

BEHAVIORAL ECONOMICS AND DECISION- MAKING

**Grado en Comportamiento y Ciencias Sociales BBSS SEP-
2023 BEDM-BS.3.M.A**

Area Economics

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Academic year: 23-24

Degree course: THIRD

Number of credits: 6.0

Semester: 1^o

Category: COMPULSORY

Language: English

Professor: **ROSA ORTÍ LLADRÓ**

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Academic Background:

Rosa holds a degree in Sociology and a degree on Political Sciences by the Universitat de València. During these years, she had the opportunity to spend one course in Paris, at Université Paris-Ouest-Nanterre-La Défense, as part of the Erasmus program. Later, she moved to Barcelona in order to obtain a master's degree on Political Sciences by the Universitat Autònoma de Barcelona. While studying this master, she took part in the intensive program Erasmus-Socrates in Istanbul: "De l'Europe des Empires à l'Empire de l'Europe?" at Galatasaray University in Istanbul (Turkey). That same year, she also presented a lecture at the IV Catalan Congress of Young Sociologists: "Young Perspectives" with the title: "Transparency and accessibility of the autonomous institutions in Spain".

During her first professional experiences, around 2012, Rosa came across with Behavioral Economics and started her training on this field, reading and studying on her own, until she decided to take a new master's degree on Market Research and Consumer Behavior at IE (2014-2015).

For the last two years, Rosa has been attending to several writing workshops: creative writing, women in narrative, how to write a novel... So, maybe, one day she will publish a book.

Professional Experience:

Rosa's professional paths starts in a small company in Valencia: Inmerco Marketing where she learned about market research, work environment surveys and marketing basic concepts. She also discovered Behavioral Economics during these years and collaborated in the creation of a spin-off called Mints&Brains. This very small organization appeared in 2016 on the OECD world map as the only private company in Spain applying Behavioral Economics.

Since 2015, Rosa has worked as a consultant, first at everis Business Consulting and, from 2021, at BeWay. Passionate about the mysteries of human behavior, Rosa's goal is to analyse, understand and anticipate it, using every tool available: from the construction of Customer Journeys to the design of new experiences applying Behavioural Economics. She has managed projects for organizations in different sectors, sizes and problematics.

Rosa is also part of the Observatorio de Economía de la Conducta created in 2019 by the Colegio de Economistas of Madrid. She took part as a speaker on the opening conference and is now working on the creation of an area about Behavioral Economics applied to Gender and Diversity.

Rosa has teaching experience in several companies (through CEOE Formación) and educative institutions (such as CEDEU, EIC or Behavior and Law), always in the field of Behavioral Economics and Customer Experience.

By appointment.

Professor: **SILVIA COTTONE**

E-mail: silviac@faculty.ie.edu

Academic Background:

Silvia holds a degree in Foreign Languages and Business Communication by the University of Urbino (IT). During these years, she had the opportunity to spend one semester at the University of Hull (UK) as part of the Erasmus Program. She also collaborated as a working intern with the Italian Chamber of Commerce in Frankfurt am Main (DE) as part of the Erasmus Placement Program.

During the first year of her degree, Silvia came across with Behavioral Science and decided to pursue a professional career in the field. For this reason, she moved to the UK in order to obtain a master's degree in Behavioral Science for Management by the University of Stirling.

Silvia also has a professional blog where she shares insights from Behavioral Science in English, Spanish and Italian.

Professional Experience:

Silvia's professional paths starts in Lima (PE). After finishing her masters, she wanted to start applying Behavioral Science in real challenges. She was lucky enough to get to know the company Heurística, the first research and strategic consulting firm in Perú specialized in the application of Behavioral Science to design better products, programs and public policies in Latin America. There she applied the discipline in the finance sector.

Silvia also worked as a Lecture in Behavioral economics at UCAL University (PE) and Sub the Pub (FR), and participated as guest speaker in several workshops and webinars around the world.

Since 2021, Silvia works as Behavioral Science Consultant at BeWay. Her work focuses on the application of Behavioral Science in Marketing, Communication and UX. Her goal is to understand people's decision making and help them make better decisions in their lives.

