

Decision-Making and the Causal Effect of Economics Education

Ao Wang*

Department of Economics, University of California, Berkeley, CA 94720, USA

Abstract

We look into the how college economics courses affect students' ability to make decisions. We are able to isolate the treatment effects of an economics education on students' responses to a decision-making survey by taking advantage of a Chinese college admissions system that assigns students to economics/business majors based on preferences and the cut-off scores for those majors on the College Entrance Exam. We specifically compare the survey responses of students who just barely meet the cut-offs for majoring in economics or business to those of students who do not, and we discover that those who have taken economics or business courses are more likely to be risk averse and less likely to be subject to common biases in probabilistic beliefs.

Keywords: Economics education • Decision making • Economics

Introduction

While social preferences do not significantly vary among students majoring in economics or business, they appear more likely to think that others behave in certain ways. Does education affect how decisions are made? There is conflicting evidence regarding how education affects decisions in a causal way. On the one hand, discover that the quality of decision-making is unaffected by an additional year of compulsory education. The decision-making of pupils appears to be successfully improved by a programme of financial education that was randomly allocated. These contradictory findings suggest that whether education has a causal effect on decision-making may depend on the educational content, particularly the study of economics [1].

In order to further our investigation, we will take into account a scenario in which different majors are given, essentially at random, to students who attend the same college. As with the impact of education in other contexts, we hypothesise those decision-making abilities alter as exposure to an economics curriculum grows. While a body of has attempted to distinguish between learning and the selection effects of economics education, particularly on social preferences, the current evidence on the existence of causal effects is conflicting and could be improved in at least two areas. First, it is fundamentally difficult to rule out the selection problem caused by people's preferences, even with longitudinal data. By utilising a special institutional context in China where admission is based on a student's performance on the College Entrance Exam, we circumvent these limitations in our study to assess the causal impact of economics education on decision-making (CEE). The distribution of CEE scores among students who end up in the same major are extremely concentrated as a result of the assignment rule of this centralised admission system, which is used. For instance, in the college we looked into, the standard deviation of the students' scores is less than 0.1 times lower than the standard deviation of the students who took the College Entrance Exam. As a result, students who chose to major in economics or business in this educational system did so only because their CEE scores were slightly higher than those of certain rival students [2].

**Address for Correspondence:* Ao Wang, Department of Economics, University of California, Berkeley, CA 94720, USA, E-mail: ao.wang123@berkeley.edu

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We investigate survey data from students in a Chinese university called the Central University of Finance and Economics (hence referred to as CUF), where a sizable portion of students major in economics or business, to capture these decision-making options. Some college students at CUF received an online survey from university administrators who were curious about how majors affected students via Student Central, an official online campus Learning Management System (LMS) that serves as a resource for teachers and students to improve the teaching and learning process. Students were invited based on whether their scores were close to the cut-off for whichever economics/business degree they were pursuing in order to compare those who narrowly met the cut-off with those who did not [3].

Description

Three primary conclusions are drawn from our findings. First, there is a noticeable shift in risk preferences among economics and business majors. Students who major in economics develop a more risk-neutral mind-set than others who choose the same major but choose a non-economics/business major. Our results suggest that an economics education may encourage students to consistently act as an expected utility maximize in small-stakes gambles because risk neutrality in scenarios with low risks is seen as an expected utility-maximizing action. Second, in the investment game, where probabilistic reasoning is crucial, students majoring in economics or business demonstrate stronger decision-making abilities. The possibility of debasing statistical reasoning is made clear by this encouraging result about probabilistic beliefs [4].

