

# Articles review case study sample

[Technology](#), [Development](#)



## **REVIEW OF THE ARTICLES**

Behavioural Economics has made its way in the economic decision making. Considerable research has been done in the context. This paper develops review of the three articles developed with respect to field of study conducted to develop and ascertain the role of Behavioural sciences in economics. Articles that have been reviewed are as follows:

- Simon, Herbert A. (1978) “ Rational Decision-

Making in Business Organizations.” Nobel Prize Lecture

- Rabin, Matthew. (1998). “

Psychology and Economics,” Journal of Economic Literature, 36, 11-

46. [36 pages]

- Thaler, Richard H. (2000). “

From HomoEconomicus to Homo Sapiens,” Journal of

Economic Perspectives, 14: 1, 133-141. [9 pages].

Simon, (1978) in the paper has attempted to designate the role of political economy in the economic decision making. The idea of the paper is to inculcate the distant aspects of the decision theory such as normative and descriptive aspects of the theory and its relation with the firm. For the purpose, two disciplines have been used. First, the economic decision making that focus on the wealth aspect of the study. Second aspect that has been used in the article is related to the political economy and its relationship with the economic sciences.

Rationale for the integration of the political science in the economic sciences as defined in the work of Simon, (1978) is related to the limitation of the current definition of the economics. The study highlights that economics is

the study of mankind, and its efforts for the gaining material wellbeing; however, it only considers the role of wealth, employment of resources to its fullest and in efficient manner, while ensuring that distribution of the wealth is equitable. Despite being important and critical to the economy, this definition is only able to cover one aspect of the decision making.

Consequently, the current literature leaves the vacuum for the other aspects of the individual and social action in relation to its role in the economic science.

For the development of the study, dimensions of related science have been critically assessed which are decision theory in political economy, neoclassical theories economies and evidence of their empirical tests.

Hence, the study concludes that rational decision making theories of economics require approximation from the other fields of study as well.

Moreover, other sciences that offer some tested fundamentals and some relevance to the human decision making in economics.

Rabin, (1998) in an article “ Psychology and Economics,” as the name refers has discussed the human psychology related to the judgement, varying behaviours and the overall well being that have some relevance with the economics. The background used for the purpose is related to the economist assumption that human being uses set of options for assessment and generates maximum utility for preferred options available. This assumption is subject to the weakness as put forward by psychological researches and states that the process with which human being make preferences is subject to certain modifications. Therefore, with the understanding of the referred modifications, the human decision making process can be understood with

greater approximation with facts that result in reality.

The methodology employed is based on the assessment studies related to modification in human psychology. Human preference is determined by the relevance of the outcome to the human being than the outcome of the decision only. The higher level of dislike for the losses as compared to the likes for benefit and the transition of the human being from the achievement of the goal that is preferred for the personal benefit related to other goals. With the research assessment related to biasness, the methodology identifies the challenges that such psychological modification pose to the economic model that assumes limited perspective of the human decision making. All these have been discussed with reference to previous studies and hypothetical examples. The results conclude that role of human psychology has been widely undervalued by the economist and must be considered in the economic analysis though the fact remains that rationality is widely influenced by short term results that often contradicts with the long term benefits.

Thaler (2002) in a paper has made some of the forecasts for the future about the development of economics in the future and a shift from Homo Economicus to the status of Homo sapiens will be witnessed. For the development of the six bold predictions, Thaler (2002) has referred to the current developments in the economics. The predictions are projected future of the long term implication of these developments.

The methodology employed for the development of these future predictions from Homo Economicus to the status of Homo sapiens is based on the references build with respect to particular trends and more importantly the

respective research conducted in the domain. Importantly, the predictions are made on the basis of the assumptions as put the articles. The prediction based article from Thaler (2002) has concluded with a reason for the bold move of anticipating future domain of economics. The reason for such prediction as mentioned in the conclusion by Thaler (2002) states that such developments would result of inclusion of the behavioural aspects in the economic modelling in contrast to the rationality driven static models by economist.

## **References**

- Rabin, M. (1998). Psychology and economics. *Journal of economic literature*, 11-46.
- Simon, H. A. (1978). Rational decision-making in business organizations (No. 1978-1). Nobel Prize Committee.
- Thaler, R, H. (2000). From HomoEconomicus to Homo Sapiens. *Journal of Economic Perspectives*, vol. 14, no. 1, pp. 133-141