By appointment.

SUBJECT DESCRIPTION

What clothes should I wear today? What type of jam should I buy in the supermarket? What job should I apply to? What strategy should I use to reduce churn among my customers? We all make decisions every day, several times per day, as individuals, as employees or as voters. Additionally, companies, governments, even our families, also make decisions that have an important impact on our lives. And yet, how can we improve our decision-making process and measure the impact on our behaviors?

Behavioral Economics and Decision-making is designed to provide students a thorough overview of the methodology used in Behavioral Economics: starting from defining the behavioral goal, analyzing the biases and heuristics while reducing the “noise” around it, understanding the underlying barriers of behaviors, and finally design solutions for behavior change and experiment them to measure their impact (in the short and long term).

Together, we will apply this methodology across different sectors to prepare you for future challenges. During the course, we will combine theory with the analysis of real-life examples.

Would you like to help people make better decisions and behaviors with us?

LEARNING OBJECTIVES

This course combines knowledge-based and skills-based competencies. By the end of the 30 sessions, students should be able to:

(Knowledge-based competencies)

- Understand the key behavioral economics principles and the methodology used in Behavioral Economics.
- Explain the internal debates among scholars and practitioners across different sectors, as well as the evolution of the discipline and its practical applications.
- Identify opportunity for experimentation and understand the basics of good experimenting.

(Skills-based competencies)

- Identify basic decision-making principles and how they work.
- Carry out a Behavioral Research project.
- Analyze creative behavioral solutions based on evidence.
- Design an experiment.

TEACHING METHODOLOGY

IE University teaching method is defined by its collaborative, active, and applied nature. Students actively participate in the whole process to build their knowledge and sharpen their skills. Professor’s main role is to lead and guide students to achieve the learning objectives of the course. This is done by engaging in a diverse range of teaching techniques and different types of learning activities such as the following:

- Synchronous Interaction is learning that happens in live, in real-time. For example, attending classes (lectures, discussions, labs, studios) in-person, working with classmates on team projects in a work-room, or getting help and feedback from professors in-person.
- Asynchronous Interaction and Individual Inquiry and Discovery are learning experiences that happen interactively and asynchronously using collaboration tools and digital platforms. For example, debating topics in a digital forum, critiquing the work of classmates posted in a digital gallery, working on a proposal or project using a collaborative document-sharing platform, or getting help and learning support in messaging-based system.

The course will be divided into 6 modules. Each module will consist of synchronous and asynchronous interaction and will have a theoretical and practical component. Students are expected to apply what they are learning not only to their group projects but also to the broader real-world context.

1. Behavioral Economics Methodology: introduction and basic concepts.
2. Behavioral Audit: defining the behavioral goal.
3. Behavioral Research: understanding the context.
4. Behavioral Design: analyzing behavioral solutions.
5. Behavioral Experimentation: testing and optimizing.
6. Let's debate and apply.

Each of these modules will include two types of activities:

- Theory-based activities: Before each session: comprehensive reading and preparation for exams. During the sessions: lectures, discussion about the readings and exams.
- Practical-based activities: Before each session: research, observation and analysis (individually or in groups). During the session: short writing exercises, sharing and presenting the work.

Learning Activity	Weighting	Estimated time a student should dedicate to prepare for and participate in
Lectures	20.0 %	30.0 hours
Discussions	10.0 %	15.0 hours
Exercises in class, Asynchronous sessions, Field Work	10.0 %	15.0 hours
Group work	20.0 %	30.0 hours
Individual studying	40.0 %	60.0 hours
TOTAL	100.0 %	150.0 hours

PROGRAM

The following program is tentative. Although we will cover all of the listed topics, the selected readings, activities and pace of the class depends on group performance. Additionally, we may have to rearrange some sessions in order to accommodate guest speakers or field trips. Unless otherwise noted, you are expected to complete all corresponding reading BEFORE attending the session.

