

Identification of Perspectives and Challenges of Behavioural Economics for the Next Generation

Gowhar Ahmad Wani^{1*}, Bajeesh Balakrishnan²

¹ Central University of Kerala, India

² Garden City University, India

*Corresponding Author Email: gowharwani990@gmail.com

Abstract

In the globally competitive business scenario the implication of behavioural economics is necessary to predict the behavioural shifts among the next-generation customers. The present study includes a critical evaluation regarding different perspectives and challenges associated with the implication of BE to assess the behavioural changes to occur among the future generation consumers. A secondary qualitative strategy is adopted in this study along with including an exploratory research design to evaluate the topic in a critical manner. Thematic analysis is performed in this study based on key findings obtained from secondary sources available on the online platform.

The key findings show that BE is an effective tool for modern business units such as public goods organizations and tourism units to anticipate the behavioural changes to occur among the next generation consumers in respect of purchasing goods and availing services. The influence of social factors and changes in emotional requirements are found to be major factors to influence customers' shifts in behaviours in the future period. Challenges can also be faced in respect of the communication gap and thus an appropriate implication of BE would contribute to an effective prediction of consumer behaviour to ensure suitable strategic changes in the future period.

Keywords

Behavioural Economics, Cognitive, Cultural Influence, Homo Economicus, Next-Generation Customers, Public Goods.

INTRODUCTION

Behavioural economics (BE) includes psychological experimentation to assess the behavioural aspects of people in the real world. It refers to a combination of economics, decision science and psychology to understand the way people make decisions in real-life activities. This study is aimed at evaluating different perspectives of BE for the upcoming generation along with assessing associated challenges. BE contributes to a precise measurement of demographic groups in respect of analyzing systematic cognitive biases. The aspect of cultural influence is also incorporated in this regard to understand the consequences of cognitive human behaviour. It also helps in understanding the decision-making perspectives of consumers associated with a business unit. The application of BE is beneficial for commercial units to make suitable marketing strategies. A potential relationship is also established between the employer and employees as BE is implied to collect authentic data regarding the behavioural aspects of employees. Therefore, the behavioural perspectives of future employees and customers can be assessed by business units that help them to develop suitable strategic actions.

BE ensures the collection of unique insights from social science along with incorporating analytical tools to identify challenges regarding behavioural perspectives [1]. Therefore the present study is significant to explore the role of BE in evaluating decision-making aspects of the future generation under the effect of social influences. It is evident that social influences can be categorized as informational and normative

influences [2]. The application of BE would be beneficial to evaluate both the aforementioned facts and thus associated challenges can be estimated by the researchers. For instance, customers' behavioural shifts as a result of changes in the market environment and social factors can be assessed by economists by utilizing BE optimally. As a result, modern business units can be capable of analyzing the behavioural changes in the future generation of customers and suitable marketing strategies can be implemented to cope with these changes in a viable manner.

MATERIALS AND METHODS

Research design

It refers to the philosophical framework incorporated in a study to explore the topic in a logical manner. This term refers to select an appropriate outline for research activity in respect of collecting authentic data and analyzing it in a systematic way [3]. The selection of an appropriate research design allows a researcher to sharpen the methodological approach to ensure the successful completion of the study. Here a secondary qualitative strategy of research is incorporated to gather valid information related to the topic from online articles. Three main aspects of research design include the collection of authentic data, measurement of data validity and analyzing it. The reason behind choosing a secondary qualitative strategy includes its benefits to gather relevant information from suitable sources in a time-effective manner. Secondary sources available on the standard online databases provide authentic information as it is based on the

key findings obtained by previous scholars and researchers [4]. As a result, the present research topic can be analyzed in a significant way based on reliable information from valid secondary sources.

