BEHAVOIURAL ECONOMICS: THEORY AND PRACTICE

Introduction

The discourse of the present work was outlined in the current phenomena on the world stage. These phenomena generated significant debates in the academic world in respect of the adequacy of the economic behaviour analysis to reality patterns. The study represented an attempt to identify theoretical elements that are underpinning this branch of economics, with all the elements they incorporate and train. The study was also an attempt to see whether the explanations advanced by the theorists of behavioural economics reflect and relate to practical reality.

The aim of this work was the theoretical and practical study of behavioural economics in order to achieve the identification, analysis and description of how this area could provide *a more realistic study of the economic behaviour*. The used **method of research** was predominantly *qualitative, but it was also combined with quantitative elements*.

Generally, Kuhn describes how theories develop from a so-called pseudo scientific status to a normal one. In the process, in times of crisis, issues which have the potential to evolve are emerging. Even if it is not the case for behavioural economics, specialists are interested in studying new directions in their science in order to improve, enhance or even replace the standard models.

I. Economic behaviour - form of human action and object of study in economics

The central objective of the first chapter was to provide **a basic picture of how people act on the market**, including by reference to the totality of human manifestations. We started from the essence of the discipline, given the current

context in which more and more voices argue that the individual is not endowed with qualities that are assigned to him by the traditional analysis.

Although there is no universally accepted definition of economic science, in general, we could say that its purpose is to understand and explain as much as possible the way actions and market phenomena occur in reality. However, what must be considered is that the ***analysis concerns only the conscious and deliberate actions directed toward a specific purpose, which produce a particular outcome***. The way in which economists relate to their science ultimately reflects on understanding and explaining the economic behaviour.

Particular importance was given **to the determinants of economic behaviour**. In general, they are grouped into two categories: *external* (related to the context in which man operates, as the economic, demographic, socio-cultural, religious, institutional factors, etc.) and *internal* (related to the psychic, as personality, motivation, learning, attitude, etc.). However, most influences taken from the environment are internalized, having some importance and meaning. The behavioural determinants do not act in isolation but ***form a true network, where each has a different degree of importance in various points in time.*** In addition, all elements of the environment in which the individual exists (economic, social, cultural, etc.) influence each other, the bonds that form between them being indissoluble.

The analysis in this section has paid particular attention to the **contributions of psychology and sociology**. The attempt has allowed a further investigation of the extent to which a multidisciplinary approach may be a support point to improve the theory as well as the degree to which behavioural economics represents a novel approach.

Firstly, we insisted on presenting ***the neoclassical model*** which, until now, is predominant in academia. In order to work with mathematical modelling, the neoclassic economists assumed that the decision is objective and that the man is rational and perfectly informed. He is also guided only by self-interest. The

individual follows its own utility function, that he wants to maximize, being in this respect capable to mentally calculate and compare.

Living in communities, however, the man is always subject to pressures from others and from the institutional norms that are formed in this context. Recognizing the importance of ***social forces***, Gary Becker considered that an important step in the development of the neoclassical theory is to incorporate in utility functions the changes that occur on the stocks of human capital. Then individual personality is complex and much of his behaviour is learned, process which helps to prioritize tasks. One obvious way in which ***psychological forces*** occurred in economics was related to motivation. Their integration was quite easy due to the synonymy between reasons and needs. In addition to the monetary gain, actions can also have intrinsic reasons that sometimes are not accurately realized, as the moral or aesthetic ones.

II. Behavioural economics - a multidisciplinary approach in economics

The next chapter aims to answer the question: "*What is this domain and how did it shaped as a distinct area of research?*". In recent decades, the utility maximization model was more often the subject of substantial criticism. The discussions mainly focused on how much does the neoclassical theory explains the way in which people choose to act and to allocate their resources in different market situations and whether some of its assumptions are rather rooted in analysis and less validated by experience. For example, there are a large number of empirical ***anomalies*** that cannot be explained by mainstream theory, among the best known are: the preferences reversal, the framing effect, the endowment effect, the loss and risk aversion, etc. Behavioural economics seeks to answer to some of the criticisms by considering a broader analysis in the study of economic phenomena.

