous academic standards.

Grading Information for Stern Elective Courses

At NYU Stern, we strive to create courses that challenge students intellectually and that meet the Stern standards of academic excellence. To ensure fairness and clarity of grading, the Stern faculty have agreed that for elective courses the individual instructor or department is responsible for determining reasonable grading guidelines.

STUDENT ACCESSIBILITY

If you will require academic accommodation of any kind during this course, you must notify me at the beginning of the course and provide a letter from the Moses Center for Student Accessibility (212-998-4980, mosescsa@nyu.edu) verifying your registration and outlining the accommodations they recommend. If you will need to take an exam at the Moses Center for Student Accessibility, you must submit a completed Exam Accommodations Form to them at least one week prior to the scheduled exam time to be guaranteed accommodation. For more information, visit the CSA website:

<https://www.nyu.edu/students/communities-and-groups/student-accessibility.html>

STUDENT WELLNESS

Our aim is for students to be as successful academically as they can, and to help them overcome any impediments to that. Any student who may be struggling and believes this may affect their performance in this course is urged to contact the Moses Center for Student Accessibility (see also the Student Accessibility section of this syllabus) at 212-998-4980 to discuss academic accommodations. If mental health assistance is needed, call the NYU's 24/7 Wellness Exchange hotline 212-443-9999. Furthermore, please approach me if you feel comfortable doing so. This will enable me to provide relevant resources or referrals. There are also drop-in hours and appointments. Find out more at:

<http://www.nyu.edu/students/health-and-wellness/counseling-services.html>

Graduate students can also reach out to the Academic Advising team at academicaffairs@stern.nyu.edu if you would like to receive more information or further support.

NAME PRONUNCIATION AND PRONOUNS

NYU Stern students now have the ability to include their pronouns and name pronunciation in Albert. I encourage you to share your name pronunciation and preferred pronouns this way. Please utilize this link for additional information: Pronouns & Name Pronunciation

RELIGIOUS OBSERVANCES AND OTHER ABSENCES

NYU's Calendar Policy on Religious Holidays states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. You must notify me in advance of religious holidays or observances that might coincide with exams, assignments, or class times to schedule mutually acceptable alternatives. Students may also contact religiousaccommodations@nyu.edu for assistance.

Except for religious observances or other absences that may be required in compliance with nondiscrimination law, this class otherwise requires attendance and participation and cannot accommodate conflicts. Please review all class dates at the start of the semester and review all course requirements to identify any foreseeable conflicts with exams, course assignments, projects, or other items required for participation and attendance. If you are aware of a potential conflict, it is strongly recommended that you do not take this class.

LAPTOPS, CELL PHONES & OTHER ELECTRONIC DEVICES

The use of electronic devices (e.g., tablets or laptops), for the purpose of note-taking only, is permitted. However, students should make every effort to avoid distracting their classmates or disrupting the class, including arriving early and choosing a seat that is less distracting for peers.

INCLUSION STATEMENT

This course strives to support and cultivate diversity of thought, perspectives, and experiences. The intent is to present materials and activities that will challenge your current perspectives with a goal of understanding how others might see situations differently. By participating in this course, it is the expectation that everyone commits to making this an inclusive learning environment for all.