LJUBLJANA DOCTORAL SUMMER SCHOOL 2016
4 – 7 July 2016

NEUROECONOMICS AND FINANCIAL MANAGEMENT

ECTS credits: 6

Lecturers:
- Prof. Dr. Frank Hartmann, Rotterdam, School of Management, Erasmus University, The Netherlands
- Guest lecture contributions (TBA)

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AIMS OF THE COURSE:

Financial management is the field in business administration that studies the production and use of financial information by a large set of stakeholders. Traditionally, it is heavily informed by economics. Financial accounting is mainly focused on accounting information production for, and use by, stakeholders that are external to the organization, such as shareholders, tax authorities and the general public. Management accounting and control instead is mainly focused on managers’ use of accounting information for decision making and control. Finance covers topics related to how firms finance their operations. For all these sets of use and users, research typically tries to understand, predict and explain the various ways in which financial reports are produced and used in decision making. In this course, we will take a revolutionary new perspective to understand, predict and explain financial management phenomena. While traditionally economics and psychology dominate our academic understanding of financial management, we will explore what neuroscience has to offer to improve our understanding and design of financial information and systems. Neuroscience is the field of science that studies the (human) nervous system, often focusing on the human brain. Traditionally neuroscience has been a branch of biology, but it has developed into an interdisciplinary field connects such divers disciplines as genetics, physics, linguistics and medicine. More recently neuroscience has also started to influence economics and psychology, as well as some of the applied business disciplines that use economics and psychology as their theoretical framework. In particular, neuroscience
already started to influence marketing considerably, and now starts to affects the field of financial management as well. In this course we will explore how neuroscience offers us new (and better) explanations of (and solutions to) financial management problems faced by accountants and controllers. We will also discuss the fundamental new way of looking at financial management that social cognitive neuroscience offers us. The label ‘social’ and ‘cognitive’ constitute a focus within neuroscience on social relations and cognitive processes that humans engage in. Besides these theoretical considerations, there is an empirical side to neuroscience that we will explore. Due to rapid technological advancement, we are now able to record physiological processes in the brain in a relatively straightforward way, which enables us to quickly learning more about their relation to human perceptions, behaviors and experiences.

Based on this course and the course material, students will understand both the actual and potential contributions that social cognitive neuroscience makes to financial management.

**COURSE SYLLABUS (subject to change):**

<table>
<thead>
<tr>
<th>Session &amp; date</th>
<th>Theme &amp; activities</th>
<th>Literature</th>
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</thead>
<tbody>
<tr>
<td>Session 3 Tuesday 5 July 2016 14:00-16:00</td>
<td>EEG lab visit Neurology, Clinic Zaloška cesta 7 (meet at building 7a) Dr. Jurij Dreo (provisional)</td>
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<tr>
<td>Session 5 Wednesday 6 July 2016 14:00-16:00</td>
<td>fMRI lab visit Neurology, Clinic Zaloška cesta 7 (meet at building 7a) Dr. Grega Repovs (provisional)</td>
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Important note: The lectures are formally planned from 9:00-13:00, but please take into account that there might be some changes due to unforeseen circumstances, class room dynamics, and the availability of the lab. Therefore, please allow for slack in your schedules around these times.
LITERATURE:
We will use a following relatively short, easy to read, but splendid little text on the brain as a starting point:

In addition, we will read one to three academic papers per session, from the following list:


BACKGROUND READINGS:

In addition, there are many papers that are relevant to this course, from the accounting, management and neuroscience literature. Some of the papers that have specifically informed course design are listed here:


**TEACHING METHODS:**

The course consists of a mix of lectures, student presentations and break-out assignments. The lectures and student presentations are based on the reading material. EEG and fMRI-lab visits are conditionally planned.

**PREREQUISITES:**

The course requires background knowledge in the field of financial management at the bachelor level. No prior knowledge on social cognitive neuroscience is supposed.

**EXAMINATION METHODS:**

The exam consists of a written essay that contains a short research proposal in financial management that uses theory and/or method from social cognitive neuroscience. Your evaluation is also based on class participation.

1. Research proposal (70%)
2. Class participation (30%)

**Ad 1. Research proposal**

Students will write a research proposal individually or with a fellow student. This assignment will be extensively introduced during Session 1. In short however, the assignment is as follows. The document should detail a plan for researching behaviour relevant for accounting by means of neuroscientific methods. The emphasis in this assignment is on research design. The following components are required:

- Introduction (1-2 pages)
- Theory and hypothesis development (2-4 pages)
- Research design (1-2 pages)

Teams will present their draft proposals to the group in Session 6. The final research proposal is due 18 July 23.59pm.
Ad 2. Participation
Participation is a mix of attendance, preparedness, contribution and presentation.

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Lecturer's Biographical Note:

Frank Hartmann is full-time professor of Management Accounting & Management Control at the Rotterdam School of Management, Erasmus University. He is Dean of Executive Education in this school, besides which his main activities involve research and teaching on managerial decision making, and financial management and control. His research is published nationally and internationally in both academic and practitioner, and he teaches in the Dutch certified controller (MSc) program at Erasmus University, and in various MBA and executive programs at RSM and internationally. Frank is co-author of several national and international textbooks on management control, amongst which a recent standard textbook on Management Control Systems. He received his PhD at Maastricht University in 1997, after which he was appointed full professor at the University of Amsterdam in 1998. Here, he was founding director of the business school of that university before joining the Rotterdam School of Management, Erasmus University in 2005. Frank’s current work is in the neuroscience of financial decision making and performance evaluation. Frank is visiting scholar at various universities in Europe and abroad.