SESSION 1 (LIVE IN-PERSON)

Module 1. The Behavioral Economics Methodology: introduction and basic concepts

Topic(s):

- Course introduction.
- The context: challenging classical economic models.
- The Behavioral Economics Methodology.

Other / Complementary Documentation: Course slides from sessions 3, 4, 6, and 8 "BECOMING A BEHAVIORAL SCIENTIST"

SESSIONS 2 - 3 (LIVE IN-PERSON)

Module 2. Behavioral Audit: defining the behavioral goal

Topic(s):

- Bounded rationality: a matter of survival.
- Are we satisfied with our choices? Satisficing, Choice Overload and Choice Deprivation.
- Map the context to understand the problem.
- Prospect theory.
- Revision of basic concepts in Behavioral Economics.
- What about Noise? Let's debate.

Activities: Lecture with Q&A. Discussion about the readings.

Article: Choice Deprivation, Choice Overload, and Satisfaction with Choices Across Six Nations (Journal of International Marketing v30 n3 (202209): 18-34) (IE Library)

Other / Complementary Documentation: The Paradox of choice (TEDGlobal 2005)

Book Chapters: Noise: A Flaw in Human Judgment; chapter 1 (See Bibliography)

Article: Prospect theory: An analysis of decision under risk (Econometrica v47 n2 (19790301): 263-291) (IE Library)

SESSIONS 4 - 5 (LIVE IN-PERSON)

Module 3. Behavioral Research: understanding the context

Topic(s):

- Behavior change models: an overview.
- Frameworks vs Models.
- Are all models always useful? Strengths & weaknesses.
- Behavior change models: The COM-B Model.
- Questioning the usefulness of the COM-B Model Activities: Lecture with Q&A. In-Class Debate. Discussion.

Other / Complementary Documentation: Overview of Behaviour Change Frameworks (Youtube)

Article: Influencing behaviour: The mindspace way (Journal of Economic Psychology Volume 33, Issue 1, February 2012, Pages 264-277) (sciencedirect.com)

Article: The Hook model (nirandfar.com)

Article: Fogg Behavior Model (behaviormodel.org)

Technical note: A Guide on the COM-B Model (Social Change UK)

SESSION 6 (LIVE IN-PERSON)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- The E in the EAST model.
- Who is Daniel G. Goldstein?

Activities: Lecture with Q&A. Discussion about the readings.

Article: EAST Four simple ways to apply behavioural insights (The BIT; page 08 to 18)

Article: Do Defaults Save Lives? (Science, Vol. 302, pp. 1338-1339, 2003) (SSRN)

SESSION 7 (ASYNCHRONOUS)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- The E in the EAST model. Practical examples.

Activities: Practical exercise and questions.

SESSION 8 (LIVE IN-PERSON)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- The A in the EAST model.
- Who is Tali Sharot?

Activities: Activities: Lecture with Q&A. In-Class Debate. Discussion.

Article: EAST Four simple ways to apply behavioural insights (The BIT; page 19 to 27)

Other / Complementary Documentation: Optimism bias (Youtube)

SESSION 9 (LIVE IN-PERSON)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- The S in the EAST model.
- Who is Jonah Berger?

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Article: EAST Four simple ways to apply behavioural insights (The BIT; page 28 to 36)

Book Chapters: Contagious: Why Things Catch (See Bibliography)

SESSION 10 (ASYNCHRONOUS)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s): Revision Test.

Activities: Revision test.

Modules: (Rq) Modules 1, 2, 3, and 4.

SESSION 11 (LIVE IN-PERSON)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- The T in the EAST model: The research of George Loewenstein.

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Article: EAST Four simple ways to apply behavioural insights (The BIT; page 37 to 42)

Article: Time-inconsistent Preferences and Consumer Self-Control (Journal of Consumer Research , Mar., 1991, Vol. 17, No. 4 (Mar., 1991), pp. 492- 507) (CED)

SESSION 12 (ASYNCHRONOUS)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- The T in the EAST model.
- Who is Katy Milkman?

Activities: Interactive video and questions.

