

ECON 6120Y: Advanced Topics in Behavioral Decision Theory

Department of Economics, HKUST

Description: Behavioral decision theory recognizes the crucial role that psychological and behavioral factors play in decision-making and aims to capture and understand these factors using formal theories. This graduate course provides students in business school with a comprehensive overview of the various topics in behavioral decision theory. These topics include decision-making under risk and uncertainty, decision-making over time, and decision-making in social contexts. This course emphasizes the interplay between theories, experiments, and applications in fields such as finance, labor economics, and development economics. By taking this course, students will gain a deeper understanding of psychological and behavioral factors that influence decision-making and develop skills on how to model these factors and apply them to real-world scenarios.

Time: Monday, 9:00-12:50, 31/1/2024 to 10/5/2024

Venue: LSK1026

Instructor: ZHONG Songfa

E-mail: zhongsongfa@gmail.com

Office: LSK6009

Office hours: By appointment

Assessment

50%: Presentation

50%: Final Project

Presentation: Each student is required to give one presentation. Each Presentation is 30 minutes including Q&A. The presentation should contain two parts:

- Summary
 - Research question
 - Findings

- Discussion:
 - Contributions to the literature
 - Limitations and potential follow-up ideas

Final project: You are required to submit a group project (*15-20 pages, font size 12; line spacing double, deadline May 16 2024*). As this course emphasizes the interplay between behavioral theory, experimental/empirical evidence, and application, your project could be about each of the three aspects or their combinations.

Outline

Week 1 : Prospect theory

Week 2: Probability weighting

Week 3: Reference dependence

Week 4. Ambiguity and source dependence

Week 5: Biology: evolution, genetics, hormones, and neuroscience

Week 6: Cognition: salience, attention, and complexity

Week 7: Other-regarding preferences

Week 8: Strategic thinking

Week 9: Time preferences

Week 10: Beliefs

Week 11: Preferences, heuristics, and noises

Week 12: Student presentations