UNIVERSITÀ
DEGLI STUDI DI MILANO-BICOCCA

COURSE SYLLABUS

Behavioral Economics for Decision Making

2627-2-F6303M019

Learning objectives

This course aims to introduce students to the field of behavioral economics, focusing on the cognitive and emotional mechanisms that influence decision-making under risk and uncertainty. Emphasis will be placed on how individual and social factors affect decision processes in economic, organizational, and political contexts, with applications to public policies and international relations.

By the end of the course, students will be able to:

- Knowledge and understanding:
  Demonstrate understanding of the main theoretical and experimental contributions in behavioral economics, particularly regarding the role of emotions, heuristics, and biases in decision-making.
  Acquire knowledge about the psychological and social mechanisms underlying individual and collective decisions in institutional and organizational settings.

- Applying knowledge and understanding:
  Apply acquired concepts and models to the analysis of real-world cases in economic, social, and political domains, with a focus on the design of behavioral interventions (nudges, boosts, etc.) and the evaluation of public policies.
  Develop the ability to critically interpret decision-making contexts and propose solutions aimed at improving decision processes.

- Making judgements:
  Develop critical thinking skills regarding traditional rational choice models, and assess the theoretical and practical implications of real-world decision-making.
  Compare theoretical approaches and operational tools in relation to the complexity of decision environments.

- Communication skills:
  Communicate behavioral economics concepts clearly and appropriately, both in writing and orally, including

in interdisciplinary and international contexts.
Work collaboratively and effectively present group projects or reports using digital tools, with a focus on communication effectiveness.

- Learning skills:
  Develop the ability to learn independently and critically, including through engagement with international scientific literature, and to continuously update one's skills in the context of lifelong learning.

Contents

This course aims to acquaint students with the literature on behavioral economics and decision making. Although this approach is based on experimental data on human reasoning (provided by cognitive psychology and neuroscience), students will be led to experimentally test properties and hypotheses about human decision-making. The course also aims to introduce students to the psychological aspects of decision making in the organizational, social and political context. In particular, some special features of decision-making in public policy and international politics will be explored.

Detailed program

1.Reasoning, affect and gut feelings: decision making is also determined by emotional and affective components that are often very adaptive. Neuroeconomics features of affect and emotion in decision making.
2. Social context and group decisions: the social and organizational context variables constraining the results of decisions.
3. Conflicts and negotiations in public organizations: the phenomenology and dynamics of collective decisions and how to avoid paralyzed conflicts and sub-optimal results in negotiation. Cultural variables of reasoning and conflicts.
4. Improving decisions in public policies and services: how to discount the psychological processing of the individual citizens in order to optimize the effect of laws, rules, and norms. Nudge and Beyond Nudge.
5. Decision making in international relations: how the models of reasoning and decision making can be applied to the decisions in international arena.

Prerequisites

None

Teaching methods

The lecturer gives many classes that begin with an initial segment in which key concepts are presented (lecture-based mode), followed by an interactive session with students that shapes the remainder of the lesson (interactive mode). The teaching approach is hybrid: 50% of the lessons (whether lecture-based and/or interactive) are conducted in person.

- 24 hours are delivered remotely in synchronous, lecture-based mode;
- 24 hours are delivered in person, beginning with a lecture-based segment designed to engage students interactively in the subsequent part of the lesson.

Assessment methods

Assessment will be conducted in English and follows two distinct pathways:

- For non-attending students:
  A written exam consisting of open-ended questions aimed at evaluating the student's understanding of the course content and their ability to critically and independently reflect on key topics. Integration with oral exam is optional.

- For attending students (optional):
  A structured pathway composed of three components:

1. Group project (20% of the final grade): in-class presentation of a team-based project applying course concepts to real-world or policy-related issues;
2. Individual paper (30% of the final grade): a written essay on a topic agreed upon with the instructor, designed to explore selected course themes in a critical and personal manner;
3. Oral discussion (50% of the final grade): an individual interview starting from the essay, including questions on the broader course content.

Textbooks and Reading Materials

1. Bonini, N., Del Missier, F. e Rumiati, R. (2008). Psicologia del Giudizio e della Decisione. Bologna: Il Mulino.
   or
   Plous, S. (1993) The Psychology of Judgment and Decision Making, New York: McGraw-Hill.
2. Thaler, R. and Sunstein, C. (2009) Nudge: Improving Decisions about Health, Wealth and Happiness, London: Penguin.
3. Viale R. (2022) Nudging, Cambridge Mass: The MIT Press
   or
   Viale R. (2018) Oltre il Nudge. Bologna: Il Mulino. (2018)
4. Reb, J., Luan, S., and Gigerenzer, G. (2024). Smart Management, Cambridge, Mass: The MIT Press
   or
   Pietroni, D., Rumiati, R., Viale, R. (2024). Strumenti per Negoziare. Milano: Cortina
5. Gigerenzer, G. (2007). Gut Feelings. London: Penguin. (optional)
6. Kahneman, D. (2011). Thinking Fast and Slow. New York: Farrar, Straus and Giroux. (optional)
   or
   Viale, R. (2021). Routledge Handbook of Bounded Rationality. London: Routledge (optional)
7. Viale R. e Macchi, L. (a cura di, 2021). Analisi Comportamentale delle Politiche Pubbliche. Bologna: Il Mulino (optional)
8. Macchi, L. (2024). La psicoretorica. Dall'arte del dire alla forma del pensiero. Raffaello Cortina Editore (optional)

Semester

II semester

Teaching language

English

Sustainable Development Goals

GOOD HEALTH AND WELL-BEING | GENDER EQUALITY | AFFORDABLE AND CLEAN ENERGY | SUSTAINABLE CITIES AND COMMUNITIES | CLIMATE ACTION