Other / Complementary Documentation: How to change (Youtube)

SESSION 13 (LIVE IN-PERSON)

Module 4. Behavioral Design: analyzing behavioral solutions

Topic(s):

- Nudge Theory vs Sludge.
- The Sludge Audit.
- Nudge FORGOOD.

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Book Chapters: Sludge: What Stops Us from Getting Things Done and What to Do about It; ch. 3 "Sludge as architecture" & chapter 6 "Sludge Audits" (See Bibliography)

Article: Nudge FORGOOD (Behavioural Public Policy v6 n1 (Jan 2022): 75-94) (IE Library)

SESSION 14 (LIVE IN-PERSON)

Revision & feedback

Topic(s): General revision. Feedback about individual exercises.

Activities: Lecture with Q&A. Professor-Student Feedback.

SESSION 15 (LIVE IN-PERSON)

Midterm exam

Activities: Midterm exam.

SESSION 16 (LIVE IN-PERSON)

Presentation of the best individual assignments

Activities:

- Student Presentation (Pre-Recorded Presentation Review).
- Peer-to-Peer (P2P) Feedback (Critique Session in Collaboration/Messaging Tool or Feedback/Critiquing Tool).

SESSIONS 17 - 18 (LIVE IN-PERSON)

Module 5. Behavioral Experimentation: testing and optimizing

Topic(s):

- Behavioral Experimentation: The last step.
- Building a experimental culture in organizations.
- Experimental Design.
- A/B tests and RCTs.
- Practical examples.

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Article: *EAST Four simple ways to apply behavioural insights Page 37 to 50 (The BIT)*

Article: *Experimentation and Start-up Performance: Evidence from A/B Testing (Management Science v68 n9 (Sep 2022): 6434) (IE Library)*

Other / Complementary Documentation: *Design like a Scientist (Youtube)*

SESSION 19 (ASYNCHRONOUS)

Module 5. Behavioral Experimentation: testing and optimizing

Topic(s): Design an experiment.

Activities: Assignment presentation.

SESSION 20 (LIVE IN-PERSON)

Module 6. Let's debate and apply: Culture and equality

Topic(s):

- The replicability crisis.
- Culture & diversity.

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Article: *Does "irrationality" travel? Why applied behavioural science needs to consider cultural context (medium.com)*

Article: *'Wisdom of the crowd': The myths and realities (BBC)*

Article: *Not lost in translation: Successfully replicating Prospect Theory in 19 countries (OSF Preprints)*

SESSION 21 (LIVE IN-PERSON)

Module 6. Let's debate and apply: Communication and Marketing

Topic(s):

- The need for narrative.
- Narrative economics.
- Examples of narratives.
- Who is Robert Schiler?

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Book Chapters: *Narrative economics (up to page 13) (See Bibliography)*

Article: *The Blissful Ignorance of the Narrative Fallacy (multithreaded.com)*

SESSION 22 (ASYNCHRONOUS)

Module 6. Let's debate and apply: Long-term changes

Topic(s):

- Why changing habits is so profitable.
- Can we really change habits?

Activities: Practical exercise.

Article: *To change a habit, get extreme. Progressively (behavioralscientist.org)*

Article: *Why Triggering Emotions Won't Lead to Lasting Behavior Change (behavioralscientist.org)*

SESSION 23 (LIVE IN-PERSON)

Module 6. Let's debate and apply: Public Policy

Topic(s):

- Where have Behavioral Sciences been applied in public policy? Why?
- Ethics: is an ethic code needed?
- Who supervises the supervisor?

Activities: Lecture with Q&A. In-Class Debate. Discussion.

Article: A Manifesto for Applying Behavioral Science (The BIT)

Article: Public and private sector nudgers can learn from each other (Behavioural Public Policy (2018), 2:2, 235–245) (IE Library)

Article: Will nudge theory survive the pandemic? (unherd.com)

SESSION 24 (LIVE IN-PERSON)

Module 6. Let's debate and apply: HR and organization

Topic(s):

- Gender & Equality.
- Who is Iris Bohnet?