Third, even though our findings indicate that small-stake social preference game participants' overall conduct does not vary, their perceptions of other players seem to change dramatically. In particular, economics/business students are more likely to think that other players in the Dictator Game contribute less, play the Trust Game less reciprocally, and share less. The rest of the essay is organised as follows. Details on the institutions are expanded in Section. We discuss our empirical approach in Section our primary findings about how economics education affects students' risk preferences, social preferences, and probabilistic beliefs are presented in Section. A detailed set of robustness checks are carried out in Section. The conclusions and limitations of our investigation are presented in Section. To verify the accuracy of our findings, we perform three robustness checks in this section: Discussing variation in treatment effects and economic course exposure comes first. Comparing non-causal and causal estimates using additional survey samples comes next. Finally, testing the sample selection criteria's robustness comes last. The Appendix contains further findings on all other robustness tests, including control of financial situation, disappointing effects, encoding of important preferences, and gender heterogeneity [5].

Cash is a vital trading tool that is frequently taken for granted as being fungible. However, research in behavioural political economy and marketing demonstrates that 'cash in hand,' or actually holding money rather than giving it away, influences purchasing decisions. I investigate how the profit hand affects decisions in the extremely unrelated yet crucial area of savings. Although savings accounts are a promising instrument for addressing poverty, usage of these accounts is typically perplexingly low. Keeping cash that needs to be physically put into a bank account could raise the psychological costs associated with saving. Through an experiment, this study pinpoints the causal effect of having money in hand on the savings deposits of female microfinance customers in the Philippines.

We look into how college political economy courses affect students' judgement in a causal way. We are prepared to isolate the effects of Associate in nursing political economy education on students' responses to a decision-making survey by taking advantage of a Chinese college admissions system that assigns students to economics/business majors based on preferences of the students and the cut-off scores for economics/business majors on the faculty Entrance Exam. We specifically compare the survey responses of students who just barely meet the requirements for economics/business majors to those of students who don't and find that those who have taken these courses are more likely to appear risk-averse and less prone to prevalent biases in probabilistic beliefs. Unlike students who study in economics or business.

We look into how enrolling in a political economy associate degree programme influences students' ability to earn money. The specifics of the course, which law students at the University of Metropolis were required to take, replicate a quasi-experiment that enables the United States of America to isolate the course's effects and offers convincing evidence of those effects. We find that enrolling in the course has a beneficial impact on financial success, with the benefit being particularly significant for college students who come from backgrounds with lower financial success. Gains are substantial for subjects that are more closely related to what was covered in the course but are negligible for other economic issues. From a policy standpoint, our evidence backs up the viability and effectiveness of measures that advance general political.

In order to further our investigation, we will take into account a scenario in which different majors are given, essentially at random, to students who attend the same college. As with the impact of education in other contexts, we hypothesise those decision-making abilities alter as exposure to an economics curriculum grows. While a body of has attempted to distinguish between learning and the selection effects of economics education, particularly on social preferences, the current evidence on the existence of causal effects is conflicting and could be improved in at least two areas. First, it is fundamentally difficult to rule out the selection problem caused by people's preferences, even with longitudinal data. By utilising a special institutional context in China where admission is based on a student's performance on the College Entrance Exam, we circumvent these limitations in our study to assess the causal

impact of economics education on decision-making (CEE). The distribution of CEE scores among students who end up in the same major are extremely concentrated as a result of the assignment rule of this centralised admission system¹, which is used. For instance, in the college we looked into, the standard deviation of the students' scores is less than 0.1 times lower than the standard deviation of the students who took the College Entrance Exam. As a result, students who chose to major in economics or business in this educational system did so only because their CEE scores were slightly higher than those of certain rival students.

Conclusion

We investigate survey data from students in a Chinese university called the Central University of Finance and Economics (hence referred to as CUF), where a sizable portion of students major in economics or business, to capture these decision-making options. Some college students at CUF received an online survey from university administrators who were curious about how majors affected students via Student Central, an official online campus Learning Management System (LMS) that serves as a resource for teachers and students to improve the teaching and learning process. Students were invited based on whether their scores were close to the cut-off for whichever economics/business degree they were pursuing in order to compare those who narrowly met the cut-off with those who did not.

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Conflict of Interest

None.

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