Also known as "***psychology and economics***", the domain is often wrongly associated with the one of experimental economics. This is mainly due to the use of laboratory experiments. However, the method is not a fundamental method of the

behavioural economics research, but only an ancillary one. Although, at a first glance it would seem that its exponents intend to merge the two social sciences, it would be fairer to talk of a ***reunification***. The last term is relevant because of the tumultuous relationship that existed between economics and psychology throughout history. While many economists have called on psychological dimensions of human experience to explain economic behaviour, there was a strong tendency to remove psychology from the analysis in time, particularly among the neoclassical economists. Within the area there are ***three main guiding themes*** represented by bounded interest, bounded rationality and bounded will.

An important place in the analysis was occupied by the presentation of the concept of ***bounded rationality***, developed primarily by Simon. The central thesis of this theory (which is not synonymous with irrationality in the narrower sense) is that, given a limited knowledge which is specific to current situations in which individuals' act (including through the reduced capacity to process information), decision-making strategies are different from those found in the case of complete knowledge, to which the neoclassical model refers. In these circumstances the economic agent, rather than to maximize, tries to ***satisfy*** and aims to reach a certain level of aspirations which is good enough. His goal is not to achieve the superlative and to make the "best" possible, but simply to obtain a "better".

Studies have shown that in the complex decision making process individuals often resort to certain cognitive shortcuts, known as ***heuristics***. They increase the probability of successfully performing a task, especially because they reduce the deliberation time, but can cause biases. The concept of ***bias*** refers here to the deviations of the human behaviour from the assumptions of the neoclassical theory.

III. A comprehensive vision on choice theory

In this chapter we intend to briefly respond to the question "*What does the subject bring new into the economic analysis?*".

Firstly, the integration of **emotions** in the analysis was intended. In standard economic theory, the assumption of rationality makes the aim of utility maximizing to be strictly cognitive, guided only by accurate and formal-logical thinking. Although many psychologists argue that emotions are not always disruptive, but an ally of rationality, the discussions about their role are not recent. They draw their origin from the formalization of the key economic concept of *utility*. In the *behavioural economics literature* there are obvious contradictions on how emotions can be included in the analysis, by recognition or denial of the maximizing hypothesis, and whether or not they can be anticipated.

Secondly, alternative conceptions of understanding ***choice under risk and uncertainty*** were analyzed. The anomalies concerning the expected utility theory have led to a series of new theories. The most popular is ***the prospect theory*** developed by Kahneman and Tversky. In this descriptive model, the decision process consists of two phases: one of editing and one of evaluation. By the way in which they define the value function (according to how any results, positive or negative, can be interpreted as a gain or loss, depending on the reference point, and the asymmetry between gains and losses), the evaluation of alternatives falls under the incidence of the subjective psychic forces, the expectations shaped by beliefs and values and the context-dependent preferences. However, the authors do not completely abandon the maximizer objective, because it is further assumed that the individual will choose the alternative that offers the highest value.

Regarding the ***inter-temporal choice***, recent studies conducted by behavioural economists have shown that people have *a strong tendency to reverse preferences*. In addition, psychological research suggests that the inclination of individuals to pursue short-term gratification persists in the future. The *dynamic inconsistency* is in contradiction with the long-term stability of preferences. The discount rate cannot be maintained constant because it reduces proportionally as the access time of the option increases. Here, the behavioural economists deepen the

ideas promoted by the Austrians. They also tried to bring into question the personal inter-temporal preference factors supported by Fisher.

Another area of great interest is related to the way in which an action may be influenced by the manner in which the individual relates to others. The exponents of the domain try to determine the extent to which social influences are reflected directly on utility and market decisions. They intend to establish whether individuals are affected by the overall allocation of rewards among the members of a group, which in the literature is referred to as the ***alternative hypothesis of social preferences***. It is worth mentioning that the manner in which the individual reports to his peers requires both ***positive preferences*** (such as altruism or benevolence) and ***negative preferences*** (such as hate or envy). Both forms may cause an increase in the earnings of the individual psyche.

IV. Behavioural economics - between psychological realism and abstract formalism

The fourth chapter highlighted both the weaknesses and strengths of the traditional model and investigated how a theory which aims to be objective can be shaped through the representation of subjective human actions.

