



COURSE UNIT (MODULE) DESCRIPTION

Course unit (module) title	Code
Behavioural Economics of Decision-Making: Individual and Social Dimensions	

Academic staff	Core academic unit(s)
Coordinating: asist. dr. Inga Žilionytė Other(s):	Faculty of Economics and Business Administration

Study cycle	Type of the course unit
The First	Optional

Mode of delivery	Semester or period when it is delivered	Language of execution
Mixed (auditory and remote)	Spring semester	English

Requisites	
Prerequisites:	Co-requisites (if relevant):

Number of ECTS credits allocated	Student's workload (total)	Contact hours	Individual work
5	130	32	98

Purpose of the course unit		
<p>The aim of the subject is for students to gain an understanding of the main aspects and applications of decision-making behaviour in the face of uncertainty in economics, society, public policy and communities. This course explores the principles of behavioural economics and how they influence decision-making processes in various contexts. It examines the psychological and social factors that affect decisions, the role of heuristics and biases, and the implications for finance, marketing, public policy, and organisational strategy. Through a combination of theoretical frameworks and practical applications, students will gain insights into how human behavior deviates from traditional models of decision-making.</p>		
Learning outcomes of the course unit	Teaching and learning methods	Assessment methods
Will understand the foundational concepts of behavioural economics, identify and analyze heuristics and biases in decision-making.	Interactive lectures, information search, discussions, case studies, work with scientific literature, critical reading of the text.	The final test In-class discussions
Will be able to apply methods and behavioural economics principles to finance and other business decisions-making to address the various challenges faced by decision-makers.	Interactive lectures, information search, discussions, case studies, work with scientific literature, critical reading of the text.	The final test In-class discussions
They will be able to collect the scientific information necessary to verify economic insights and select the appropriate bibliographic sources.	Interactive lectures, information search, discussions, case studies, work with scientific	The final test In-class discussions

	literature, critical reading of the text.	
Evaluate the role of behavioural insights in public policy.	Interactive lectures, information search, discussions, case studies, work with scientific literature, critical reading of the text.	The final test In-class discussions
Develop communication skills to help you succeed in dynamic business environments and respond to changing conditions	Interactive lectures, information search, discussions, case studies, work with scientific literature, critical reading of the text.	The final test In-class discussions

Content	Individual work: time and assignments							Tasks for individual work
	Lectures	Tutorials	Seminars	Internship	Laboratory work	Contact hours, total	Individual work	
1. Introduction to Behavioural Economics. Acquaintance with the subject. Introductions with the key concepts.	2		0			2	8	Reading literature, discussion of problems.
2. Foundations of Behavioural Economics. Prospect Theory, perceptions of risk: Risk and Loss Aversion. Heuristics and Cognitive biases and their impact on decision-making.	2		2			6	14	Reading literature, case studies, discussion of problems.
3. Behavioural finance. Overview of behavioural finance concepts. Heuristics and biases in financial decision-making. Saving behaviour.	4		2			4	16	Reading literature, case studies, discussion of problems.
4. Behavioural Economics in Organisations Decisions-Making. Nudging. Defaults and Choice Architecture. Leadership, HR management and decision-making	2		2			6	12	Reading literature, case studies, discussions.
5. Behavioural Economics in Business Decisions-Making. Pricing strategies, consumer behavior, fairness, communication, product development.	2		2			6	8	Reading literature, case studies, discussion of problems.
6. Behavioural Economics in Economic Decision-Making. Taxes, environmental, health decision-making. Market anomalies and behavior of investors.	2		2			4	8	Reading literature, case studies, discussion of problems.
7. Behavioural Economics in Social Decision-Making. Cultural, social norms and conformity. Social Preferences & Charitable Giving.	2		2			6	16	Reading literature, case studies, discussions.
8. Behavioural Public Policy Improving decisions in the field of public policy and services. Applications of nudging in public programs. Limitations of application of Behavioural Economics principles. Behavioural Ethics	2		2			6	16	Reading literature, case studies, discussions.
Total	18		14			32	98	

Assessment strategy	Weight %	Deadline	Assessment criteria
Test (exam)	80	At the end of the course	The test consists of 30 closed-ended type questions, 1 exercise/ Problem-Solving/Case-Based question and 1 open-ended (essay) question. Each closed-ended question is scored 2 points. The other

			questions are scored at different values - to be determined individually.
Participation in seminars discussion	20	During seminars	Active participation in seminar discussions. 70-100%: Frequent and active participation is scored 14-20 points. 30-69%: Inconsistent and inactive participation is scored 6-14 points. 0-29%: Little or no participation is scored 0-6 points.
			The final mark is calculated: - after scoring 95-100%, the exam evaluation is 10; - after scoring 85-94%, the exam grade is 9; - after scoring 75-84%, the exam grade is 8; - after scoring 65-74%, the exam grade is 7; - after scoring 55-64%, the exam grade is 6; - after scoring 45-54%, the exam evaluation is 5; if you get less than 45%, the exam is considered failed., 4, 3, 2, 1.
The grade of the subject exam is satisfactory when the arithmetic weighted average of the final test (correct answers must be at least 50 percent) and all other assessments (homework and case study presentation) is at least 5 points.			
An externship exam is possible.			
External exam assessment strategy	Weight %	Billing time	Assessment Criteria
Test (exam)	100	At the end of the course	The above assessment strategy applies, except that the test consists of 40 closed-ended type questions, 1 exercise/ Problem-Solving/Case-Based question and 1 open-ended (essay) question. Each closed-ended question scores 2 points. The other questions are scored at different values - to be determined individually.

Author (-s)	Publishing year	Title	Issue, volume	Publisher
Mandatory literature				
Thaler, H.R.	2015	<i>Misbehaving</i>		Penguin books, London
Kahneman, D.	2011	<i>Thinking, Fast and Slow</i>		Penguin books, London
Thaler, R. and Sunstein, C.	2009	<i>Nudge: Improving Decisions about Health, Wealth and Happiness</i>		Penguin books, London
Further reading				
Tversky, A. and Kahneman, D.	1974	„Judgment under Uncertainty: Heuristics and Biases.”	185 (4157): 1124-1131	<i>Science</i>
Kahneman, D., Tversky, A.	1979	‘Prospect Theory: An Analysis of Decision under Risk’	47(2): 263-292	<i>Econometrica</i>
Viale R.	2022	<i>Nudging</i>		The MIT Press
Ariely, D.	2015	<i>Predictably irrational and the upside of irrationality</i>		Harper Collins e-books
Thaler, R.H., Benartzi, S.	2005	“Save more Tomorrow: Using Behavioural Economics to Increase Employee Savings”		University of California, University of Los Angeles, The University of Chicago Press Journals. Doi: https://doi.org/10.1086/380085
The Behavioral Economics Guides	(2014-2024)			The Behavioral Economics Guide - BehavioralEconomics.com The BE Hub
World Development Report	2015	"Mind, Society and Behavior"		World Development Report 2015: Mind, Society, and Behavior