



APPLIES TO ACADEMIC YEAR 2011/2012

GRA 2245 Economic Psychology

Programme

Master of Science in Business and Economics (HRM), Master of Science in Leadership and Organizational Psychology, Specialization Course

Responsible for the course

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Department

Department of Leadership and Organizational Behaviour

Term

According to study plan

ECTS Credits

6

Language of instruction

English

Introduction

Economic decisions are ubiquitous and interwoven into many of our everyday experiences. An economic decision is any decision about the expenditure and saving of time, money and effort. In traditional economics it is assumed that people's actions are fuelled only by self interest and that they make rational decisions which maximize their well being. This type of decision maker is often referred to as economic man (person). This person exists only in a world built of false assumptions. People are not economic man, people are human. Typical deviations from the economic predictions are found when we give money to a charity, pay too much for a house, value fairness over outcomes, walk away from a profitable deal, and when we are not always happy with more choice or more resources (to name but a few). Economic psychology aims to describe, predict and explain the actual economic behaviour of individuals, groups, and large categories of people (e.g. consumers).

In this course we examine how psychological theories can help us identify the factors and mechanisms that affect economic decisions and clarify the anomalies that we find. We begin the course with an overview of the field, and then we examine selected deviations from the predictions given by classic economic models. The third section of the course will focus on the work context with an emphasis on interdependent decisions situations (e.g. salary negotiation and auctions).

Learning outcome

By the end of the course the student should be able to:

- Describe and give a brief overview of the field of economic psychology.
- Critically describe and explain central psychological concepts, theories and research findings that describe, explain and predict economic behaviour.
- Apply the theories and research findings to both individual and interdependent decision situations.
- Show how the content of this course can improve individual and management decision making, and identify potential ethical dilemmas in the application of this knowledge.

Prerequisites

GRA 2204 Judgement and Decision Making in Organizations or GRA 2205 Organizational Behaviour

Compulsory reading

Books:

Thaler, Richard, Cass R. Sunstein. 2009. Nudge : improving decisions about health, wealth, and happiness. Rev. and expanded ed.. Penguin Books

Collection of articles:

2010. Current topics in economic psychology - a collection of research articles will be made available before the course starts

Other:

During the course there may be hand-outs and other material on additional topics relevant for the course and the examination.

Recommended reading**Books:**

Bazerman, Max H. 1999. Smart money decisions : why you do what you do with money (and how to change for the better). John Wiley & Sons

Thaler, Richard H. 1994. The winner's curse : paradoxes and anomalies of economic life. Princeton University Press

Course outline

- Introduction to economic psychology
- Deviations from the economic models of human behaviour and explanations of economic anomalies with psychological theories and concepts
- Examination of economic behaviour in the work context using an economic psychological approach

Computer-based tools

Presentation tool such as PowerPoint. It's learning

Learning process and workload

The course is structured as a combination of lectures, discussions, and compulsory in-class activities. A course of 6 ECTS credits corresponds to a workload of 160-180 hours.

Please note that it is the student's own responsibility to obtain any information provided in class that is not included on the course homepage/It's learning or text book.

Examination

40% - In class activities

60% - Term paper (groups of 2-3 students)

Both the term paper and in-class activities must receive a passing grade in order to pass the course

In this course class attendance is mandatory. Unexcused absence can result in a lower grade. Specific information regarding student evaluation will be provided in class. This information may be relevant for requirements for term papers or other hand-ins, and/or where class participation can be one of several elements of the overall evaluation.

This is a course with continuous assessment (several exam elements) and one final exam code. Each exam element will be graded using points on a scale (e.g. 0-100). The elements will be weighted together according to the information in the course description in order to calculate the final letter grade for the course. You will find detailed information about the point system and the cut off points with reference to the letter grades on the course site in It's learning.

Examination code(s)

GRA 22451 accounts for 100 % of the final grade in the course GRA 2245.

Examination support materials

Exam aids at written examinations are explained under exam information in our web-based Student handbook. Please note use of calculator and dictionary.

<http://www.bi.edu/studenthandbook/examaids>

Re-sit examination

It is only possible to retake an examination when the course is next taught.

The assessment in some courses is based on more than one exam code.

Where this is the case, you may retake only the assessed components of one of these exam codes.

Where this is not the case, all of the assessed components of the course must be retaken.

All retaken examinations will incur an additional fee.

Additional information**Honor Code**

Academic honesty and trust are important to all of us as individuals, and represent values that are encouraged and promoted by the honor code system. This is a most significant university tradition. Students are responsible for familiarizing themselves with the ideals of the honor code system, to which the faculty are also deeply committed.

Any violation of the honor code will be dealt with in accordance with BI's procedures for cheating. These issues are a serious matter to everyone associated with the programs at BI and are at the heart of the honor code and academic integrity. If you have any questions about your responsibilities under the honor code, please ask.