The main and most disputed feature of the ***homo oeconomicus* model** is the one of ***perfect rationality***. The individual is endowed by nature with a rational principle that makes him unique and differentiates him from the animal world. Or, what the economists understand through rationality is estranged of the strict sense of the concept. The utility maximization is problematic because it can simply be defined by desire or pleasure, concepts which do not necessarily involve logic judgments or strictly quantifiable sizes. Additionally, some cognitive limitations and social influences are encountered.

Another attribute widely discussed is the ***prevalence of self-interest***. From the perspective of rational choice theory pro-social behaviour was explained as being

based on the benefits that people derive from charitable actions, such as the *warm glow* effect that offers a selfish motivation. At the opposite pole generosity stands out, the action being based on an interest in improving the welfare of others. As with rationality, however, selfishness or altruism cannot be "pure" concepts and the actions fluctuate between two limits: egoism - altruism.

Unlike natural sciences in which man is only an observer, in the social ones he is the **subject and object of the analysis**. Economic action, as part of the human one, is a manifestation of the individual's particular psychological structures, under complex and diverse external environment. Thus, both its course and interpretation are always marked by ***subjectivity***. Experience directs the human action and helps researchers, but thinking can lead to knowledge. Human behaviour cannot be explained by a simple methodological monism, because it would promote incomplete explanations.

The methodological debate extends on the reasons by which a theory should be constructed: induction or deduction. Although not conducted in a proper physical laboratory, the neoclassical modelling is a "mental ***experiment***" - the economists imagine a fictional subject which acts in certain directions when one element changes. However, the explicit inclusion of the technique has raised numerous objections. Although the tool is useful in the static analysis of a limited number of variables, the generated findings have a quite limited practical applicability. In addition, because they infer the context and are aware that their actions are monitored and analyzed, individuals tend to be more cautious and rather behave in a generally accepted manner.

The approach proposed by the behavioural economics is not easy to accomplish given that ***economics and psychology have traditionally adopted different methodological approaches***. On the one hand, experience-based knowledge specific to psychology assumes the observation of particular specimens, hypothesis testing and construction of generalities based on the findings, using in this process especially the induction. On the other hand, by the prevalence of *homo*

oeconomicus, economists have adopted as their main source of knowledge the rationalism, preferring mathematical formalism and appealing particularly to deduction.

V. Applications of behavioural economics

In the last chapter we tried to emphasize how specialists propose the integration of theoretical concepts in practice and we ran a series of empirical analyzes that focused on the consumer behaviour.

Of particular importance is how the domain can help the formulation of public policies. Here, the focus is mainly on the eternal ***debate between interventionism and liberalism***, especially by promoting the concept of libertarian paternalism. Although the policy is a mild form of state involvement in economy, bounded rationality rather supports the idea of a minimal government, governors being themselves individuals affected by emotions, social influences or cognitive biases. This argument is particularly strengthened by the fact that the market offers incentives, motivations and error correction tools which are cheaper and more efficient.

Regarding ***law and economics***, the domain is sensitive because it involves the need for an objective vision, especially since the events are analyzed from an ex-ante perspective. Regarding the economic activities, a strong role is played by the standards of value accepted as general, which are reference points in labelling some behaviours as illicit. In this case, the best response to the bounded rationality is given generally by the free market system.

Then we pointed out that one of the key findings highlighted by the ***outbreak of the recent financial crisis*** has been that individuals are not as rational as it is clear from orthodox theory. An important role in shaping this event was played by the psychological forces, among the most important ones being: optimistic - pessimistic

attitudes, cognitive biases, inability to anticipate the future with historical data, preferences for present gains and cognitive dissonance.

We also emphasized that the neuroeconomists grant ***a great importance to automated processes***, over which the individual has limited control. For example, Paul Zak has showed that oxytocin causes people to cooperate and to be generous. Although these processes are automated and fast, they only predispose to certain behaviours. The conflicting results of studies, however, have pointed out that the molecule' influences can depend on personal characteristics or specific circumstances.