Activities: Lecture with Q&A. Lecture. In-Class Debate. Discussion.

Book Chapters: What Works: gender equality by Design; chapter 1 "Unconscious Bias is Everywhere" (See Bibliography)

Article: How blind auditions help orchestras to eliminate gender bias (The Guardian)

SESSION 25 (LIVE IN-PERSON)

Module 6. Let's debate and apply: Retail and consumer behavior

Topic(s):

- How decisions have changed in the XXIst Century.
Why everybody says "consumers have changed": Why is it true and why it isn't Algorithms, IA and other changes in our current Decision Making Processes.

Activities: Lecture with Q&A. Lecture. In-Class Debate. Discussion.

Article: How Spotify and other popular apps trick you into doing free labor (fastcompany.com)

Article: Algorithmic Nudges Don't Have to Be Unethical (HBS H06BE1-PDF-ENG)

SESSION 26 (ASYNCHRONOUS)

Module 6. Let's debate and apply: Only results matter?

Topic(s):

- The importance of the decision-making process itself.
- Why Behavioral Sciences can make a difference.

Activities: Practical exercise.

Article: Choiceology: No harm, No Foul? With Guests Francesca Gino & Dr. Byers "Bud" Shaw (schwab.com)

SESSIONS 27 - 28 (LIVE IN-PERSON)

Module 7. And now what? Professional applications, both in the public and in the private domain

Topic(s):

- Professional paths in Behavioral Economics.
- What sectors is easier to find Behavioral Scientists.
- How do you imagine your future in this field.
- Behavioral Economics applied to different domains (Guest Speaker).

Activities: Lecture with Q&A. Lecture. In-Class Debate. Discussion.

Article: Defining the Applied Behavioral Scientist Role (medium.com)

Working Paper: Behavioral Science around the World: profiles of 17 international organizations (Worldbank)

Article: Finding a Job in Behavioural Science Using Behavioural Science (medium.com)

SESSIONS 29 - 30 (LIVE IN-PERSON)

GROUP PRESENTATIONS

Activities: Group presentations (Presentation, then live critique Session in classroom).

EVALUATION CRITERIA

As a class, it will be our mission to work together to uncover and invent ways in which the psychological concepts discussed can inform and enlighten your future practice. Therefore, your engagement in the course is critical.

In-class participation (10%) will be evaluated based on arriving to class on time, being prepared, staying engaged, and most importantly, making valuable contributions to class discussion that demonstrate an understanding of the reading and themes discussed in class. Quality and depth of comments are more valued than quantity. In fact, talking for the sake of talking or asking non-related questions will hurt your participation grade, so, please think carefully and thoughtfully about your in-class comments. Late arrivals are disruptive to the learning environment and promptness is expected from all students. Arriving more than 10 minutes late will automatically result in a zero-participation grade for that session.

Absences

If students do not attend class for whatever reason, they lose their class participation opportunity and will therefore be penalized in their participation grade with a zero for that session. Students missing more than 30% of the sessions will automatically receive a failing grade for the entire course. Please have in mind that sessions are not equivalent to days of class.

At the end of some of the classes there will be a short writing individual exercise (15%). Based on the materials seen during the session and/or the mandatory readings/videos, the goal is to identify and explain real-life examples of the application of the principles seen in class. These individual exercises are designed to encourage you to review materials weekly and complete the readings, in order to reinforce the knowledge foundation. They are not designed to trick you or to measure a deep and thorough understanding of any complex theory but are simply a quick 'check' that you have completed the reading and understood the main ideas.

After the first knowledge-based module, each student can use his/her new knowledge to prepare a individual presentation (25%) for the class. A feedback session will follow where your class-mates will evaluate the presentation in terms of format and content. Again, quality and depth of comments are more valued than quantity.

