

Course Descriptions Master 2018-2019

Course Title Nature of human motivation
 Course Code EBC4032
 ECTS Credits 6,5
 Assessment None

| Period | Start | End | Mon | Tue | Wed | Thu | Fri |
|--------|-----------|----------|-----|-----|-----|-----|-----|
| 5 | 15-4-2019 | 7-6-2019 | X | | | X | |

Level Advanced
 Coordinator Thomas Dohmen For more information: t.dohmen@maastrichtuniversity.nl
 Language of instruction English

Goals Broadening the scope in analysing and predicting human behaviour and economic decision-making
 - Understanding what the fundamental drivers of human motivation are
 - Acquiring a structured insight into the measurement of preferences
 - Understanding how differences in preference endowments affect economic outcomes
 - Understanding the implications of a psychologically founded view of human motivation for policy and social welfare.

Description Individuals differ in many ways. They have different capabilities, skills, resources, and tastes. These sources of heterogeneity lead to vastly different behaviours in all domains of life. Understanding these differences in human behaviour and decision-making is at the heart of the social sciences. Economics has sought to explain behaviour by starting from the premise that individuals make choices that are best for them. What is best for an individual depends on available resources, constraints, incentives, information, and, importantly, on preferences. Despite a myriad of advances, our knowledge about the impact of heterogeneity in key economic preferences such as risk preferences, time preferences, and social preferences, is still surprisingly limited. This is partly because standard economic models often constrain their attention to a very narrow and empirically questionable view of human motivation and assume that agents are self-interested, rational and forward-looking. Moreover, economists have made assumptions about these preferences to keep their models simple and (computationally) tractable. Often homogeneity in preferences has been assumed. A typical well-known assumption postulates a representative agent, who is risk neutral, forward-looking, time consistent and selfish. This has prevented economists from fully grasping the implications of preference heterogeneity. In this course, we show how human motivation extends beyond these motives, and discuss how a wide range of economic outcomes could be analysed in a more general, potentially amended, economic framework. The aim of the course is thus not to provide examples in which the standard economic framework fails, but to re-establish the richness and diversity of the economic. The course starts by assessing how fundamental economic preferences (e.g. risk preferences, time preferences, and social preferences) can be measured, and how preferences are distributed in the population. We then ask whether there are systematic differences in preferences with regard to age, gender or other biological factors. Next, we investigate how heterogeneity in preferences can explain differences in economic behaviour and outcomes. We therefore study how preferences and other non-cognitive skills shape economic outcomes and focus in particular on labour market outcomes and skill development. Examples of questions that we address include: Do people who differ with respect to fundamental economic preferences respond differently to incentives, or do all workers respond to monetary incentives in the same way? How can firms design their incentive schemes to attract the right mix of people in terms of preferences and motivations? When do financial incentives have detrimental effects? How do preferences, motivation and other psychological dispositions interact, and which consequences does this have for skill development, earnings capacity and inequality?

Literature Articles from scientific journals

Prerequisites Ability to read scientific papers.
 At least a basic understanding of microeconomics and a basic knowledge of statistical tools is required. A Bachelor degree in economics or econometrics would be a perfect start for this course.
 An advanced level of English

Teaching methods PBL / Presentation / Lecture / Assignment

Assessment methods Participation / Written Exam

Evaluation in previous academic year For the complete evaluation of this course please click <http://iwio-sbe.maastrichtuniversity.nl/rapporten.asp?referrer=codeUM>

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| This course belongs to the following programme / specialisation | Master Economics | Spec Social Economics |
| | Master Economics | Electives |