In ***the case studies*** we analyzed the relationship between consumption and income, and we highlighted a few shortcomings of using these techniques. In Romania's case, the evidence suggested that the disposable income is a determining cause of the monetary consumption as a whole, and of the non-food and service consumption on the long term. In the short term, however, the influence of income on these types of consumption was found insignificant. The adjustment is made in year periods rather than decades. This could mean that individuals tend to maintain their purchasing habits for more time. Although this evidence requires additional research, it can be particularly important when aiming at short-term policy formulation. Regarding the panel study, the long-term relationship between consumption and income was found significant for low and high income countries, but not for the middle-income group. Here, the tests results reported a combined interpretation, which could be interpreted as an artefact of the method. It should be noted that the analysis were conducted in *caeteris paribus* condition and many other influence determinants were eliminated.

Conclusions

The fundamental idea from which the study left is the question: ***"Can behavioural economics improve the explanatory power of the economic theory of***

choice by providing a more realistic basis?". Although there are voices claiming that behavioural economics as a whole can provide a different perspective of the neoclassical theory, the assumption is only partly true. This is due mainly to the fact that the research is divided into ***multiple branches***.

A first perspective is evidenced mainly by the writings of Simon and Katona, who founded the field. Their ideas constitute ***the old behavioural economics***, which **clearly distinguishes from the neoclassical approach**. In this area we consider that behavioural economics ***fulfils its purpose of adding a touch of realism***, by including in the analysis the psychological variables, offering different alternatives explanations and advocating for empirical validity.

Then, the modern approaches that form the ***new behavioural economics*** were largely removed from the line imposed by the ancestors, embracing the safe way of mainstream.

At the opposite pole lies the category of researchers which continue the **work of the neoclassic economists and try to expand it by incorporating new variables in the analysis**. The approach is not novel as the best known example could be found at Gary Becker. However, noteworthy is that in this framework the optimal constraint, which is recognized as a fundamental methodological principle, is further promoted. We believe that ***on this track an addition of realism is not reached***. In addition, emotional and social influences were included and addressed separately and not in a unified representation.

Between these two approaches somewhat extreme, **a middle perspective** interposes. The *anomalies*, promoted especially by Thaler and the *prospect theory*, developed by Kahneman and Tversky, can be classified in this category. We believe that the authors have pioneered a research direction which lies on the border between neoclassical theory and a heterodox direction. Therefore, we believe that ***some necessary realism is added partially, but not sufficient***. It is possibly that this compromise affects the evolution of economic science, in particular by maintaining a quantitative approach of utility.

In addition, **many other theorists** were vehement critics of the standard theory and have advanced similar explanations. We believe that the economic science can improve its explanatory basis by reconsidering the ideas of these economists. In this respect, we mention only the contributions of the Austrian School (which admitted the subjectivity of choice and the individual freedom to build the future), and of the Institutional School (which claimed that by creating rules society influences individual behaviour).

Faced with the mainstream approaches, one can identify two conclusions. First, when identifying anomalies, when advocating for a return to the period in which economists resorted to psychological concepts to strengthen theories and when explaining why the actions do not respect the canons set by neoclassical economists, the behavioural economists differ from the standard perspective and their work is outstanding. Second, when they propose alternative models they cannot completely detach themselves from this rigid frame. We believe that if the representatives of this branch of research want to achieve their primary purpose - to provide a more realistic analysis - they must move away from the traditional model, and in the methodology, they must keep a more sceptical perspective when using the experiment and induction[1].

Selected References

Books:

1. Altman, E. (2006) (ed.), *Handbook of Contemporary Behavioral Economics*, New York: M.E. Sharpe.
2. Angner, E., Loewenstein, G. (2012), *Behavioral Economics*, în Maki, U., Gabbay, D.M, Thagard, P., Woods, J. (eds.), *Philosophy of Economics*, Oxford: North-holland (Elsevier), Vol. 13, *Handbook of the Philosophy of Science*, pp. 641-689, http://www.sciencedirect.com/science/article/pii/B9780444516763500221.

[1] This work was supported by the European Social Fund through Sectoral Operational Programme Human Resources Development 2007 – 2013, project number POSDRU/159/1.5/S/134197, project title "Performance and Excellence in Doctoral and Postdoctoral Research in Economic Sciences Domain in Romania".

