

Syllabus

«Economic psychology»

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2017/18 academic year

1. Course Description

- a. Title of a Course – the course “Economic psychology” is designed as a course for the first year’s students of Master programs of National Research University Higher School of Economics. The course is a part of MAGOLEGO project of HSE.
- b. Pre-requisites – the course builds on the general theories of social psychology and economics and does not require any specific knowledge of the students from previously attended courses. The students who enrolled in economics, marketing, communication, education, advertising and sociology are particularly welcomed. Anyway the course takes into account that the students come from different programs, and teaching will be adapted to different interests, different cultural backgrounds and different learning styles.
- c. Course Type (compulsory, elective, optional) – the course is optional, the first year Master students can choose it as a course of MAGOLEGO project.
- d. Abstract – the course takes into account that the vast majority of the students aim for a non-academic career in economic psychology. Therefore the purpose of the course is to build an understanding of the main economic phenomena which students meet in everyday life considering these phenomena from psychological and not economic point of view. The students will understand why people often act irrationally and do not choose the most profitable alternative as economics suggests. Thus the course allows the students to be able to analyze economic phenomena from a wider perspective.

2. Learning Objectives – the main objectives of the course are:

- a. to introduce basic issues about economic psychology;
- b. to acquaint students with the latest researches of economic behavior;
- c. to develop an ability to analyse economic behavior from the psychological point of view;
- d. to develop practical skills of analysis of economic behavior.

3. Learning Outcomes – At the end of the course the students will:

- a. know the main directions of economic psychology;

- b. be able to analyse situations of economic interaction from the psychological point of view;
- c. apply practical skills and knowledge to the analysis of economic interaction.

The underlying logic is that the course will be instrumental in experiencing less social pressure during the present and future lives of the students.

4. Students' competencies after the course

The following abbreviations (NC/NRU-HSE Codes as per Educational Standard of the National Research University Higher School of Economics) are used in the Table 1: GSC- general scientific competence, IC – instrumental competence. Table 1 below provides the logical links between student's competencies developed in the course, measurable intended learning outcomes and corresponding education methods.

Table 1. Design of the course to develop student's competencies

The course objectives are:	The learning outcomes:	NC/NRU-HSE Codes	Teaching Strategy
a. to introduce basic issues about economic psychology	a. The students will know the main directions of economic psychology	GSC M1	Lectures, test
b. to acquaint students with the latest researches of economic behavior			
c. to develop an ability to analyse economic behavior from the psychological point of view	b. The students will be able to analyse situations of economic interaction from the psychological point of view	GSC M3; IC M8	Video discussions, debates, internet exercise
d. to develop practical skills of analysis of economic behavior	c. The students will apply practical skills and knowledge to the analysis of economic interaction	GSC M6; IC M8	Economic games, group exercise

5. Course Plan and Contents

N.	Topic	Total hours	Class hours		Individual work
			lectures	seminars	
1.	Introduction in economic psychology	19	4	2	13
2.	The economic problems of childhood	19	4	2	13
3.	Psychology of money and credit cards	19	4	2	13
4.	Poverty and unemployment	19	4	2	13
5.	Necessities vs. luxuries and wealth	19	4	2	13
6.	Entrepreneurial motivation and the smaller business. Welfare and tax evasion.	19	4	2	13
	Total	114	24	12	78

Course Contents

N.	Topic	Content	Session
1.	Introduction in economic psychology: psychology, economics, and economic psychology.	What is it “economic behavior” and how can we study it? How do economists and psychologists perceive economic interactions in social life? Economic psychology: history, fields of study, methods of study, and future of the science.	Lecture and discussion of the video “Intersections of psychology and economics”.
2.	The economic problems of childhood: economic socialization, children, commerce, and money.	How do children understand the economic system? How do children influence economic behavior of the family? Children and commercial advertising. Children, money, and savings: experiments.	Lecture and discussion of the video “Consuming kids”.
3.	Psychology of money and credit cards.	Why do we need money? Experiments with money. Psychology of money: psychoanalysis and the symbolism of money. Attitudes toward credit cards.	Lecture, test “Money Ethic Scale”, the game “The Dollar Auction”
4.	Poverty and unemployment.	Psychological understanding of poverty: theoretical model. Causes of poverty. Attitudes toward the poor. Behavior of the poor.	Lecture, debates “Why we should give everyone a basic income”

