



## UNSW Course Outline

# ECON3124 Behavioural Economics - 2024

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## General Course Information

**Course Code :** ECON3124

**Year :** 2024

**Term :** Term 1

**Teaching Period :** T1

**Is a multi-term course? :** No

**Faculty :** UNSW Business School

**Academic Unit :** School of Economics

**Delivery Mode :** In Person

**Delivery Format :** Standard

**Delivery Location :** Kensington

**Campus :** Sydney

**Study Level :** Undergraduate

**Units of Credit :** 6

### Useful Links

[Handbook Class Timetable](#)

## Course Details & Outcomes

### Course Description

Economic research using laboratory and field experiments has discovered seemingly robust behavioural deviations from the model of homo economicus, the rational, egoistic decision maker assumed in “standard” economic theory. In this course, we will explore critically the

challenges these behavioural regularities pose for economic theory, and we will attempt to think precisely (and often formally) about what might be driving a particular behaviour or economic outcome, and about how to carefully test our hypotheses. Topics we will cover include reference-dependent preferences, prospect theory, choice involving risk, choice over time, bounded rationality, social preferences, behavioural game theory, and public policy.

## **Relationship to Other Courses**

The prerequisites for this course are ECON2101 Microeconomics 2 or ECON2112 Game Theory and Business Strategy. ECON 3124 is also a natural follow-up course to ECON2126 Principles of Experimental and Behavioural Economics, which aims to introduce students to the methods of experimental economics. ECON2126 is NOT a prerequisite for this course, however.

# Course Learning Outcomes

| Course Learning Outcomes   | Program learning outcomes  |
|--|--|
| CLO1 : Demonstrate an understanding of behavioural economics and how it compares with neoclassical economics.                        | <ul style="list-style-type: none"> <li>• PL01 : Business Knowledge</li> </ul>  |
| CLO2 : Critically question claims made by behavioural economists and use the tools learned in class to explain real-world phenomena. | <ul style="list-style-type: none"> <li>• PL01 : Business Knowledge</li> <li>• PL02 : Problem Solving</li> <li>• PL05 : Responsible Business Practice</li> <li>• PL06 : Global and Cultural Competence</li> </ul>   |
| CLO3 : Communicate the basic ideas of behavioural economics in a clear and succinct manner.  | <ul style="list-style-type: none"> <li>• PL01 : Business Knowledge</li> <li>• PL02 : Problem Solving</li> <li>• PL03 : Business Communication</li> <li>• PL06 : Global and Cultural Competence</li> </ul>  |
| CLO4 : Describe and interpret findings from behavioural economics research and how they apply to public policy.                      | <ul style="list-style-type: none"> <li>• PL01 : Business Knowledge</li> <li>• PL02 : Problem Solving</li> <li>• PL03 : Business Communication</li> <li>• PL04 : Teamwork</li> <li>• PL05 : Responsible Business Practice</li> <li>• PL06 : Global and Cultural Competence</li> </ul> |
| CLO5 : Collaborate effectively with peers to apply course concepts to economic issues.   | <ul style="list-style-type: none"> <li>• PL01 : Business Knowledge</li> <li>• PL02 : Problem Solving</li> <li>• PL04 : Teamwork</li> <li>• PL07 : Leadership Development</li> </ul>  |

| Course Learning Outcomes   | Assessment Item   |
|--|---|
| CLO1 : Demonstrate an understanding of behavioural economics and how it compares with neoclassical economics.                        | <ul style="list-style-type: none"> <li>• Problem Sets</li> <li>• In-session Test</li> <li>• Final Exam</li> </ul> |
| CLO2 : Critically question claims made by behavioural economists and use the tools learned in class to explain real-world phenomena. | <ul style="list-style-type: none"> <li>• Problem Sets</li> <li>• In-session Test</li> <li>• Final Exam</li> </ul> |
| CLO3 : Communicate the basic ideas of behavioural economics in a clear and succinct manner.  | <ul style="list-style-type: none"> <li>• Problem Sets</li> <li>• In-session Test</li> <li>• Final Exam</li> </ul> |
| CLO4 : Describe and interpret findings from behavioural economics research and how they apply to public policy.                      | <ul style="list-style-type: none"> <li>• Problem Sets</li> <li>• In-session Test</li> <li>• Final Exam</li> </ul> |
| CLO5 : Collaborate effectively with peers to apply course concepts to economic issues.   | <ul style="list-style-type: none"> <li>• Problem Sets</li> </ul>  |