3. Ariely, D. (2008), *Predictably irrational. The Hidden Forces That Shape Our Decisions*, NewYork: HarperCollins Publisher.

4. Baciu, L. (2005), *Discurs şi comportament economic*, Bucureşti: Editura Economică.

5. Barberis, N. (2013), *Psychology and the Financial Crisis of 2007-2008*, in Haliassos, M. (ed.), *Financial Innovation: Too Much or Too Little*, Cambridge: The MIT Press, pp. 15-28.

6. Becker, G.S. (1998), *Comportamentul uman. O abordare economică*, Bucureşti: All.

7. Bentham, J. ([1780]1907), *An Introduction to the Principles of Morals and Legislation*, Indiana: Liberty Fund, Inc. (Oxford: Clarendon Press, 1823 edition), http://oll.libertyfund.org/titles/bentham-an-introduction-to-the-principles-of-morals-and-legislation.

8. Berg, N. (2010), *Behavioral Economics*, in Free, R.C. (ed.), *21st Century Economics: A Reference Handbook*, Vol. 2, Part VII – Emerging Areas in Economics, California: Sage Publiations, pp. 861-872.

9. Camerer, C.F., Loewenstein, G. (2004), *Behavioral Economics: Past, Present and Future*, in Camerer, C.F., Loewenstein, G., Rabin, M. (ed.), *Advances in Behavioral Economics*, New Jersey: Princeton University Press, pp. 3-53.

10. Frederick, S., Loewenstein, G., O'Donoghue, T. (2004), *Time Discounting and Time Preference: A Critical Review*, in Camerer, C.F., Loewenstein, G., Rabin, M. (eds.), *Advances in Behavioral Economics*, Princeton, New Jersey: Princeton University Press, pp. 162-222.

11. Friedman, M. ([1958]2008), *The Methodology of Positive Economics*, in Hausman, D. (ed.), *The Philosophy of Economics. An Anthology*, 3rd edition, New York: Cambridge University Press, pp. 145-179.

12. Gigerenzer, G., Selten, R. (eds.) (2002), *Bounded Rationality: The Adaptive Toolbox*, Cambridge: The MIT Press.

13. Hofmann, K.P. (2007) (ed.), *Psychology of Decision Making in Economics, Business and Finance***,** New York: Nova Science Publishers, Inc.

14. Ignat, I., Pohoaţă, I., Luţac, G., Pascariu, G. (2002), *Economie politică*, ediția a doua, Bucureşti: Editura Economică.

15. Jevons, W.S. ([1871]1888), *The Theory of Political Economy*, 3rd edition, London: Macmillan, The Online Library of Liberty - Liberty Fund Inc., http://oll.libertyfund.org/?option=com_staticxt&staticfile=show.php%3Ftitle=625.

16. Kahneman, D. (2011), *Thinking Fast and Slow*, New York: Farrar, Straus and Giroux.

17. Katona, G. (1951), *Psychological analysis of economic behavior*, New York: McGraw-Hill.

18. Keynes, J.M. ([1936]2009), *Teoria generală a ocupării forţei de muncă, a dobânzii şi a banilor*, Bucureşti: Publica.

19. Kuhn, T.S. (1970), *The Structure of Scientific Revolution*, 2nd edition, Chicago: The University of Chicago Press.

20. Loewenstein, G. (2007), *The Fall and Rise of Psychological Explanations in the Economics of Intertemporal Choice*, in Loewenstein, G. (ed.), *Exotic Preferences. Behavioral Economics and Human Motivation*, New York: Oxford University Press, pp. 55-86.

21. von Mises, L. ([1949]1998), *Human Action. A Treatise on Economics*, The Scholar's Edition, Auburn, Alabama: The Ludwig von Mises Institute, http://mises.org/Books/humanaction.pdf.

22. Oxoby, R.J. (2006), *Experiments and Behavioral Economics*, in Altman, E. (ed.), *Handbook of Contemporary Behavioral Economics*, New York: M.E. Sharpe, pp. 441-454.

23. Rabin, M. (2004), *Behavioral* Economics, in Szenberg, M., Ramrattan, L. (eds.), *New Frontiers in Economics*,, Cambridge, New York: Cambridge University Press, pp. 68-103.