		Studies of unemployment. Psychological meaning of employment and unemployment. Unemployment and health.	
5.	Necessities vs. luxuries and wealth.	How do we distinguish necessities and luxuries? Psychoanalysis and wealth. Does wealth mean happiness?	Lecture, small group exercise “Necessities vs. luxuries”
6.	Entrepreneurial motivation and the smaller business. Welfare and tax evasion.	Who is an entrepreneur? Psychological and economic motivation of entrepreneurs. Charity or taxation? Reducing tax evasion.	Lecture, game “Financial pyramid”, internet exercise “The Hunger Site”

6. Reading List

a. Required

- 1) Abramovitch, R., Freedman, J. L., & Pliner, P. (1991). Children and money: getting an allowance, credit versus cash, and knowledge of pricing. *Journal of Economic Psychology, 12*, 27-45.
- 2) Ahuvia, A. (2008). If money doesn't make us happy, why do we act as if it does? *Journal of Economic Psychology, 29*, 491-507.
- 3) Anand, P., & Lea, S. (2011). The psychology and behavioural economics of poverty. *Journal of Economic Psychology, 32*, 284-293.
- 4) Ayala, J. C., & Manzano, G. (2014). The resilience of the entrepreneur. Influence on the success of the business. A longitudinal analysis. *Journal of Economic Psychology, 42*, 126-135.
- 5) Brandstätter, H. (1997). Becoming an entrepreneur—a question of personality structure? *Journal of economic psychology, 18*, 157-177.
- 6) Bucciol, A., & Veronesi, M. (2014). Teaching children to save: What is the best strategy for lifetime savings? *Journal of Economic Psychology, 45*, 1-17.
- 7) Cram, F., & Ng, S. H. (1999). Consumer Socialisation. *Applied Psychology, 48*, 297-312.
- 8) Hansen, J., & Wänke, M. (2011). The abstractness of luxury. *Journal of Economic Psychology, 32*, 789-796.
- 9) Kemp, S. (1998). Perceiving luxury and necessity. *Journal of Economic Psychology, 19*, 591-606.
- 10) Prince, M. (1993). Self-concept, money beliefs and values. *Journal of Economic Psychology, 14*, 161-173.

- 11) Prince, M. (1993). Women, men and money styles. *Journal of Economic Psychology*, 14, 175-182.
- 12) Raaij, W. F. (1999). Economic psychology between psychology and economics: An introduction. *Applied Psychology*, 48, 263-272.
- 13) Stavrova, O., Schlösser, T., & Fetchenhauer, D. (2011). Are the unemployed equally unhappy all around the world? The role of the social norms to work and welfare state provision in 28 OECD countries. *Journal of Economic Psychology*, 32, 159-171.
- 14) Truong, Y., & McColl, R. (2011). Intrinsic motivations, self-esteem, and luxury goods consumption. *Journal of Retailing and Consumer Services*, 18, 555-561.
- 15) Van Raaij, W. F. (1981). Economic psychology. *Journal of Economic Psychology*, 1, 1-24.
- 16) Verheul, I., Thurik, R., Grilo, I., & Van der Zwan, P. (2012). Explaining preferences and actual involvement in self-employment: Gender and the entrepreneurial personality. *Journal of Economic Psychology*, 33, 325-341.
- 17) Wärneryd, K. E. (1999). The role of macroeconomic psychology. *Applied Psychology*, 48, 273-296.
- 18) Zaleskiewicz, T., Gasiorowska, A., Kesebir, P., Luszczynska, A., & Pyszczynski, T. (2013). Money and the fear of death: The symbolic power of money as an existential anxiety buffer. *Journal of Economic Psychology*, 36, 55-67.

b. Optional

- 1) Aarts, H., & Bijleveld, E. (2014). The psychological science of money.*
- 2) Brandstätter, H. (1993). Should economic psychology care about personality structure? *Journal of Economic Psychology*, 14, 473-494.
- 3) Choi, T. M. J. (Ed.). (2014). *Fashion Branding and Consumer Behaviors: Scientific Models*. Springer Science & Business Media.*
- 4) Freud, S. (1908). *Character and anal eroticism* (Vol. 9).
- 5) Kirchler, E. (2007). *The economic psychology of tax behaviour*. Cambridge University Press.*
- 6) Maynard, D., & Feldman, D. C. (Eds.). (2011). *Underemployment: Psychological, economic, and social challenges*. Springer Science & Business Media.*
- 7) Molina, J. A. (Ed.). (2011). *Household economic behaviors*. Springer Science & Business Media.*
- 8) Packard, V., & Mercader, M. T. (1982). *The hidden persuaders*. New York.*
- 9) Ritzer, G. (1998). *The McDonaldization thesis: Explorations and extensions*. Sage.*
- 10) Van Veldhoven, G. M. (1988). Dynamic aspects of economic behavior: Some determinants. *Handbook of economic psychology*, 52-73.
- 11) Webley, P. (2001). *The economic psychology of everyday life*. Psychology Press.*

7. Grading System

Knowledge should be assessed in 10-point scale. Grades on the following forms of knowledge assessment constitute the final grade:

Gclass – the grade for attendance and participation in the class activity.