An exploratory research design is used in this study as a few sources are available on the online platform regarding the chosen topic. It is evident that an exploratory design is beneficial for research that includes a topic with complex issues [5]. The present topic is associated with an innovative tool that is used in modern industrial frameworks for assessing the behavioural aspects of associated stakeholders. Different challenges in conducting BE appropriately to make suitable decisions can be evaluated by adopting the aforementioned research design in this study. Along with that, challenges faced by modern business units to make the existing workforce in assessing the behavioural shift of next-generation customers can be evaluated optimally by implementing the aforementioned research design. The theory of homo economicus is also assessed by applying this research design to evaluate the aspect of decision-making in maximizing the profitable business outcome as a producer. Suitable behavioural models are also evaluated in this study to assess different approaches used by business units for better predicting consumers' actions.

A suitable exclusion criterion is applied in this study while selecting relevant research articles for exploring the topic effectively. The exclusion criteria are as follows:

Exclusion criteria

- Articles available before 2019
- Articles published in other languages than English
- Articles that are not available in full-text pdf format
- Articles do not contain keywords in relation to the topic
- Articles require a paid subscription
- Articles do not have credential details in the available online databases

Data analysis tools

Data analysis is an important parameter that is required to assess the raw data gathered from relevant sources associated with a topic. The inclusion of a suitable data analysis tool is necessary to determine the relationships between research variables related to a research topic. Here, a thematic analysis strategy is adopted to examine associated research variables based on secondary information collected from online articles. Thematic data analysis is significant to analyze qualitative information to identify key aspects aligned with a research topic [6]. Thus, by developing suitable themes different perspectives on utilizing BE in the prediction of next-generation customers' behavioural shifts are systematically obtained in this study.

Apart from that, different challenges faced by modern business units to utilize BE in an effective manner are evaluated optimally. Problems that occur in predicting behavioural changes in employees by modern employer entities are also assessed appropriately by implementing thematic analysis strategies. Along with that, the assessment

of the practical implication of BE in predicting both employee and customer behaviour is conducted optimally aligned with suitable theoretical underpinning related to the topic.

RESULTS

The behavioral economics enhances the next generation by embedding the behavioral insights

The main insights of behavioural economics includes the combination of the elements degrading psychology and economics for understandings the behaviour of several people in the real world. Apart from that, it helps in assuming the people that have well-defined preferences, self-interested decisions that are based on all the preferences for next generation. The behavioural economics generally uses the psychological experimentation process for developing several theories regarding the process of decision making [7]. Furthermore, it has been identified the actual range of biases regarding the thinking and feeling of several people. The main dimensions regarding behavioural economics framework is totally based on the empirical and theoretical research based on the policy domains which includes environmental behaviour customer behaviour for the next generation. The crucial components regarding behavioural economics includes the effects of cognitive, cultural, psychological, social and emotional factors based on the decisions of all the individuals.

The understanding of the behavioural economics assumes in which people provides many constraints and preferences. Furthermore, it is capable of making the rational decisions that effective weigh the benefits and costs of each and every option. The behavioural economics is much more important for an organisation as it can provide the valuable insights for all the marketers and help them in identifying the behaviours. It includes in creating an appropriate framework that help in understanding several people and making all decisions. Apart from that, it helps in adapting the irrational biases of several customers and also helps to adapt the emotional requirements and demands [8]. Moreover, it additionally focuses on the behavioural psychology that helps in understanding the reasons of buying any products by several customers and process of motivating all the employees within the organisation.

The behavioural economics help in improving the relationship between an employer and an employee's which will foster the business performances at the time of conflict. It includes the best way for managing the motivation and expectation of all the employees. Furthermore, the behavioural economics includes the management that help the organisational leaders that handle various problems based on human resources which can occur during the workday. Therefore, it creates the combination regarding the changes based on the organisation and help in understanding the potential risk for overcoming all the identified barriers. Hence, it helps in enhancing the behaviour that leads to the easier process of communication between management and

workers of next generation.