# **Learning and Teaching Technologies**

Moodle - Learning Management System

## **Learning and Teaching in this course**

### **Learning Activities and Teaching Strategies**

The examinable content of the course is defined by the content of the lectures, the content of the tutorial program, and the content of the problem sets.

#### **Lectures**

The purpose of lectures is to provide a logical structure for the topics that make up the course; to emphasise the important concepts and methods of each topic; and to provide relevant examples to which the concepts and methods are applied. All lectures will be pre-recorded and uploaded on Moodle. Students should use the timetabled lecture slots (as well as plan for an additional 1.5 hours self-study time) to view the pre-recorded lecture materials. There will be an face-to-face session (location TBA) with the Lecturer on Fridays between 2:00pm and 3:30pm, during which time she will go through the course material, providing further details, and answering questions.

#### **Tutorials**

Tutorials are an integral part of the subject. Tutorial presentations, discussions, and solutions to problems are designed to help students deepen their understanding and practice learned material. Only face-to-face tutorials are offered.

#### **Out-of-Class Study**

Most learning will be achieved outside of class time. Lectures can only provide a structure to assist your study, and tutorial time is limited.

# Assessments

## Assessment Structure

| Assessment Item                                  | Weight | Relevant Dates  | Program learning outcomes   |
|--|--------|---|---|
| Problem Sets<br>Assessment Format: Individual    | 40%    | Due Date: Due at 16:00 Fridays of Week 3, Week 5, Week 8, and Week 10 | <ul style="list-style-type: none"><li>PLO1 : Business Knowledge</li><li>PLO2 : Problem Solving</li><li>PLO3 : Business Communication</li><li>PLO4 : Teamwork</li><li>PLO5 : Responsible Business Practice</li><li>PLO6 : Global and Cultural Competence</li><li>PLO7 : Leadership Development</li></ul> |
| In-session Test<br>Assessment Format: Individual | 20%    | Due Date: Week 7: 25 March - 31 March                                 | <ul style="list-style-type: none"><li>PLO1 : Business Knowledge</li><li>PLO2 : Problem Solving</li><li>PLO3 : Business Communication</li><li>PLO5 : Responsible Business Practice</li><li>PLO6 : Global and Cultural Competence</li></ul>   |
| Final Exam<br>Assessment Format: Individual      | 40%    | Due Date: UNSW Exam Period  | <ul style="list-style-type: none"><li>PLO1 : Business Knowledge</li><li>PLO2 : Problem Solving</li><li>PLO3 : Business Communication</li><li>PLO5 : Responsible Business Practice</li><li>PLO6 : Global and Cultural Competence</li></ul>   |

## Assessment Details

### Problem Sets

#### Assessment Overview

Throughout the course, you will have to complete 4 problem sets. They will be due a week after they are assigned. These problem sets will include mathematical problems, questions that ask you to interpret how these problems relate to the course material, as well as questions asking you to apply the material to real-world economic issues. These problem sets are challenging and more difficult than the materials covered in class. Do not leave them until the last minute!

Assesses PLO1, PLO2, PLO3, PLO4, PLO5, PLO6, PLO 7.

BCom Students: myBCom Course points for PL07.