24. Rick, S., Loewenstein, G. (2008), *The Role of Emotion in Economic Behavior*, in Lewis, M., Haviland-Jones, J.M., Feldman Barrett, L., *Handbook of Emotions*, 3rd edition, New York: The Guilford Press, pp. 138-156.

25. Simon H.A. ([1947]1997), *Administrative Behavior. A study of Decision-Making Processes in Administrative Organization*, New York: The Free Press.

26. Simon, H.A (1997), *Models of Bounded Rationality: Empirically Grounded Economic Reason – Vol. 3*, London: Massachusetts Institute of Technology.

27. Smith, A. ([1759]1984), *The Theory of Moral Sentiments*, Vol. 1, Raphael, D.D., Macfie, A.L. (coord.), *The Glasgow Edition of the Works and Correspondence of Adam Smith*, Indianapolis: Liberty Fund, Inc. (Oxford University Press, 1979), http://files.libertyfund.org/files/192/0141-01_Bk.pdf.

28. Taleb, N.N. (2009), *Lebăda neagră. Impactul foarte puţin probabilului*, Bucureşti: Curtea Veche.

29. Thaler, R.H., Sunstein, C.R. (2008), *Nudge: Improving decisions about health, wealth, and happiness*, New Haven: Yale University Press.

30. Zak, P.J. (2014), *Molecula morală*, Bucureşti: Humanitas.

31. Wilkinson, N., Klaes, M. (2012), An Introduction to Behavioral Economics, 2nd edition, New York: Palgrave Macmillan.

Academic articles:

1. Akerlof, G.A. (2002), *Behavioral macroeconomics and macroeconomic behavior*, The American Economic Review, Vol. 92, Nr. 3, pp. 411-433.

2. Akerlof, G.A., Dickens, W.T. (1982), *The Economic Consequences of Cognitive Dissonance*, The American Economic Review, Vol. 72, Nr. 3, pp. 307-319.

3. Alm, J. (2010), *Testing Behavioral Public Economics Theories in The Laboratory*, National Tax Journal, Vol. 63, Nr. 4 (Dec.), pp. 635-658.

4. Bardsley, N. (2008), *Dictator game giving: altruism or artefact?*, Experimental Economics, Vol. 11, Nr. 2, pp. 122-133.

5. Bar-Yosef, S., Venezia, I. (2014), *An Experimental Study of Overconfidence in Accounting Numbers Predictions*, International Journal of Economics Sciences Vol. 3, Nr. 1, pp. 78-89.

6. Berg, N. (2003), *Normative behavioral economics*, Journal of Socio-Economics, Vol. 32, Nr. 4, pp. 411-427.

7. Bhatt, B.K., Chauhan, A.A. (2014), *Behavioral Finance A New Paradigm of Finance*, International Journal of Application or Innovation in Engineering & Management, Vol. 3, Nr. 2, pp. 360-361.

8. Camerer, C. (1999), *Behavioral economics: Reunifying psychology and economics*, Proceedings of the National Academy of Sciences of the USA, Vol. 96, pp. 10575-10577.

9. Camerer, C., Loewenstein, G., Prelec, D. (2005), *Neuroeconomics: How neuroscience can inform economics*, Journal of economic Literature, Vol. 43, Nr. 1, pp. 9-64.

10. Chen, M.K. (2013), *The Effect of Language on Economic Behavior: Evidence from Savings Rates, Health Behaviors, and Retirement Assets*, American Economic Review, Vol. 103, Nr. 2, pp. 690-731.

11. Diacon, P.E., Donici, G.A., Maha, L.G. (2013), *Perspectives of economics – behavioural economics*, Theoretical and Applied Economics, Vol. XX, Nr. 7 (584), pp. 27-32.

12. Etzioni, A. (2011), *Behavioral economics: Toward a New Paradigm*, American Behavioral Scientist, Vol. 55, Nr. 8, pp. 1099–1119.

13. Fehr, E., Schmidt, K. (1999), *A theory of fairness, competition and cooperation*, Quarterly Journal of Economics, Vol. 114, Nr. 3, pp. 817-868.

