

IB3J0-15 Behavioural Economics

21/22

Department

Warwick Business School

Level

Undergraduate Level 3

Module leader

Tim Mullett

Credit value

15

Module duration

10 weeks

Assessment

100% coursework

Study location

University of Warwick main campus, Coventry

Description

Introductory description

This is an elective module available for WBS and non-WBS students.

The principal module aims are:

1. To give a rigorous grounding in the key concepts and theories in behavioural economics, as well as the experimental and other evidence that underpins the field.
2. To allow students to critically evaluate and apply behavioural economic ideas in practical business and policy contexts.

[Module web page](#)

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Outline syllabus

This is an indicative module outline only to give an indication of the sort of topics that may be covered. Actual sessions held may differ.

The module will provide an in-depth analysis of the foundations, content and applications of behavioural economics, including its practical and social implications, and its implications for human rationality. The module will address a variety of topics, concerning individual decision making, strategic interactions, and issues of fairness and social preferences.

There will be nine key topics, which will align with the nine lectures:

- What is Behavioural Economics?
- Values and Choices.
- Decision making under risk.
- Mental accounting.
- Intertemporal choice.
- Strategic interactions.
- Social preferences.
- Implications for human rationality.
- Applications business and policy.

Learning outcomes

By the end of the module, students should be able to:

- Articulate and apply the key concepts and theories in behavioural economics. This will include an understanding of risk aversion, loss aversion, mental accounting, behavioural game theory, social dilemmas.
- Compare the standard rationality assumptions in economic theory with the results of experimental research on human decision making.
- Evaluate the experimental and other evidence that underpins claims in behavioural economics.
- Critically evaluate and apply behavioural economic ideas in practical business and policy contexts.
- Critically evaluate existing behavioural proposals in policy making and business contexts, which purport to be based on principles from behavioural economics.
- Demonstrate an ability to extract important information, getting the big picture first, and moving on to small details later on.
- Learn to provide criticisms in a constructive and well argued and justified manner. Criticisms need to be logically argued and explained.
- Learn to expose and explain concepts and argumentations in an ordered, structured and logical fashion.
- Learn to think 'out-of-the box' coming up with new ways of investigating new questions and findings solutions to existing problems.

Indicative reading list

Books

Wilkinson, N., & Klaes, M. (2017). *An introduction to behavioral economics*. Macmillan International Higher Education.

Hastie, R., & Dawes, R. M. (2010). *Rational choice in an uncertain world: The psychology of judgment and decision making*. Sage.

Cartwright, E. (2018). *Behavioral economics*. Routledge.

Kahneman, D (2011). "Thinking fast and slow".

Thaler, R.H. Sunstein, C. R. (2008) *Nudge: Improving decisions about health, wealth, and happiness*. Penguin Books.

Ariely, D. (2009). *Predictably irrational* (p. 71). New York: HarperCollins.

Journal Articles

Camerer (1998). "Loss aversion in the wild: Evidence from the field".

Chao, M. (2017). Demotivating incentives and motivation crowding out in charitable giving. *Proceedings of the National Academy of Sciences*, 201616921.

Epley, N., & Gneezy, A. (2007). The framing of financial windfalls and implications for public policy. *The Journal of Socio-Economics*, 36(1), 36-47.

Falk, A., Fehr, E. and Fischbacher, U. (2003), On the Nature of Fair Behavior. *Economic Inquiry*, 41: 20–26.

Fehr, E. & Fischbacher, U. (2003). The nature of human altruism. *Nature*, 425, 785-791.

Gamliel, E., & Peer, E. (2010). Attribute framing affects the perceived fairness of health care allocation principles. *Judgment and Decision Making*, 5(1), 11.

Heilman, C. M., Nakamoto, K., & Rao, A. G. (2002). Pleasant surprises: Consumer response to unexpected in-store coupons. *Journal of Marketing Research*, 39(2), 242-252.