### Course Learning Outcomes

- CLO1 : Demonstrate an understanding of behavioural economics and how it compares with neoclassical economics.
- CLO2 : Critically question claims made by behavioural economists and use the tools learned in class to explain real-world phenomena.
- CLO3 : Communicate the basic ideas of behavioural economics in a clear and succinct manner.
- CLO4 : Describe and interpret findings from behavioural economics research and how they apply to public policy.
- CLO5 : Collaborate effectively with peers to apply course concepts to economic issues.

### Detailed Assessment Description

Each of the four problem sets is worth 10% of the final marks.

Problem Set 1 requires that you work with an assigned group. You can choose if you wish to continue working within groups or work individually for Problems Sets 2, 3 and 4. Regardless, all assessment submissions must be individual and must be your own work. More details will be provided in Moodle.

Plagiarism: You are encouraged (even required, as in the case of PS1) to work on problem sets together. BUT: even if you work with others, you must write up the solutions on your own, using your own words and understanding. Copied solutions will receive a score of zero.

## In-session Test

### Assessment Overview

The test will cover material from the first four weeks of the course, and will be based on the questions from the problem sets, lectures, and tutorials. Details regarding the format of the In-session Test will be provided on the course website. Note that, given changes in the course content, past exam papers for this subject may be (very) misleading.

Assesses PL01, PL02, PL03, PL05, PL06.

BCom Students: myBCom Course points for PL02

### Course Learning Outcomes

- CLO1 : Demonstrate an understanding of behavioural economics and how it compares with neoclassical economics.
- CLO2 : Critically question claims made by behavioural economists and use the tools learned in class to explain real-world phenomena.

- CLO3 : Communicate the basic ideas of behavioural economics in a clear and succinct manner.
- CLO4 : Describe and interpret findings from behavioural economics research and how they apply to public policy.

#### **Detailed Assessment Description**

The In-session Test will be held on Wednesday March 27 from 9:30am to 10:30am.

### **Final Exam**

#### **Assessment Overview**

The final exam will be held in the University examination period and will be designed to be completed in two hours by a well-prepared student. Details regarding the format of the final exam will be provided on the course website. Note that given changes in the course content, past exam papers for this subject may be (very) misleading.

Assesses PLO1, PLO2, PLO3, PLO5, PLO6.

BCom Students: myBCom Course points for PLO6.

#### **Course Learning Outcomes**

- CLO1 : Demonstrate an understanding of behavioural economics and how it compares with neoclassical economics.
- CLO2 : Critically question claims made by behavioural economists and use the tools learned in class to explain real-world phenomena.
- CLO3 : Communicate the basic ideas of behavioural economics in a clear and succinct manner.
- CLO4 : Describe and interpret findings from behavioural economics research and how they apply to public policy.

#### **Detailed Assessment Description**

The final exam is comprehensive, covering material in the entire course, and will be based on the questions from the problem sets, lectures, and tutorials.

## **General Assessment Information**

#### **Grading Basis**

Standard

#### **Requirements to pass course**

*In order to pass this course students must:*

- Achieve a composite mark of at least 50 out of 100
- Engage actively in course learning activities and attempt all assessment requirements

- Meet any additional requirements specified in the assessment details
- Meet the specified attendance requirements of the course (see Schedule section)

