

## **COURSE SPECIFICATION DOCUMENT**

<b>School:</b>	Business
<b>Programme:</b>	BA (Hons) Economics with Combined Studies BA (Hons) Finance and Investment
<b>FHEQ Level:</b>	6
<b>Course Title:</b>	Behavioural Economics
<b>Course Code:</b>	ECN 6205
<b>Course Leader:</b>	Nick Wilkinson
<b>Student Engagement Hours:</b>	<b>120</b>
Lectures:	30
Seminar / Tutorials:	15
Independent / Guided Learning:	75
<b>Semester:</b>	Fall/Spring
<b>Credits:</b>	12 UK CATS credits 6 ECTS credits 3 US credits

### **Course Description:**

Behavioural economics involves examining the assumptions underlying 'standard' economic theories and models and revising these assumptions and models to place them on a more realistic psychological foundation. The overall objective is to increase the explanatory power of economic theories and to enable more accurate predictions to be made from such theories.

**Prerequisites:** ECN 5205 or ECN 5400

### **Aims and Objectives:**

This Course aims to:

1. Present the principles and methods of behavioural economics in a logical and amenable manner, contrasting them with those of the standard economic model (SEM).
2. Illustrate how a behavioural economic model (BEM) is superior to the SEM in terms of power of explanation and prediction, using a wide variety of empirical examples from both observational and experimental studies.
3. Explain the policy implications of the BEM, particularly when these differ from those of the SEM.
4. Provide a coherent psychological framework underpinning the findings of behavioural economics.

5. Indicate the way forward for the subject, in terms of future challenges and areas meriting further research.

## **Programme Outcomes**

### **Economics:**

A1, A3, A4, A5

B1, B2, B3, B4

C1, C2, C3, C4, C5, C7, C8

### **Finance and Investment:**

A5

B2

D1, D2, D4, D5

A detailed list of the programme outcomes are found in the Programme Specification.

This is located at the archive maintained by the Academic Registry and found at:

<http://www.richmond.ac.uk/programme-and-course-specifications/>

## **Learning Outcomes**

Upon completion of this course, a successful student should be able to

### **Subject knowledge and understanding**

1. Demonstrate an understanding of the nature of behavioural economics, its objectives and methods.
2. Explain the concepts of attitudes, values, preferences and choices and the differences between them.
3. Explain the concepts relating to mental accounting.
4. Discuss the concept and role of rationality in decision-making.
5. Explain the issues involved in inter-temporal decision-making.
6. Explain the issues involved in social interaction and how this affects decision-making.

### **Subject-specific skills**

1. Analyze situations involving decision-making under uncertainty.
2. Analyze situations involving intertemporal decision-making.
3. Analyze situations involving social interaction.
4. Game-theoretic analysis, including both iterated games and repeated games.

### **Other skills**

1. Address case studies and discuss and analyze the relevant issues.
2. Dissect research papers and determine the main conclusions.

### **Numeracy**

On successful completion of the Course, students will be able to:

1. Utilize models of hyperbolic discounting to explain time-inconsistent preferences.
2. Apply appropriate game-theoretic models to social interaction situations to explain decision-making.

**Indicative Content:**

- Nature, scope and history of behavioural economics.
- Methods.
- Values, preferences, and choices.
- Beliefs, heuristics, and biases.
- Decision making under risk and uncertainty.
- Mental accounting.
- Intertemporal decision making.
- Behavioural game theory.
- Social preferences.

**Assessment:**

This course conforms to the Standard University Assessment Norms approved at Academic Board (formerly Learning & Teaching Policy Committee) and located at: <http://www.richmond.ac.uk/admitted-students/>

**Teaching Methodology:**

The course will be taught using a variety of methods including lectures, directed and undirected reading, film clips, case studies, project work, and discussions.

**Bibliography:**

Ariely, D., 2009. *Predictably Irrational*. London: HarperCollins.  
Kahneman, D., 2011. *Thinking, Fast and Slow*. London: Allen Lane.  
Thaler, R. and Sunstein, S., 2009. *Nudge: Improving Decisions about Health, Wealth and Happiness*. London: Penguin.  
Wilkinson, N. and Klaes, M., 2012. *An Introduction to Behavioral Economics*. London: Palgrave Macmillan.

***Journals***

American Economic Review  
Economic Journal  
Journal of Consumer Research  
Psychological Review  
Journal of Economic Behavior and Organization  
Journal of Marketing Research  
Journal of Personality and Social Psychology  
Psychological Bulletin  
Quarterly Journal of Economics

**Web Sites**

Economist ([www.economist.com](http://www.economist.com))

*Please Note: The core and the reference texts will be reviewed at the time of designing the semester syllabus*

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Change Log for this CSD:

Major or Minor Change ?	Nature of Change	Date Approved & Approval Body (School or AB)	Change Actioned by Academic Registry
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Minor	Updated Programme Outcome List	School: 11.11.16	