Behavioral economics seeks in explaining the human behavior and understanding the anomalies

The behavioural economics includes the psychological study which focuses on analysing and observing regarding controlled environmental changes which affect the overall behaviour. The main goal of the behaviour economics includes in manipulating the overall environment and it is

considered as the effort for changing the behaviour that is observed within the tourist organisation [9]. The behaviour analysis is the analysis that focuses on human behaviour which helps improving the overall quality regarding several families and individuals. The human behaviour generally focuses on the sociology, psychology, ethology and many other behavioural activities within the organisation.

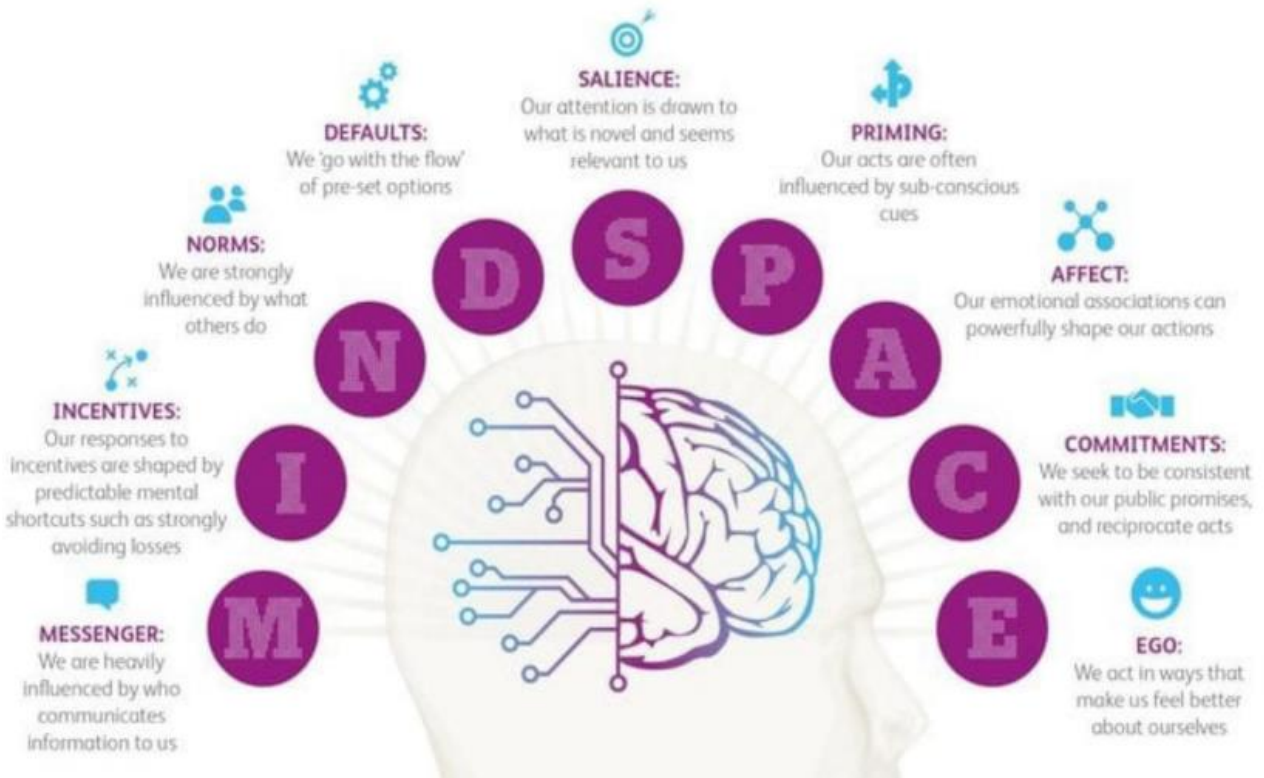


Figure 1: MINDSPACE Framework of behavioural economics [10]

The above figures include the MINDSPACE framework regarding the behaviour changes that assembles the robust effects which influences the human behaviour. The overall understanding of the functions of human behaviour helps in establishing the goals of a business. It additionally helps in nurturing the workforce which can work effectively within the tourist organisation [10]. The economic realm within the organisational behaviour includes the transactions of an individual firms and it help in determining the management approaches for managing all the resources. The human behaviour is totally based on the effective communication between an employee and employers which help in identify several values and principles. Furthermore, it also helps in achieving all the goals of any particular project and it help in understanding the external and internal factors which shapes all the experiences. The main purpose of the behavioural analysis includes the behaviour regarding non-human and human organisation. It focuses on several factors by understanding, describing, predicating and explaining the entire behaviour of an individual.

