



FRIEDRICH-ALEXANDER
UNIVERSITÄT
ERLANGEN-NÜRNBERG
SCHOOL OF BUSINESS
AND ECONOMICS

CHAIR OF ECONOMICS AND
ECONOMIC THEORY
Prof. Dr. Veronika Grimm

Seminar on behavioral economics: Social learning in networks

Social learning through networks plays a crucial role in shaping the decision-making processes of individuals, businesses, and governments. Information exchange within social networks, such as through family, friends, experts, or news sources, has a significant impact on a variety of decisions, including job search, financial planning, product choice, and voting. In the summer term of 2023, Professor Grimm's chair of Economic Theory is offering a seminar on the behavioral aspects of social learning in networks. This seminar provides students with a deeper understanding of the current challenges and the design of effective incentives and policies to promote learning and improve decision-making.

The seminar is intended for both Bachelor and Master students in economics and is open to students of related fields (e.g., business studies, socioeconomics, ...) and exchange students who possess sufficient knowledge of microeconomics. Topics for the term papers (see list at the end of this document) will be assigned at the organizational meeting on **April 20th**.

Virtual organizational meeting

Thursday, April 20th at 14:00 pm

Please register for the virtual organizational meeting with an email to

xiaoyu.zhou@fau.de

until April 15th noon

(include your name, student ID and field of study).

Only by registering in advance we can provide you with the necessary information to participate in the organizational meeting. We also advise you to register for this seminar on StudOn to regularly receive important information and updates about the seminar.

Please also send us a list of your (three) preferred topics before the organizational meeting (by April 15th the latest). We will try to match all applicants to the topics according to their preferences as good as possible. Please note that the number of seminar participants is limited. If you have additional questions please also contact Xiaoyu Zhou directly. The seminar will be credited as “Seminar Behavioral Economics (29302-29304 and 29402-29404)” for Masters students, and as “Seminar Verhaltensökonomische Grundlagen (44002-44004)” or “Seminar zur Wirtschaftstheorie (44002-44004)” for Bachelor students. Successful participation in the seminar is one way of qualifying for writing a Master thesis at the Chair of Economic Theory.

Rules of the game

Your grade for the seminar will be built from three parts: (1) your paper on the assigned topic, (2) the presentation of your paper at the seminar meeting, and (3) your participation in the general discussions during the meeting.

Students are expected to build on the provided references to conduct independent research of the literature. The term paper should summarize the main findings and contributions of the existing literature and discuss the underlying research question (formulated by the student) using the provided **and additional** literature. The provided references only constitute a guidance for your own research. The paper has to be written in English, with font size 12, 1½ line spacing and appropriate margins. The term paper is limited to 15 pages (+/- 1 page), plus a table of contents, a list of figures, a list of tables, the used references and an appendix. (See also our general guidelines for writing scientific papers "*Guidelines for the preparation of term papers and bachelor/master theses*", which you can find in the subsection "Thesis" on our English homepage.)

With his or her topic each student is assigned a supervisor, who will be the contact person regarding the exact content (and form) of the term paper. A rough outline of the paper should be discussed with the assigned supervisor before the paper is written. All students are required to meet their supervisor at least once **before May 4th**. A failure to meet the supervisor may result in the exclusion of the student from the seminar.

The deadline for paper submission for all participants is: **Monday, July 3rd 2023 23:59 pm**. Each student will present his or her term paper in a presentation. The paper presentations and discussions will take place in the week 10 – 21th July. The exact dates will be determined later. The number of seminar meetings depends on the number of students that submit a term paper. You must be present at all seminar meetings.

More information regarding the exact dates, times, and place, as well as the exact (time) requirements for the presentations will follow at a later point.

List of Topics

1. Are people naive or rational learners?

Grimm, Veronika, and Friederike Mengel. "Experiments on belief formation in networks." *Journal of the European Economic Association* 18, no. 1 (2020): 49-82.

Chandrasekhar, Arun G., Horacio Larreguy, and Juan Pablo Xandri. "Testing models of social learning on networks: Evidence from two experiments." *Econometrica* 88, no. 1 (2020): 1-32.

2. How can social network help you find a job?

Munshi, Kaivan. "Networks in the modern economy: Mexican migrants in the US labor market." *The Quarterly Journal of Economics* 118, no. 2 (2003): 549-599.

3. How we decide to adopt new technologies?

Conley, Timothy G., and Christopher R. Udry. "Learning about a new technology: Pineapple in Ghana." *American economic review* 100, no. 1 (2010): 35-69.

4. How does social learning influence voting behaviour?

Beck, Paul Allen, Russell J. Dalton, Steven Greene, and Robert Huckfeldt. "The social calculus of voting: Interpersonal, media, and organizational influences on presidential choices." *American political science review* 96, no. 1 (2002): 57-73.

Baldassarri, Delia, and Peter Bearman. "Dynamics of political polarization." *American sociological review* 72, no. 5 (2007): 784-811.

5. How does social learning influence compliance behaviour?

Drago, Francesco, Friederike Mengel, and Christian Traxler. "Compliance behavior in networks: Evidence from a field experiment." *American Economic Journal: Applied Economics* 12, no. 2 (2020): 96-133.

6. How does social learning influence investment decisions?

Hong, Harrison, Jeffrey D. Kubik, and Jeremy C. Stein. "Thy neighbor's portfolio: Word-of-mouth effects in the holdings and trades of money managers." *The Journal of Finance* 60, no. 6 (2005): 2801-2824.

7. How to spread information?

Banerjee, Abhijit, Arun G. Chandrasekhar, Esther Duflo, and Matthew O. Jackson. "Using gossips to spread information: Theory and evidence from two randomized controlled trials." *The Review of Economic Studies* 86, no. 6 (2019): 2453-2490.

8. Can social learning undermine wisdom of the crowd?

Lorenz, J., Rauhut, H., Schweitzer, F., & Helbing, D. (2011). How social influence can undermine the wisdom of crowd effect. *Proceedings of the national academy of sciences*, 108(22), 9020-9025.

Becker, J., Brackbill, D., & Centola, D. (2017). Network dynamics of social influence in the wisdom of crowds. *Proceedings of the national academy of sciences*, 114(26), E5070-E5076.

9. How do things go viral on social media?

Cha, M., Haddadi, H., Benevenuto, F., & Gummadi, K. (2010). Measuring User Influence in Twitter: The Million Follower Fallacy. *Proceedings of the International AAAI Conference on Web and Social Media*, 4(1), 10-17.
<https://doi.org/10.1609/icwsm.v4i1.14033>

Bakshy, E., Rosenn, I., Marlow, C., & Adamic, L. (2012, April). The role of social networks in information diffusion. In *Proceedings of the 21st international conference on World Wide Web* (pp. 519-528).