Leonard, T. C. (2008). Richard H. Thaler, Cass R. Sunstein, *Nudge: Improving decisions about health, wealth, and happiness*. *Constitutional Political Economy*, 19(4), 356-360.

Mussweiler, T., & Strack, F. (2001). Considering the impossible: Explaining the effects of implausible anchors. *Social Cognition*, 19(2), 145.

Powdthavee, N. (2015). Would You Like to Know What Makes People Happy? An Overview of the Datasets on Subjective Well-Being. *Australian Economic Review*, 48(3), 314-320.

Thaler (1999). Mental accounting matters. *Journal of Behavioural Decision Making* 12,183-206.

Trump, R. K., Finkelstein, S. R., & Connell, P. M. (2015). I will risk a stranger's money, but not my own or my friend's money: Effect of proximity of the money source to the self on financial risk-taking. *Marketing Letters*, 26(4), 501-512.

Urminsky, O., & Zauberman, G. (2015). The psychology of intertemporal preferences. *The Wiley Blackwell handbook of judgment and decision making*, 141-181.

Subject specific skills

Analyse and critique experimental research, and to understand the importance of eliminating alternative explanations for observed phenomena will be stressed.

Demonstrate an ability to extract important information, getting the big picture first, and moving on to small details later on.

Learn to provide criticisms in a constructive and well-argued and justified manner.

Criticisms need to be logically argued and explained.

Learn to expose and explain concepts and argumentations in an ordered, structured and logical fashion.

Learn to think 'out-of-the-box' coming up with new ways of investigating new questions and

findings solutions to existing problems.

Transferable skills

Learn key concepts and theories in behavioural economics.

Develop research skills and capacity to reason based on scientific evidence.

Develop well-argued, constructive and supported critiques.

Develop writing skills.

Study

Study time

Type	Required
Lectures	10 sessions of 2 hours (13%)
Seminars	9 sessions of 1 hour (6%)
Private study	48 hours (32%)
Assessment	73 hours (49%)
Total	150 hours

Private study description

Private Study.

Costs

No further costs have been identified for this module.

Assessment

You do not need to pass all assessment components to pass the module.

Assessment group A2

	Weighting	Study time
Individual Assignment 1 (15 CATS) Mid-term assignment.	20%	15 hours
Individual Assignment 2 (15 CATS) End of term assignment.	80%	58 hours

Feedback on assessment

Detailed written feedback on the essay will be provided, focusing on the key learning outcomes, as well as giving feedback on the general quality of the arguments and writing.

Availability

Courses

This module is Optional for:

- UIBA-N20B BSc in Management
 - Year 3 of N20B Management
 - Year 3 of N20B Management
 - Year 3 of N23K Management with Accounting
 - Year 3 of N234 Management with Digital Innovation
 - Year 3 of N235 Management with Entrepreneurship
 - Year 3 of N232 Management with Finance
 - Year 3 of N252 Management with Marketing
 - Year 3 of N23L Management with Strategy and Organisation
- UIBA-MN3C Law and Business Four Year (Qualifying Degree)
 - Year 3 of MN3C Law and Business Four Year (Qualifying Degree)
 - Year 4 of MN3C Law and Business Four Year (Qualifying Degree)
- Year 3 of UIBA-N400 Undergraduate Accounting and Finance
- UIBA-N404 Undergraduate Accounting and Finance (with Foundation Year and Placement/Undergraduate Partnership Programme)
 - Year 5 of N404 Accounting and Finance (Foundation Year and Placement)
 - Year 5 of N405 Accounting and Finance (Foundation Year and UPP)
 - Year 5 of N403 Accounting and Finance (with Foundation Year)
- Year 4 of UIBA-N403 Undergraduate Accounting and Finance (with Foundation Year)
- UIBA-N401 Undergraduate Accounting and Finance (with Placement Year/Undergraduate Partnership Programme)
 - Year 4 of N401 Accounting and Finance (Placement)
 - Year 4 of N402 Accounting and Finance (Undergraduate Partnership Programme)
- Year 3 of UCSA-I1N1 Undergraduate Computer Science with Business Studies
- Year 4 of UCSA-I1NA Undergraduate Computer Science with Business Studies (with Intercalated Year)
- Year 4 of UGEA-RN21 Undergraduate German and Business Studies
- Year 3 of UIPA-L8N1 Undergraduate Global Sustainable Development and Business
- Year 4 of UIPA-L8N2 Undergraduate Global Sustainable Development and Business Studies (with Intercalated Year)
- Year 4 of UIBA-N1RA Undergraduate International Business with French
- Year 4 of UIBA-N1RB Undergraduate International Business with German
- Year 4 of UIBA-N1RC Undergraduate International Business with Italian