The behaviour economics includes in endeavouring and

providing the accurate account regarding decision making process and it is motivated by desiring in improving the predictive and explanatory power regarding economic models. It includes in identifying the anomalies which focuses on the economic phenomenon that are much more inconsistent within the tourist organisation. The behavioural economics represent the sharper departure of the mainstream behaviour and it includes the alternative theory based on the consumer behaviour where the researchers refer to anomalies regarding the strategies of an organisation.

Behavioural economics affect in the decision making processes

The behavioural economics includes the decision-making process which helps in evaluating the alternatives and also makes several better choices. Apart from that, it develops the problem solving skills and critical thinking skills for making better decisions. Moreover, it includes in developing the analytical skills for examining the overall data for supporting better decisions. The behavioural economics includes the heuristics, tendencies and biases which affects overall decisions from which people try to improve within the tourist

organisation [11]. The decision making process is strongly biased through the unconscious mental processes which sometimes produces better outcomes quickly and it also makes the irrational choices. The behavioural disorder might have the negative long-term and short term effects on the professional and personal life of an individual. People might get into difficulties regarding bounded rationality, bounded self-interest and bounded willpower and many more.

The behavioural economics interprets the homo economics wrongly as the psychological model rather than any of the analytical devices. The behavioural economics help in combining the elements that are based on psychology and economics for understanding the human behaviour in the real world. The main challenges of the behavioural economics include the purchasing choices of the customer that are influence by several factors which are seemingly not related for the product itself [12]. The factors include the cognitive, social, cultural, psychological and emotional factors by enhancing the customer behaviour. The framework of behavioural economics is totally emerged and it is for the dissatisfaction of the neoclassical theory based on several process of the consumer. The main problem of the neoclassical theory includes the human beings that are presented and considered within the mainstream economics. Therefore, human beings are not considered as the rational actors as the behavioural economics that considers most of the emotions for becoming key driver of all the choices of consumers.

Motivation is totally based on the behavioral perspectives that drive the internal and external goals which produce learning behavior

The entire behaviouristic approach includes in examining the motivation process that are learned within the tourist organisation. Furthermore, it illustrates about the process in which it can drives the external and internal goals which interacts with the learning process for producing overall behaviour [13]. Extrinsic motivation is considered as the motivation which is driven by the external rewards and it can be tangible for grades such as fame or praise. The intrinsic motivation helps in arising in the individual which is focused purely on the outside rewards. Furthermore, it engages the behaviour that arises for the inherent satisfaction based on the activity rather than the actual desire for any specific outcomes. The economic theory that is focused within the study is the *Social learning model* that suggests the social behaviour by imitating and observing the actual behaviour of several other people.

The main principles of the social learning theory include attention, observation, motivation, reproduction and retention. On the other hand, the main concept of this theory includes in positing the people that emulates the entire behavioural principle which is observed within the environment if the overall behaviour is enforced [14]. The social learning theory is important as it works by observing the actual behaviour of several other people. The epoch of behavioural approach includes the external and internal goals

for producing the behaviour within the tourist and public goods organisation. The main approach of motivation and learning process help to combine all perspectives for determining entire behaviour.

On the other hand, the behavioural aspects and perspectives is considered as the psychological approach which help in suggesting the keys for developing the external stimuli and the observable behaviour within the environment. It also focuses on the behaviourist theory based on the learning theories that focus on emphasizing the internal factors which motivate all the actions. It also provides the explanation regarding all the experience that can change the actual behavioural perspectives. Therefore, the externalisation of the behavioural economics includes the difficulties that are totally directed towards the entire external environment. It includes the physical aggression, several behavioural issues and many others. Hence, the behavioural focuses on an actual idea in which all behavioural perspectives are learned through the interaction with an appropriate environment and it initiate the inherited factors which influences overall behaviour.