NOTE: there is no possibility to get Gclass for missing classes

Gpapers – the grade for team papers

$$G_{\text{cumulative}} = 0,8 * G_{\text{papers}} + 0,2 * G_{\text{class}}$$

Gexam – the grade for the final examination

$$G_{\text{exam}} = 0,2 * G_{\text{project}} + 0,8 * G_{\text{quiz}}$$

Gproject – the grade for the group project

Gquiz – the grade for the quiz

$$G_{\text{final}} = 0,5 * G_{\text{cumulative}} + 0,5 * G_{\text{exam}}$$

8. Guidelines for Knowledge Assessment

The students are expected to tackle the course in a constructive and mature manner. It is expected that the students will attend almost all classes and will participate fully in the class activities. If a student will have to miss a class, he needs to give a notice to the professor in advance by e-mail. Being late more than 15 minutes is not allowed, and make it a practice to arrive in class early. For each class the students receive 1 point. The students being late more than 15 minutes without prior notification can get only 0,5 point. The total class grade is calculated in the following way: Number of point/6*10.

The students will prepare team papers in groups of 2-3 students. For this assignment, they must read a one book from the optional reading list (signed with *). The team paper should be an “extended” review of chosen book’s arguments and issues. The teams must identify and react to the major themes and issues raised by the author/authors but the team paper should be much more than a simple summary of the book. The students need to compare the main issues with the content of the course, discuss the position and the arguments of the author/authors using the examples of economic interactions discussed during the classes and also from their personal life. They are also required to critically analyse the author’s/authors’ position and to present their own. The content of the team paper:

- a brief conceptualization of the book against the background of the course contents;
- a summary of the book, including the main arguments and issues of the author/authors;
- some critical comments on the author’s/authors’ position presentation of the own position of the team.

APA format must be used in the preparation of this paper. Please consult the web-site: <http://www.apastyle.org/> . The team paper should be between 1000 and 1500 words (including first page and references). It should be written with: spacing 1,5, font TNR 12; margins: 2; 2; 3; 1,5). The team paper must be sent to the professor by email before the last class. It is expected that each student reads the chosen book.

Late papers: 0,5 point (out of 10) will be deducted each day that a team paper is late (including weekends). There will be no exceptions to this policy.

Papers evaluation:

- Grammar quality: no grammar or orthographical errors (thus, check for spelling), using of correct language – 1 point;
- General structure of the paper: it should be well divided in paragraphs (and if the case, sub-paragraphs); there should be an introduction, a central section/s and conclusions; there should be a clear logical sequence on contents; title of the paper should be coherent with the contents – 1 points;
- Formal quality of the paper: there should be a front-page, a title, name and surnames of authors, an index, adequate font, references are reported by using APA styles, using academic tone – 1 point;
- Quality of contents: comparison of the main issues of the book with the course content – 2 points;
- Quality of contents: the summary of the book – 3 points;
- Quality of contents: the presentation of a critical and mature personal position on the issue – 2 points.

For the final examination students need to prepare group projects on one of the selected topic. The student can work in groups of 6-8 people.

Group Project #1—Critique of TV Commercials. Project group need to choose 6-8 examples of TV ad targeting children and critically discuss their influence on children economic socialization and economic behavior. It is suggested that the students choose the ads that differ in interesting ways. During the presentation the group needs to show one ad at a time and discuss it before going on to the next one. The aim is to analyse the contents of ads on the base of the relevant information in the required reading and course content. The summary conclusion on ads' impact on children economic behavior is required. The results of group project are presented as PowerPoint presentation, the oral presentation of the group is strictly for 15-20 minutes.

Group Project #2—Self-report on gift-giving. Students are required to write down a complete list of all presents that they had given to and that they had received from others during the previous

year. After doing so, they are required to identify remarkable or recurring regularities in any freely chosen aspect of their gift-giving behavior and in their evaluation of gifts received from others (e.g., the dimensions determining their own appreciation of gifts to receive and/or the receivers' expected appreciation of gifts to give, or considerations guiding their own gift-giving decisions and those of people from who they had received gifts). Then the project group gets together to draw some tentative conclusions on their members' behavior, based on an intra group comparison of the personal findings. The results of group project are presented as PowerPoint presentation, the oral presentation of the group is strictly for 8-10 minutes.

