



## COURSE (MODULE) DESCRIPTION

| Course title                          | Code |
|---------------------------------------|------|
| Behavioral and Experimental Economics |      |

| Staff                | Department                                       |
|----------------------|--|
| Dr. Aidas Masiliūnas | The University of Sheffield                      |
| Dr. Matthias Weber   | University of St. Gallen                         |
| Laura Galdikienė     | Faculty of Economics and Business Administration |

| Study cycle        | Course type |
|--------------------|-------------|
| First (Bachelor's) | Optional    |

| Form of implementation | Period of implementation | Language of instruction |
|------------------------|--------------------------|-------------------------|
| Hybrid                 | Fall semester            | English                 |

| Requirements for student                       |   |
|--|---|
| <b>Prerequisites:</b> Economic Principles I-II | <b>Additional requirements (if any):</b> None |

| Number of ECTS credits | Student's workload | Contact hours | Individual work hours |
|------------------------|--------------------|---------------|-----------------------|
| 5                      | 130                | 36            | 94                    |

| Purpose of the course and competences developed  |
|--|
| The purpose of the course is to provide students with knowledge about behavioral and experimental economics. The main objective of this course is to review the main results obtained in behavioral and experimental economics. Another objective is after critically discussing the findings, developing own research ideas and learning how to design own experiments. |

| Learning outcomes (corresponding learning outcomes of the programme)  | Teaching methods                  | Assessment methods   |
|---|-----------------------------------|--|
| Will learn to apply behavioral models in different fields of economics.   | Lectures, homework                | Written exam (60%)<br>Experimental project (25%)<br>Presentation (15%) |
| Learn how to analyze the main strengths and weaknesses of experimental research.  | Lectures, tutorials               |  |
| Learn to differentiate between situations in which human behavior converges to a rational benchmark and situations where it does not. | Lectures                          |  |
| Develop critical thinking skills and apply them to economic experiments.  | Lectures, presentation, tutorials |  |
| Construct complex arguments and communicate them.   | Lectures, presentation, tutorials |  |
| Organize and plan their own work independently and make decisions depending on circumstances.   | Lectures, presentation, tutorials |  |

| Course themes  | Contact / Individual work: time and assignments |           |          |                   |                 |          |               |                 | Assignments   |
|--|---|-----------|----------|-------------------|-----------------|----------|---------------|-----------------|---|
|  | Lectures  | Tutorials | Seminars | Practical classes | Laboratory work | Practice | Contact hours | Individual work |   |
| Introduction to behavioral and experimental economics and experiments in social sciences | 2   |           |          |                   |                 |          | 2             | 4               | Angner Ch. 1  |
| Market experiments, oligopoly, auctions, mechanism design                                | 1   | 2         |          |                   |                 |          | 3             | 2               | Holt Ch. 2  |
| Individual decision-making: heuristics and biases  | 2   |           |          |                   |                 |          | 3             | 5               | Angner Ch. 3<br>Kahneman,<br>Knetsch and Thaler<br>(1991) |
| Decision-making under risk and uncertainty   | 2   |           |          |                   |                 |          | 3             | 5               | Angner Ch. 5<br>Holt and Laury<br>(2002)                  |
| Intertemporal choice   | 2   |           |          |                   |                 |          | 2             | 5               | Angner Ch. 9  |
| Introduction to game theory  | 2   |           |          |                   |                 |          | 2             | 5               | Angner Ch. 10   |
| Behavioral game theory   | 3   |           |          |                   |                 |          | 3             | 7               | Angner Ch. 11   |
| Presentation and discussion of recent research   |   | 2         |          |                   |                 |          | 2             | 8               | Presentation of<br>assigned papers                        |
| Prospect theory  | 4   |           |          |                   |                 |          | 4             | 10              |   |
| Behavioral expectation formation   | 4   |           |          |                   |                 |          | 4             | 10              |   |
| Social preferences   | 3   |           |          |                   |                 |          | 3             | 5               |   |
| Experimental economics methodology   | 6   |           |          |                   |                 |          | 6             | 10              |   |
| Developing and presenting own research ideas   |   | 1         |          |                   |                 |          | 1             | 18              | Presentation of<br>experimental<br>project                |
| <b>Total</b>   | <b>31</b>                                       | <b>5</b>  |          |                   |                 |          | <b>36</b>     | <b>94</b>       |   |

| Assessment strategy  | Share in % | Time of assessment       | Assessment criteria   |
|----------------------|------------|--------------------------|---|
| Written exam         | 60         | At the end of the course | The exam will consist of both longer open questions in which students have to show their analytical capabilities and of shorter questions that test knowledge.                                      |
| Presentation         | 15         | During the course        | Students will present and discuss the design and results of an academic paper.  |
| Experimental project | 25         | During the course        | Students will come up with a novel research question, develop testable hypotheses, design an experiment, collect data in a pilot experiment and discuss the results in an essay and a presentation. |

| Author | Published | Title | Issue No. | Publishing house |
|--------|-----------|-------|-----------|------------------|
|--------|-----------|-------|-----------|------------------|

|  | <b>in</b> |   | <b>or Volume</b> | <b>or Internet site</b>          |
|--|-----------|---|------------------|----------------------------------|
| <b>Required reading</b>                  |           |   |                  |                                  |
| Erik Angner                              | 2016      | A Course in Behavioral Economics                                    | Second edition   | Palgrave Macmillan               |
| Charles A. Holt                          | 2019      | Markets, Games, and Strategic Behavior                              | Second edition   | Princeton University Press       |
| Charles A. Holt and Susan Laury          | 2002      | Risk Aversion and Incentive Effects                                 | 92               | American Economic Review         |
| Kahneman, D., Knetsch, J. and Thaler, R. | 1991      | Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias | 5                | Journal of Economic Perspectives |