# Course Schedule

| Teaching Week/Module               | Activity Type | Content   |
|------------------------------------|---------------|---|
| Week 1 : 12 February - 18 February | Lecture       | Introduction to behavioural economics; Reference-dependent preferences, prospect theory |
|                                    | Assessment    | Behavioural Questionnaire   |
| Week 2 : 19 February - 25 February | Lecture       | Reference-dependent preferences, prospect theory  |
|                                    | Tutorial      | Tutorial 1  |
|                                    | Lecture       | Reference-dependent preferences, prospect theory  |
|                                    | Tutorial      | Tutorial 1  |
| Week 3 : 26 February - 3 March     | Lecture       | Choice over time 1  |
|                                    | Tutorial      | Tutorial 2  |
|                                    | Assessment    | Problem set 1 due Friday March 1 at 16:00   |
| Week 4 : 4 March - 10 March        | Lecture       | Choice over time 2  |
|                                    | Tutorial      | Tutorial 3  |
| Week 5 : 11 March - 17 March       | Lecture       | Bounded rationality   |
|                                    | Tutorial      | Tutorial 4  |
|                                    | Assessment    | Problem set 2 due Friday March 15 at 16:00  |
| Week 6 : 18 March - 24 March       | Lecture       | NO LECTURE - FLEXIBILITY WEEK   |
|                                    | Tutorial      | NO TUTORIAL - FLEXIBILITY WEEK  |
| Week 7 : 25 March - 31 March       | Assessment    | In-session Test on Wednesday March 29, 9:30am-10:30am                                   |
|                                    | Lecture       | NO LECTURE - PUBLIC HOLIDAY   |
| Week 8 : 1 April - 7 April         | Lecture       | Social preferences  |
|                                    | Tutorial      | Tutorial 6  |
|                                    | Assessment    | Problem set 3 due Friday April 5 at 16:00   |
| Week 9 : 8 April - 14 April        | Lecture       | Behavioural game theory   |
|                                    | Tutorial      | Tutorial 7  |
| Week 10 : 15 April - 21 April      | Lecture       | Behavioural game theory; Public policy  |
|                                    | Tutorial      | Tutorial 8  |
|                                    | Assessment    | Problem set 4 due Friday April 19 at 16:00  |
| Week 11 : 22 April - 28 April      | Lecture       | Behavioural game theory; Public policy  |
|                                    | Tutorial      | Tutorial 8  |
|                                    | Assessment    | Problem set 4 due Friday April 19 at 16:00  |

## Attendance Requirements

Students are strongly encouraged to attend all classes and review lecture recordings.

## Course Resources

### Prescribed Resources

There is no prescribed textbook for this course. However, there are several helpful books relevant

to the course. Students are not required but encouraged to consult these materials for reference:

Nick Wilkinson and Matthias Klaes, 2018, An Introduction to Behavioral Economics, 3rd Edition, Palgrave Macmillan.

Edward Cartwright, 2018, Behavioral Economics, 3rd Edition, Routledge.

Angner, Erik 2020, A Course in Behavioral Economics, 3rd Edition, Bloomsbury Publishing.

I also encourage students to read some popular economics books in their spare time for inspiration - for example: Kahneman, Daniel 2013, Thinking, Fast and Slow, Farrar, Straus and Giroux. Thaler, Richard 2016, Misbehaving: The Making of Behavioral Economics, W. W. Norton & Company. Thaler, Richard and Cass Sunstein 2009, Nudge: Improving Decisions About Health, Wealth, and Happiness, Penguin Books.

Since this course will be exploring the differences between standard models and behavioural models of behaviour, a deep understanding of the rational-agent model is essential to understanding the course. Students are expected to have taken ECON2101 Microeconomics 2 or ECON2112 Game Theory and Business Strategy, where knowledge of the rational agent is covered. If the student feels uncomfortable with standard models, I recommend the following books as helpful references:

Gibbons, Robert 1992, Game Theory for Applied Economists, Princeton University Press. Tadelis, Steven 2013, Game Theory: An Introduction, Princeton University Press.

For each topic, the lecturer will provide a suggested list of reading material during class.

The website for this course can be found at UNSW [Moodle](#).

## Course Evaluation and Development

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the myExperience survey, which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

The School of Economics strives to be responsive to student feedback. If you would like more

information on how the design of this course and changes made to it over time have taken students' needs and preferences into account, please contact the Director of Education at the School of Economics.

### **Consent for De-Identified Data to be Used for Secondary Research into Improving Student Experience**

To enhance your student experience, researchers at UNSW conduct academic research that involves the use of de-identified student data, such as assessment outcomes, course grades, course engagement and participation, etc. Students of this course are being invited to provide their consent for their de-identified data to be shared with UNSW researchers for research purposes after the course is completed.

