Minor in Financial Decision-Making in a Social Context: History, Sociology, Behavioral Finance and Corporate Finance

Description

Course	Number of mandatory activities

The Minor Concept

A minor gives you the opportunity of having a second specialization in your degree. The minor is a bundle of three to four electives that can be chosen separately but if chosen together rewards a minor

The title of this minor is “Financial Decision-Making in a Social Context: History, Sociology, Behavioral Finance and Corporate Finance” and the focus is on how organizations and individuals make financial decisions, analyzed in a theoretical, social and historical context. The Minor consists of four courses of 7.5 ECTS each. These four courses correspond to a full semester’s study and 30 ECTS. The Minor is offered to students in the third semester of their MSc program. In addition, within certain constraints students can choose to write their master’s thesis within the Minor’s subjects.

Purpose

The purpose of the Minor is to combine knowledge and understanding of financial theory and practice with historical, philosophical and sociological approaches to financial institutions and financial markets. In particular, students will be able to:

- Master a solid understanding of state-of-the-art knowledge on financial decision-making in a social and historical context.
- Acquire historical, sociological and philosophical knowledge to *critically* analyze the contexts and foundations of financial decision-making by individuals and organizations.
- Acquire concrete analytical and applicable knowledge and skills that enable students to evaluate and provide solutions to problems in organizations within or related to the financial industry.

The minor has two financial theory courses (*Modern Finance and Corporate Finance* and *Behavioral Finance*) and two financial context courses (*Historical Foundations of Financial Institutions and Markets* and *Sociological and Philosophical Perspectives on Finance*). The four

courses are designed to provide students with skills to identify, understand and suggest solutions to financial issues and problems that affect organizations, markets and individuals by investigating their scientific and philosophical foundations and situating them in their larger social and historical context.

Value-Added of the Minor and Job Prospects for Students

The Minor will provide students with the ability to analyze financial problems and decision-making in their context rather than as isolated *ceteris paribus* topics. The Minor will enable students to take up jobs where understanding of and knowledge about the financial sector and of financial decision-making are required and where the ability to engage in a *critical, reflexive* and *pragmatic* discussion is essential to find solutions to financial problems.

Students with a Minor in "Financial Decision-Making in a Social Context: History, Sociology, Behavioral Finance and Corporate Finance" and a Master's Degree in Business Administration and Philosophy or a related degree are trained to take on jobs where their tasks are not to *practice* finance but to *analyze* financial problems and their underlying behavioral, organizational and societal assumptions in a contextual and organizational setting. Graduates will be able to fulfill tasks with respect to analyzing, evaluating and providing sound solutions to problems related to financial risk, financial advising, regulation, reporting and communication, and socially responsible financial decision-making, innovation and disruption as well as strategizing. In addition, students will be able to take up positions in project management and business development related to financial issues.

Prospective employers will be financial institutions, regulatory authorities and other public and private organizations and companies with strategic interests in the financial sector. Graduates will be able to take up positions as analysts, consultants, financial journalists and communicators, and change agents in organizations that are looking for employees who understand financial markets and risk in their broader societal and organizational context.

Student Target Group and Admission Criteria

The main target group is students from the MSc in Business Administration and Philosophy program, but students from other CBS graduate programs and from other universities can be admitted as well within the overall limit of no more than 60 students. Up to 30 slots are reserved for students from CBS's Business Administration and Philosophy program, while the remaining 30 slots are reserved for other CBS students and students from other universities. All students accepted into the program must have economic and financial qualifications corresponding to the BSc in Business Administration and Philosophy program and the course in "Behavioral economics" on the MSc level. Students without such formal qualifications must be accepted by the Study Board before they can be admitted into the program. All applicants must apply through a letter of motivation with the relevant documentation attached.

Cross-Departmental Cooperation

The Minor's main emphasis is on providing students with employable finance and context-based skills related to the financial industry, *broadly* conceived. This genuinely new approach to finance in this Minor requires not only sound analytical skills and understanding of financial markets and institutions but also a deep understanding of how financial decisions and assumptions are grounded in broader historical, sociological and philosophical narratives and ideas. In order to implement the

Minor a direct and close coordination of course content and teaching as well as cooperation between the various academic disciplines is necessary and will be implemented and institutionalized through regular meetings between all faculty members involved in the Minor.

Accordingly, two of the courses in the Minor will focus on providing students with thorough understanding and skills in "*Modern Finance and Corporate Finance*" and "*Behavioral Finance*". These courses assume a progression and build upon courses in corporate finance in the BSc in the Business Administration and Philosophy program and in behavioral economics in the second quarter of the M.Sc. in the Business Administration and Philosophy program.

These two courses will be taught by scholars from the Department of Finance, Department of Economics and the Department of International Economics and Management, CBS, and will be closely coordinated with the two other courses in the program. The latter courses provide the historical, sociological and philosophical contexts and foundations, thereby enhancing the analytical understanding of theories and skills acquired in the finance courses. The contextual courses are " *Historical Foundations of Financial Institutions and Markets*" and "*Sociological and Philosophical Perspectives on Finance*". Both courses are taught by faculty from the Department of Management, Politics and Philosophy, CBS. The courses and their contents are outlined below:

Finance Courses

Modern Finance and Corporate Finance. While focusing on corporate finance, this course will also provide the students with a sound theoretical understanding of financial markets and institutions more generally. Associate professor Thomas Poulsen from the Department of International Economics and Management teaches this course.

Behavioral Finance builds upon the course on behavioral economics from the second semester. The course has a special focus on decision-making under assumptions of bounded rationality. Professor Steffen Andersen, Department of Finance, and associate professor, Jimmy Martinez, Department of Economics teach this course.

Contextual Courses

Historical Foundations of Financial Institutions and Markets provides a historical and institutional perspective on the development of financial markets and financial institutions internationally and in Denmark. The historical focus enables students to critically understand and discuss the development and dynamics of the financial industry, including individual financial firms in their historical context. The course also considers how perceptions of the past constrain strategies and decisions in the present, and how such decisions have contributed to financial instability. The course is discussion and case-based and students are required to take part in group presentations. and is taught by professor Per H. Hansen, Department of Management, Politics and Philosophy.

Sociological and Philosophical Perspectives on Finance takes its point of departure in the increasingly important sociology of finance. The aim of the course is to provide students with a solid understanding of the social aspects of present-day finance. This includes insights into the organizational dynamics of trading firms; developments of financial markets toward increasing computerization; and the role of financialization, i.e. the broader effects finance has on society. The course is taught by Professor Christian Borch, Department of Management, Politics and Philosophy.

The four courses are taught in quarters, with the Corporate Finance course and the Historical Foundations course taught in the first quarter and the Behavioral Finance and Sociology of Finance courses taught in the second quarter. The four courses are coordinated to ensure a progression from the first to the second quarters, just as a tight link is established between courses taught in the same quarter.

Final Exam

The final exam consists of two home papers written by groups of four students. Each paper will be defended at group oral exams.

The first group paper must analyze and deal with an empirical problem that covers the courses *Modern Finance and Corporate Finance* and ***Historical Foundations of Financial Institutions and Markets*****. The topic of the paper must be chosen and accepted during the first half of the first quarter. The paper must not exceed 30 pages.**

The second group assignment must analyze and deal with an empirical problem that covers the courses *Behavioral Finance* and *Sociological and Philosophical Perspectives on Finance*. The topic for this paper must be chosen during the first half of the second quarter. The paper must not exceed 30 pages.

In the the oral exam the students will defend and discuss the results as well as the theoretical and methodological approaches of their paper. Teachers from both courses will be present during the exam.