Midterm exam (25%)

There is one exam in this course: midterm. The purpose of this exam is two-fold. First, to ensure you are understanding the basic psychological theory; and second, to demonstrate your ability to translate this understanding into practice. As such, the exam will have up to three parts: multiple choice, short answer questions and a small essay. The goal is to properly measure whether you (i) understand the psychological theory accurately as well as the different critiques and debates around them, (ii) can make a connection between the psychological concept and an appropriate application, and (iii) can provide a critical and accurate analysis/summary/application.

Final Group project (25%)

Although becoming aware of our psychological architecture is a critical first step in better understanding the user, the ultimate challenge is to use this understanding in practice, identifying and using the principles seen during the course to solve a real-world challenge. 10% of this grade will be based on peer evaluation. Further details will be provided during the course.

criteria	percentage	Learning Objectives	Comments
Final Exam	25 %		
Individual work	15 %		
Individual presentation	25 %		
Group Presentation	25 %		
Class Participation	10 %		

RE-SIT / RE-TAKE POLICY

Each student has four (4) chances to pass any given course distributed over two (2) consecutive academic years. Each academic year consists of two calls: one (1) ordinary call (during the semester when the course is taking place); and one (1) extraordinary call (or “re-sit”) in June/July.

Students who do not comply with the 70% attendance requirement in each subject during the semester will automatically fail both calls (ordinary and extraordinary) for that Academic Year and have to re-take the course (i.e., re-enroll) during the next Academic Year.

The Extraordinary Call Evaluation criteria will be subject to the following rules:

Students failing the course in the ordinary call (during the semester) will have to re-sit evaluation for the course in June / July (except those students who do not comply with the attendance rule, and therefore will not have that opportunity, since they will fail both calls and must directly re-enroll in the course during the next Academic Year).

It is not permitted to change the format nor the date of the extraordinary call exams or deadlines under any circumstance. All extraordinary call evaluation dates will be announced in advance and must be taken into consideration before planning the summer (e.g. internships, trips, holidays, etc.)

The June/July re-sit will consist of a comprehensive evaluation of the course. Your final grade for the course will depend on the performance in this exam or evaluation only. I.e., continuous evaluation over the semester (e.g. participation, quizzes, projects and/or other grade components over the semester) will not be taken into consideration on the extraordinary call. Students will have to achieve the minimum passing grade of 5 and the maximum grade will be capped at 8.0 (out of 10.0) – i.e., “notable” in the extraordinary call.

Re-takers: Students who failed the subject on a previous Academic Year and are now re-enrolled as re-takers in a course will need to check the syllabus of the assigned professor, as well as contact the professor individually, regarding the specific evaluation criteria for them as re-takers in the course during that semester (ordinary call of that Academic Year). The maximum grade that may be obtained as a retaker during the ordinary call (i.e., the 3rd call) is 10.0 (out of 10.0).

After exams and other assessments are graded by the professor (on either the ordinary or extraordinary call), students will have a possibility to attend a review session (whether it be a final exam, a final project, or the final overall grade in a given course). Please be available to attend the session in order to clarify any concerns you might have regarding your grade. Your professor will inform you about the time and place of the review session.

Students failing more than 18 ECTS credits after the June/July re-sits will be asked to leave the Program. Please, make sure to prepare yourself well for the exams in order to pass your failed subjects.

In case you decide to skip the opportunity to re-sit for an exam or evaluation during the June/July extraordinary call, you will need to enroll in that course again for the next Academic Year as a re-taker, and pay the corresponding tuition fees. As you know, students have a total of four (4) allowed calls to pass a given subject or course, in order to remain in the program.

BIBLIOGRAPHY

Recommended

- Iris Bohnet. (2016). *What works : Gender equality by design*. Belknap. ISBN 9780674089037 (Digital)

- Robert J Shiller. (2017). *Narrative economics : how stories go viral & drive major economic events, with a new preface by the*. Princeton. ISBN 9780691189970 (Digital)

- Cass R Sunstein. (2022). *Sludge : what stops us from getting things done and what to do about it..* The MIT Press. ISBN 9780262545082 (Printed)

- Jonah Berger. (2013). *Contagious : why things catch on*. Simon & Schuster. ISBN 9781451686593 (Digital)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.