DISCUSSION

Based on the key findings of the thematic analysis behavioural insights of customers and employees are found to be analyzed appropriately by implying BE by economists. The behavioural model of social learning is included in this study to assess the role of social factors on the next generation customers in respect of changing their buying behaviours. It is evident that customers' decision-making depends on external factors such as brand value, reviews and ratings available on company websites [15]. BE is an effective tool in this regard to assess psychological changes of next-generation consumers that might occur among future-generation consumers under the influence of social pressure.

Apart from that different challenges in respect of implementing BE in a viable manner are also assessed in the thematic analysis section. It is found that the assessment of differences in customers' perspectives in an appropriate manner is quite challenging for modern business units. Apart from that, the lack of knowledge regarding the economic discipline can lead to a challenging situation for modern business units to imply BE effectively in analyzing the behavioural changes among next-generation customers. Biased behaviour among employees and communication gaps between employees and employers also create challenges in the appropriate implication of BE in the real world. It also develops challenges for employers to make associated employees informed about the importance of BE in predicting the shifts in customers' behaviour in the future period. It would create a riskier situation for the employers to anticipate the behavioural shift among the next generation customers and employees and thus the business activity can be affected negatively.

On the other hand, the cognitive behaviour of customers is

found to be changed under the influence of changes occurring in respect of personal needs. Based on the BE implication, modern business units can be aware of changes occurring in the next generation of customers' purchasing behaviour due to changes in emotional requirements [16]. It is evident that the modern generation customers prefer to fill their emotional requirement-based needs on a priority basis. Furthermore, psychological and self-fulfilment needs are also anticipated to be addressed by the next generation of customers in the future period. Therefore, suitable marketing strategies would also be required to change by the modern business units to cope with the behavioural changes to occur at the ground level customers. From the result section, the tourist industry is found to be beneficial by implementing BE in respect of anticipating the shift in the next generation of travellers in the future period. Moreover, behavioural shifts by consumers associated with the market of public goods can also be evaluated through BE implementation in a viable manner.

Adequate decision-making can also be performed by the business units to assess different social factors that influence customers' behavioural shifts in terms of purchasing aspects. It is found from the thematic analysis that the future generation of customers will be associated with impulse buying under a strong influence of social pressure. BE is found to be a significant tool in this regard to predict the aforementioned changes and their consequent impact on the economic aspects of associated business activities in the future period.

The evaluation of customers' social status and economic background is necessary to forecast their behaviour shift in the future period [17]. Therefore, employees associated with an organization are required to have adequate competency regarding suitable machine-learning techniques to predict customers' behavioural aspects. The innovative strategic implication is necessary for that to make all the employees capable of implementing BE in a viable manner to forecast the behavioural shifts in respect of purchasing decisions [18]. Thus BE is considered to be an effective tool for modern business units to forecast the behavioural shifts to occur among the next generation customers. It would be significant for the business units to revise their marketing strategies along with implying adaptive strategic measures to make the subordinate employees informed about suitable techniques to mitigate challenges that would be faced in this regard.

The basic resources of the organizational sector focus on the field research sector that might extremely regenerate regarding economical models in this context. Inconsistency over the timing process can be generated through the supply of economical segments. These might focus on understanding behavioral resources are essential through well-defined performance segments. This assumes organizing basic resources in the current self-interested decisions making process. Behavioral insights can be detected through common business segments and is associated factors in the present context [19]. Managing these resources can be detected through common resources that

need to be managed through common segments in the current context. Organizing this process can be detected through basic resources in this process.