Providing consent for your de-identified data to be used in academic research is voluntary and not doing so will not have an impact on your course grades. Researchers who want to access your de-identified data for future research projects will need to submit individual UNSW Ethics Applications for approval before they can access your data.

A full description of the research activities aims, risks associated with these activities and how your privacy and confidentiality will be protected at all times can be found [here](#).

If you consent to have your de-identified data used for academic research into improving student experience, you do not need to do anything. Your consent will be implied, and your data may be used for research in a format that will not individually identify you after the course is completed.

If you do not consent for this to happen, please email the [opt-out form](#) to [seer@unsw.edu.au](mailto:seer@unsw.edu.au) to opt-out from having your de-identified data used in this manner. If you complete the opt-out form, the information about you that was collected during this course will not be used in academic research.

## **Staff Details**

| Position | Name       | Email | Location                           | Phone             | Availability                             | Equitable Learning Services Contact | Primary Contact |
|----------|------------|-------|------------------------------------|-------------------|--|-------------------------------------|-----------------|
| Convenor | Jane Zhang |       | Room 430B,<br>UNSW Business School | (02) 9065<br>3432 | Fridays 3:30-4:30, and<br>by appointment | No                                  | Yes             |

# Other Useful Information

## Academic Information

### COURSE POLICIES AND SUPPORT

The Business School expects that you are familiar with the contents of this course outline and the UNSW and Business School learning expectations, rules, policies and support services as listed below:

- Program Learning Outcomes
- Academic Integrity and Plagiarism
- Student Responsibilities and Conduct
- Special Consideration
- Protocol for Viewing Final Exam Scripts
- Student Learning Support Services

Further information is provided on the [key policies and support page](#).

Students may not circulate or post online any course materials such as handouts, exams, syllabi or similar resources from their courses without the written permission of their instructor.

### STUDENT LEARNING OUTCOMES

The Course Learning Outcomes (CLOs) – under the Outcomes tab – are what you should be able to demonstrate by the end of this course, if you participate fully in learning activities and successfully complete the assessment items.

CLOs also contribute to your achievement of the Program Learning Outcomes (PLOs), which are developed across the duration of a program. PLOs are, in turn, directly linked to [UNSW graduate capabilities](#). More information on Coursework PLOs is available on the [key policies and support page](#). For PG Research PLOs, including MPDBS, please refer to the [UNSW HDR Learning Outcomes](#).

### Academic Honesty and Plagiarism

As a student at UNSW you are expected to display [academic integrity](#) in your work and interactions. Where a student breaches the [UNSW Student Code](#) with respect to academic integrity, the University may take disciplinary action under the Student Misconduct Procedure. To assure academic integrity, you may be required to demonstrate reasoning, research and the

process of constructing work submitted for assessment.

To assist you in understanding what academic integrity means, and how to ensure that you do comply with the UNSW Student Code, it is strongly recommended that you complete the [Working with Academic Integrity](#) module before submitting your first assessment task. It is a free, online self-paced Moodle module that should take about one hour to complete.

## Submission of Assessment Tasks

### SPECIAL CONSIDERATION

You can apply for special consideration when illness or other circumstances beyond your control interfere with your performance in a specific assessment task or tasks, including online exams. Students studying remotely who have exams scheduled between 10pm and 7am local time, are also able to apply for special consideration to sit a supplementary exam at a time outside of these hours.

Special consideration is primarily intended to provide you with an extra opportunity to demonstrate the level of performance of which you are capable. To apply, and for further information, see Special Consideration on the UNSW [Current Students](#) page.

Special consideration applications will be assessed centrally by the Case Review Team, who will update the online application with the outcome and add any relevant comments. The change to the status of the application immediately sends an email to the student and to the assessor with the outcome of the application.