- Year 4 of UIBA-N1RD Undergraduate International Business with Spanish
- UIBA-N20F Undergraduate International Management
 - Year 4 of N20F International Management
 - Year 4 of N20F International Management
 - Year 4 of N20S International Management (with Accounting)
 - Year 4 of N20T International Management (with Chinese)
 - Year 4 of N20N International Management (with Digital Innovation)
 - Year 4 of N20P International Management (with Entrepreneurship)
 - Year 4 of N20M International Management (with Finance)
 - Year 4 of N20U International Management (with French)
 - Year 4 of N20L International Management (with Marketing)
 - Year 4 of N20V International Management (with Spanish)
 - Year 4 of N20W International Management (with Strategy and Organisation)
 - Year 4 of N20E Management (with Foundation Year)
 - Year 4 of N234 Management with Digital Innovation
- Year 3 of UIBA-MN3A Undergraduate Law and Business Studies
- UIBA-N20J Undergraduate Management (with Foundation Year and Placement Year/Undergraduate Partnership Programme)
 - Year 5 of N20J Management (Foundation Year and Placement)
 - Year 5 of N20K Management (Foundation Year and UPP)
 - Year 5 of N23H Management with Digital Innovation (with Foundation Year and Placement Year)
 - Year 5 of N23J Management with Entrepreneurship (with Foundation Year and Placement Year)
 - Year 5 of N23G Management with Finance (with Foundation Year and Placement Year)
 - Year 5 of N255 Management with Marketing (with Foundation Year and Placement Year)
- UIBA-N20E Undergraduate Management (with Foundation Year)
 - Year 4 of N20E Management (with Foundation Year)
 - Year 4 of N23N Management with Accounting (with Foundation Year and Placement Year)
 - Year 4 of N23M Management with Accounting (with Foundation Year)
 - Year 4 of N23E Management with Digital Innovation (with Foundation Year)
 - Year 4 of N23F Management with Entrepreneurship (with Foundation Year)
 - Year 4 of N23D Management with Finance (with Foundation Year)
 - Year 4 of N254 Management with Marketing (with Foundation Year)
 - Year 4 of N23P Management with Strategy and Organisation (with Foundation Year)
- UIBA-N20C Undergraduate Management (with Placement Year/Undergraduate Partnership Programme)
 - Year 4 of N20M International Management (with Finance)
 - Year 4 of N20B Management
 - Year 4 of N20D Management (Undergraduate Partnership Programme)
 - Year 4 of N20C Management (with Placement Year)
 - Year 4 of N20Q Management with Accounting (with Placement Year)
 - Year 4 of N236 Management with Digital Innovation (with Placement Year)

- Year 4 of N237 Management with Entrepreneurship (with Placement Year)
- Year 4 of N232 Management with Finance
- Year 4 of N233 Management with Finance (with Placement Year)
- Year 4 of N253 Management with Marketing (with Placement Year)
- Year 4 of N20R Management with Strategy and Organisation (with Placement Year)
- Year 3 of UMAA-G1N4 Undergraduate Mathematics with Business Studies
- Year 4 of UMAA-G1N5 Undergraduate Mathematics with Business Studies (with Intercalated Year)
- Year 3 of UPXA-F3N1 Undergraduate Physics and Business Studies
- Year 4 of UPXA-F3ND Undergraduate Physics and Business Studies (with Intercalated Year)