Recognizing these resources can be detected through organizing sources according to basic resources. Contradictory, economical segments manage through the automation of behavioral perspectives in this context. Information regarding the basic perceptions and their resources manages to organize through resourceful organizations. The optimum cause of economical combinations in economical segments continues with understanding well-defined performances in the present context. This will organize through basic resources that can generate through preferences resources. Costs and organizations of optional resources can generate through available resources in the business context.

CONCLUSION

Determining the economical resources and their benefits regarding the business aspects can be generated through basic resources. Managing the essential resources in the present business context according to the business segment enlarges its resources in the present context. Economical effects and resources in the current context can manage through decisions regarding business aspects. Behavioral approaches can manage through motivational resources in the internal and external drivers are indeed essential through productive resources. Learning theories can be generated through global perspectives and can be detected through modifications that are essential to generate through basic requirements in tourist section and public goods [20]. The internal motivational segment can be detected through basic requirements in the present context of environmental aspects and resources in the current context.

Motivational segments and their energizing segments can be detected through fundamental resources in this context and secondary qualitative research data is implicated in this. Forces of external resources and internal resources can be detected through organizational segment need to be generated through basic requirements and their resources in a present manner can be detected. Internal and external resources can be organized through the purpose of organizing new resources is essential. The philosophical segments on the behavioral segment can be organized through basic resources in the present context as it values social learning models.

REFERENCES

- [1] Post, C., Sarala, R., Gatrell, C., & Prescott, J. E. (2020). Advancing theory with review articles. *Journal of Management Studies*, 57(2), 351-376. <https://onlinelibrary.wiley.com/doi/abs/10.1111/joms.12549>
- [2] Fernandes, S., & Panda, R. (2019). Influence of social reference groups on consumer buying behavior: A review. *Journal of management research*, 19(2), 131-142. <https://www.indianjournals.com/ijor.aspx?target=ijor:jmr&volume=19&issue=2&article=005>