14. Frimer, J. A., Schaefer, N. K., Oakes, H. (2014), *Moral actor, selfish agent*, Journal of personality and social psychology, Vol. 106, Nr. 5, pp. 790-802.

15. Glaeser, E.L. (2006), *Paternalism and Psychology*, The University of Chicago Law Review, Vol. 73, Nr. 1, pp. 133–156.

16. Granger, C.W.J., Newbold, P. (1974), *Spurious regressions in econometrics*, Journal of econometrics, Vol. 2, Nr. 2, pp. 111-120.

17. Jolls, C., Sunstein, C.R., Thaler, R. (1999), *A Behavioral Approach to Law and Economics*, Stanford Law Review, Vol. 50, Nr. 5, pp. 1471-1550.

18. Kahneman, D., Tversky, A. (1979), *Prospect theory: An analysis of decisions under risk*, Econometrica, Vol. 47, Nr. 2, pp. 263-292.

19. Kahneman, D., Wakker, P.P., Sarin, R. (1997), *Back To Bentham? Explorations Of Experienced Utility*, The Quarterly Journal of Economics, Vol. 112, Nr. 2, pp. 375-406.

20. Kahneman, D., Knetsch, J., Thaler, R. (1991), *Anomalies: The Endowment Effect, Loss Aversion, and Status Quo Bias*, Journal of Economic Perspectives, Vol. 5, Nr. 1, pp. 193-206.

21. Leiser, D., Azar, O.H., Hadar, L. (2008), *Psychological construal of economic behavior*, Journal of Economic Psychology, Vol. 29, Nr. 5, pp. 762-776.

22. Lichtenstein, S., Slovic, P. (1971), *Reversals of preference between bids and choices in gambling decisions*, Journal of Experimental Psychology, Vol. 89, Nr. 1, pp. 46-55.

23. Loewenstein, G. (1996), *Out of control: Visceral influences on behavior*, Organizational Behavior and Human Decision Processes, Vol. 65, Nr. 3, pp. 272-292

24. Mallard, G. (2012), *Modelling Cognitively Bounded Rationality: An Evaluative Taxonomy*, Journal of Economic Surveys, Vol. 26, Nr. 4, pp. 674-704.

25. Rabin, M. (1998), *Psychology and economics*, Journal of Economic Literature, Vol. 36, Nr. 1, pp. 11-46.

26. Simon, H.A (1986), *Rationality in psychology and economics*, The Journal of Business, Vol. 59, Nr. 4, Part 2: The Behavioral Foundations of Economic Theory, pp. S209-S224.

27. Simon, H.A (1995), *Rationality in Political Behavior*, Political Psychology, Vol. 16, Nr. 1, Special Issue: Political Economy and Political Psychology, pp. 45-61.

28. Strotz, R. H. (1955), *Myopia and inconsistency in dynamic utility maximization*, Review of Economic Studies, Vol. 23, Nr. 3, pp. 163-80.

29. Sunstein, C.R., Thaler, R.H. (2003), *Libertarian Paternalism Is Not an Oxymoron*, The University of Chicago Law Review, Vol. 70, Nr. 4, pp. 1159-1202

30. Thaler, R.H. (1999), *Mental Accounting Matters*, Journal of Behavioral Decision Making, Vol. 12, Nr. 3, pp. 183-206.

Reports, official statistics and sites:

1. GHK, (2010), *Volunteering in the European Union. Final Report*, Educational, Audiovisual and Culture Executive Agency şi Directorate General Education and Culture, http://ec.europa.eu/citizenship/pdf/doc1018_en.pdf.

2. INSSE (Institutul Naţional de Statistică), *Veniturile şi consumul populaţiei*: *1-4/2003, 1-4/2004, 1-4/2005, 1-4/2006, 1-4/2007, 1-4/2008, 1-4/2009, 1-4/2010, 1-4/2011, 1-4/2012, 1-4/2013, 1-2/2014* (quarterly publications).

3. Mercer (2012), *'Women in business' – Analysis of gender representation in executive/management roles across Europe*, http://www.mercer.com/press-releases/Analysis-of-gender-representation-in-executive-roles.