Please note the following:

1. Applications can only be made through Online Services in myUNSW (see the UNSW [Current Students](#) page). Applications will not be accepted by teaching staff. The lecturer-in-charge/ course coordinator will be automatically notified when your application is processed.
2. Applying for special consideration does not automatically mean that you will be granted a supplementary exam or other concession.
3. If you experience illness or misadventure in the lead up to an exam or assessment, you must submit an application for special consideration, either prior to the examination taking place, or prior to the assessment submission deadline, except where illness or misadventure prevent you from doing so.
4. If your circumstances stop you from applying before your exam or assessment due date, you must apply within 3 working days of the assessment or the period covered by your supporting documentation.

5. Under the UNSW Fit To Sit/Submit rule, if you sit the exam/submit an assignment, you are declaring yourself well enough to do so and are cannot subsequently apply for special consideration.
6. If you become unwell on the day of – or during – an exam, you must stop working on your exam, advise your course coordinator or tutor and provide a medical certificate dated within 24 hours of the exam, with your special consideration application. For online exams, you must contact your course coordinator or tutor immediately via email, Moodle or chat and advise them you are unwell and submit screenshots of your conversation along with your medical certificate and application.
7. Special consideration requests do not allow the awarding of additional marks to students.

Further information on Business School policy and procedure can be found under “Special Consideration” on the [key policies and support](#) page.

## LATE SUBMISSION PENALTIES

For assessments other than examinations, late submission will incur a penalty of 5% per day or part thereof (including weekends) from the due date and time. An assessment will not be accepted after 5 days (120 hours) of the original deadline unless special consideration has been approved. An assignment is considered late if the requested format, such as hard copy or electronic copy, has not been submitted on time or where the ‘wrong’ assignment has been submitted.

For assessments which account for 10% or less of the overall course grade, and where answers are immediately discussed or debriefed, the LIC may stipulate a different penalty. Details of such late penalties will be available on the course Moodle page.

## FEEDBACK ON YOUR ASSESSMENT TASK PERFORMANCE

Feedback on student performance from formative and summative assessment tasks will be provided to students in a timely manner. Assessment tasks completed within the teaching period of a course, other than a final assessment, will be assessed and students provided with feedback, with or without a provisional result, within 10 working days of submission, under normal circumstances. Feedback on continuous assessment tasks (e.g. laboratory and studio-based, workplace-based, weekly quizzes) will be provided prior to the midpoint of the course.

## Faculty-specific Information

## PROTOCOL FOR VIEWING FINAL EXAM SCRIPTS

UNSW students have the right to view their final exam scripts, subject to a small number of very specific exemptions. The UNSW Business School has set a [protocol](#) under which students may view their final exam script. Individual schools within the Faculty may also set up additional local processes for viewing final exam scripts, so it is important that you check with your School.

If you are completing courses from the following schools, please note the additional school-specific information:

- Students in the **School of Accounting, Auditing & Taxation** who wish to view their final examination script should also refer to [this page](#).
- Students in the **School of Banking & Finance** should also refer to [this page](#).
- Students in the **School of Information Systems & Technology Management** should also refer to [this page](#).

## COURSE EVALUATION AND DEVELOPMENT

Feedback is regularly sought from students and continual improvements are made based on this feedback. At the end of this course, you will be asked to complete the [myExperience survey](#), which provides a key source of student evaluative feedback. Your input into this quality enhancement process is extremely valuable in assisting us to meet the needs of our students and provide an effective and enriching learning experience. The results of all surveys are carefully considered and do lead to action towards enhancing educational quality.

## QUALITY ASSURANCE

The Business School is actively monitoring student learning and quality of the student experience in all its programs. A random selection of completed assessment tasks may be used for quality assurance, such as to determine the extent to which program learning goals are being achieved. The information is required for accreditation purposes, and aggregated findings will be used to inform changes aimed at improving the quality of Business School programs. All material used for such processes will be treated as confidential.

## TEACHING TIMES AND LOCATIONS

Please note that teaching times and locations are subject to change. Students are strongly advised to refer to the [Class Timetable website](#) for the most up-to-date teaching times and locations.