- [3] Tomaszewski, L. E., Zarestky, J., & Gonzalez, E. (2020). Planning qualitative research: Design and decision making for new researchers. *International Journal of Qualitative Methods*, 19, 1609406920967174. <https://journals.sagepub.com/doi/abs/10.1177/1609406920967174>
- [4] Mezmir, E. A. (2020). Qualitative data analysis: An overview of data reduction, data display, and interpretation. *Research on humanities and social sciences*, 10(21), 15-27. <https://core.ac.uk/download/pdf/356684456.pdf>
- [5] Asenahabi, B. M. (2019). Basics of research design: A guide to selecting appropriate research design. *International Journal of Contemporary Applied Researches*, 6(5), 76-89. <http://ijcar.net/assets/pdf/Vol6-No5-May2019/07.-Basics-of-Research-Design-A-Guide-to-selecting-appropriate-research-design.pdf>
- [6] Lochmiller, C. R. (2021). Conducting Thematic Analysis with Qualitative Data. *Qualitative Report*, 26(6). <https://search.ebscohost.com/login.aspx?direct=true&profile=ehost&scope=site&authType=crawler&jml=10520147&AN=151054112&h=6w4%2FLPSAntzI1OmctVe9u94f%2BR6E7FN0BW%2FHqCBCUld%2B2SVmZRq6ua83v6IKJu0u%2FebtX0U3p3phZVbuPJO2Q%3D%3D&crl=c>
- [7] Tagliabue, M., Squatrito, V., & Presti, G. (2019). Models of cognition and their applications in behavioral economics: A conceptual framework for nudging derived from behavior analysis and relational frame theory. *Frontiers in Psychology*, 10, 2418. <https://www.frontiersin.org/articles/10.3389/fpsyg.2019.02418/full>
- [8] Roscoe, S., Subramanian, N., Jabbour, C. J., & Chong, T. (2019). Green human resource management and the enablers of green organisational culture: Enhancing a firm's environmental performance for sustainable development. *Business Strategy and the Environment*, 28(5), 737-749. <https://fardapaper.ir/mohavaha/uploads/2019/04/Fardapaper-Green-human-resource-management-and-the-enablers-of-green-organisational-culture-Enhancing-a-firms-environmental-performance-for-sustainable-development.pdf>
- [9] Grayot, J. D. (2020). Dual process theories in behavioral economics and neuroeconomics: a critical review. *Review of Philosophy and Psychology*, 11(1), 105-136. <https://link.springer.com/article/10.1007/s13164-019-00446-9>
- [10] Lubarsky, D. A., French, M. T., Gitlow, H. S., Rosen, L. F., & Ullmann, S. G. (2019). Why money alone can't (always) "nudge" physicians: the role of behavioral economics in the design of physician incentives. *Anesthesiology*, 130(1), 154-170. <https://pubs.asahq.org/anesthesiology/article-pdf/130/1/154/604274/20190100.0-00033.pdf>
- [11] Lăzăroiu, G., Neguriță, O., Grecu, I., Grecu, G., & Mitran, P. C. (2020). Consumers' decision-making process on social commerce platforms: online trust, perceived risk, and purchase intentions. *Frontiers in Psychology*, 11, 890. <https://www.frontiersin.org/articles/10.3389/fpsyg.2020.00890/full>
- [12] Ebrahimigharehbaghi, S., Qian, Q. K., Meijer, F. M., & Visscher, H. J. (2019). Unravelling Dutch homeowners' behaviour towards energy efficiency renovations: What drives and hinders their decision-making?. *Energy Policy*, 129, 546-561. <https://www.sciencedirect.com/science/article/pii/S0301421519301296>
- [13] Ludwig, V. U., Brown, K. W., & Brewer, J. A. (2020). Self-regulation without force: Can awareness leverage reward to drive behavior change?. *Perspectives on Psychological Science*, 15(6), 1382-1399. https://www.researchgate.net/profile/Judson-Brewer/publication/344026810_Ludwig_Brown_Brewer_2020_Self-regulation_without_force/links/5f4e7bd2299bf13a31952679/Ludwig-Brown-Brewer-2020-Self-regulation-without-force.pdf
- [14] Kabiri, S., Masoomeh (Shamila) Shadmanfaat, S., Smith, H., & Cochran, J. K. (2021). Aggression in soccer fan's: a test of akers' social learning theory. *Deviant Behavior*, 42(12), 1582-1595. <https://www.tandfonline.com/doi/pdf/10.1080/01639625.2020.1763119>
- [15] Good, N. (2019). Using behavioural economic theory in modelling of demand response. *Applied energy*, 239, 107-116. <https://www.sciencedirect.com/science/article/pii/S0306261919301965>
- [16] Xu, X., Wu, J. H., & Li, Q. (2020). What drives consumer shopping behavior in live streaming commerce?. *Journal of Electronic Commerce Research*, 21(3), 144-167. http://ojs.jecr.org/jecr/sites/default/files/2020vol21no3_Paper1.pdf
- [17] Trudel, R. (2019). Sustainable consumer behavior. *Consumer psychology review*, 2(1), 85-96. <https://mpr.ub.uni-muenchen.de/id/eprint/104208>
- [18] Silva, E. S., Hassani, H., Madsen, D. Ø., & Gee, L. (2019). Googling fashion: forecasting fashion consumer behaviour using google trends. *Social Sciences*, 8(4), 111. <https://www.mdpi.com/439984>
- [19] Palm-Forster, L. H., Ferraro, P. J., Janusch, N., Vossler, C. A., & Messer, K. D. (2019). Behavioral and experimental agri-environmental research: methodological challenges, literature gaps, and recommendations. *Environmental and resource economics*, 73(3), 719-742. <https://par.nsf.gov/servlets/purl/10100597>
- [20] Verburg, P. H., Alexander, P., Evans, T., Magliocca, N. R., Malek, Z., Rounsevell, M. D., & van Vliet, J. (2019). Beyond land cover change: towards a new generation of land use models. *Current Opinion in Environmental Sustainability*, 38, 77-85. <https://www.sciencedirect.com/science/article/am/pii/S1877343518301362>