Group Project #3— Poster on poverty/unemployment. The project group is required to identify 6-8 articles in national or international newspapers (e.g. Financial Times, New York Times, Vedomosti, Rossiyskaya Gazeta, or any other newspaper, for the years 2016/17) on the issue of poverty or/and unemployment in the modern societies. In the first step each student make a summary of 1 article for the other group members describing economic and psychological implications of this issue: a) the major factors of this issue; b) the impact on social life aspects, consumers, and work; c) an explanation or a comment by using economic psychology theories presented during the course. Then working in group the students need to organize and structure the factors they have found in a meaningful way and integrate the information in a poster presentation. The list of used articles should be provided on the poster. The results of group project are presented as a poster, the oral presentation of the group is strictly for 5 minutes.

Group Project #4— Analyzing social networks of luxury segment brands. The project group is required to identify 6-8 luxury brands from different segments (e.g. clothes, furniture, cars) and analyse how they communicate with their consumers in the social networks. The project group needs to analyse posts, videos and images published in social networks. The project group will be expected to summarize the results in the form of concluding remarks = guidelines on how to communicate with luxury segments consumers in social networks. The results of group project are presented as PowerPoint presentation, the oral presentation of the group is strictly for 10-12 minutes.

Group Project #5— Training Entrepreneurship. The project group is asked to imagine they are working for a marketing company and are commissioned to do a study to establish a new selling point for food products on Myasnitskaya street. Since the choice of items to sell and the way to advertise them is influenced by the location of the store and the type of the consumers, the purpose of the study is to help the company to decide:

1. *What to open (a small shop, a supermarket, a discount-store);*

2. *Where* to open (in which building on this street they need to rent);
3. *For whom*;
4. *What type* of food products will be sold there;
5. *How* to advertise the new selling point;

The project group is also required to present the analysis of the main strengths of the new business, its main weaknesses, and also the main opportunities and threats from the external environment. The results of the group project are presented as PowerPoint presentation, the oral presentation of the group is strictly for 10-12 minutes.

Group Project #6— Individual differences in economic behavior. The project group is required first to read two sources and to identify at least four individual difference variables that have been shown to affect any type of economic behavior :

- 1) Brandstätter, H. (1993). Should economic psychology care about personality structure? *Journal of Economic Psychology*, 14, 473-494.
- 2) Van Veldhoven, G. M. (1988). Dynamic aspects of economic behavior: Some determinants. *Handbook of economic psychology*, 52-73.

Then the project group needs to search the literature to identify at least other three additional individual difference variables that may be relevant to predict or to explain economic behavior of any type. The variables of introversion-extraversion are taboo. At last the project group needs to provide (for each variable) a formal definition and make examples of situations of economic interaction when it possibly affects individuals' behavior. The full reference list should be presented; the students may use any books from the optional reading list and also any articles from the *Journal of Economic Psychology*. The results of the group project are presented as PowerPoint presentation, the oral presentation of the group is strictly for 8-10 minutes.

Group project evaluation:

The main idea of the group projects is to see the link between the lectures and the literature on the one hand and real life on the other hand. Group project will be evaluated according the following system:

- Strictly following the instructions concerning the content and the form of the presentation of the results – 4 points, “path or fail”;
- Providing full references for all literature referred to – 2 points, “path or fail”;
- Quality of oral presentation – 4 points, “path or fail”.

Please consult the following link on group presentation strategy:

http://totalcommunicator.com/vol3_1/expert2.html

Students who are not present during their group presentation will receive a “0” for the group project unless arrangements are made beforehand.

The second part of the final examination is short quiz of 18 questions with one correct answer to be chosen. Here is an example:

Economic psychology studies:

- a) social-psychological behavior;
- b) economic phenomena;
- c) economic behavior.

The quiz is based on the articles from the required reading list and lecture materials.

Quiz evaluation:

18 correct answers: 10 points

17 correct answers: 9 points

16 correct answers: 8 points

14 – 15 correct answers: 7 points

12 – 13 correct answers: 6 points

10 – 11 correct answers: 5 points

8 – 9 correct answers: 4 points

6 – 7 correct answers: 3 points

4 – 5 correct answers: 2 points

1 – 3 correct answers: 1 point

9. Methods of Instruction:

- a) lectures;
- b) classroom experiments;
- c) economic games;
- d) debates;
- e) group projects of book review and self-observation;
- f) analysis of media messages;
- g) video discussions;
- h) scientific discussions;
- i) guest speakers (to be announced).

10. Special Equipment and Software Support (if required)

Projector for lectures, acoustic systems and Internet access for viewing videos.