INFLUENCE OF HUMAN BEHAVIOR ON ECONOMIC DECISION-MAKING PROCESSES UNDER UNCERTAINTY

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https://doi.org/10.5281/zenodo.11221480

Annotation . The article analyzes the influence of psychological, cognitive, emotional, cultural and social factors on the decisions of individuals and institutions of behavioral economics and the differences of these decisions from the decisions envisaged by the classical economic theory .

Keywords: Economic processes, psychology, efficiency, profit, welfare, decision, finance, crisis, management.

INTRODUCTION . In recent years the increasing influence of behavioral economics on the country's economy leads to the acceleration of experimental research. These new scientific achievements are changing the nature and scope of research conducted by scientists . Due to these changes, the integration of economics, psychology and neuroscience forms a new view of economic sciences. There are many models in traditional economics to explain human economic behavior and its consequences. These models can be found in any economics textbook, and they help enrich our understanding of how economic processes work.

LITERATURE ANALYSIS AND METHODS . Russian economic school among the developers of behavioral economics so far has only a few scientists, among them I. Pavlov, A. Buditsky, V. Pleskachevsky, V. Rutgaiser, M. Fedotov and others must be entered .

RESULTS. In the traditional economy, the main subject is human activity. He is a selfish or rational maximizer of his personal benefit. In reality, people are not completely selfish , and they are not very smart, because most people let their emotions influence their economic decisions. However, in the traditional economy, the difference between human and human activity economy is not considered an important factor in the development of economic studies.

The main goal of behavioral economics is to study human behavior and interactions in depth and therefore to understand how they behave individually and in groups. By observing how a particular person chooses to use his or her valuable time, income, or assets, much can be inferred about the person making the choice.

In behavioral economics, experts seek to understand how psychological phenomena, emotions, and group activities influence economic decision-making. Research suggests that people often make decisions that are not in their best interest,or that economists make decisions that are necessary for their well-being, rather than what is in their best interest, taking into account their value . For example, it's logical to start saving for retirement early in your career. But most people don't, and research shows that people are afraid to save for the long term . Many types of cognitive and emotional influences have a profound effect on investment decisions. Economists of the old school argued that irrational behavior could not be rooted in the rigid calculations of financial markets. After 2008, this imaginary law was disbanded. Behavioral economists, who use more simple and empirica lapproachesthan economists who deal with formally accepted market models, believe that bankers act rationally, analyze their decisions carefully, and only seek to maximize their own self-interest. challenged the conventional wisdom that they pay attention . The model of an economic person, primarily considering his own interests, wealth, income, and taking risks, took the behavioral altruistic model. Behavioral economics is emerging as a new intellectual platform of the scientific community, within which the main focus has shifted from the development of individual choices in various situations to their experimental and empirical process. In order to increase the level of consistency (divergence) of the traditional rational economic theory , it is necessary to test the laws and assumptions arising from it with the real facts of economic activity .

The positions of traditional economists have become serious because of the global financial crisis. In October 2008, the great A. Greenspan expressed his thoughts. Faith in the fundamental rationality of individuals, companies, and markets has been shattered, and the dangers of economic and social interests have been exposed in all their glory. We are talking about the psychology of economic and financial behavior. These disciplines have long been on the fringes of economic analysis, but the financial crisis suddenly brought them into the spotlight of economists and financial analysts. Currently, 20 percent of economics students in the United States major in behavioral economics at the nation's leading universities. The awarding of the Nobel Prize for 2002 to the American psychologist D. Kahneman, a researcher in this field, played a positive role in the development of behavioral economics.

Increase the level of consistency of the traditional rational economic theory , it is necessary to test the laws and trends arising from it with the real facts of economic activity.
The goal of behavioral economics is to:

- form an idea about the interaction of the modern economy with the achievements of the science of psychology;
- reveal the role of experiences in the modern economy;
- to show the possibility of introducing identified patterns of human behavior into economic theory;
- review of the practical application of various areas of behavioral theory;
- explain the meaning of building economic models and are related to them problem description;
- developing recommendations for public administration institutions that develop various forecasts based on economic and psychological models.

Let 's take one of the most famous examples of irrational human behavior - the "general's dilemma" . The general was defeated in the war and wants to withdraw his troops (600 people) from the enemy's territory . He has two possible paths, the intelligence estimated the possible losses in choosing each of them. More information about the paths and possible losses is presented in Figure 1.

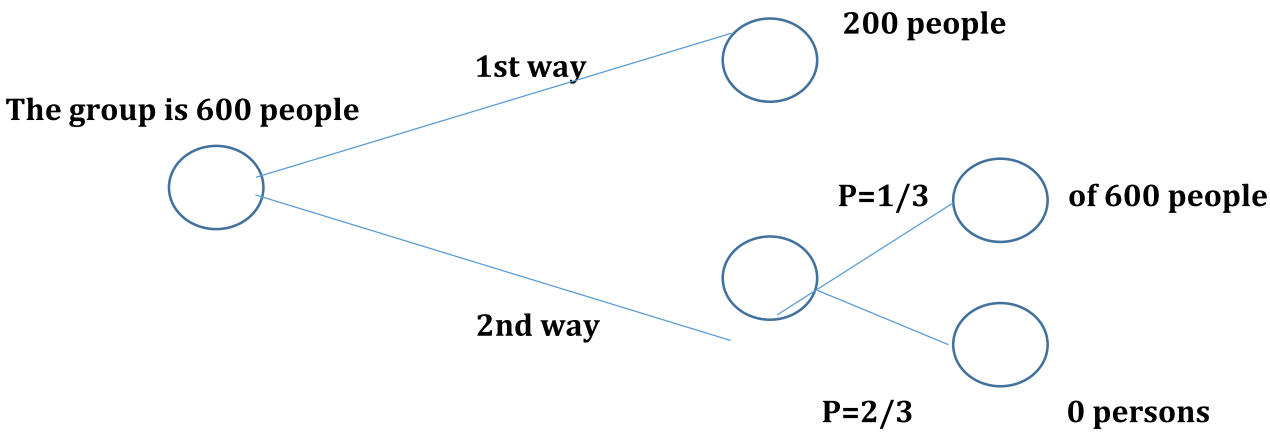

Figure 1. " The General's Dilemma "

Given the dilemma shown in Figure 1, most people would choose the first path, trying to avoid the possibility that all of the unit's personnel would die. But the same dilemma was presented to the subjects in a different form. Now, most subjects choose the second path, since the entire connection can be preserved with probability p= 1/3.Many experiments have shown the deviation of people's behavior from rationality, have determined the heuristics used in decision-making. Below are the most popular heuristics.

1. Judging by representation. People often judge the probability that an object A belongs to class B only by the similarity of A to an object type in class B. They hardly consider the prior probabilities that affect this membership . In one experiment, subjects were given a brief description of the subjects in a group of 100 and asked to determine the probability that the subject in question would be a lawyer or an engineer if: 1) the group consisted of 70 engineers and 30 lawyers; 2) there are 30 engineers and 70 lawyers in the group. The answers were about the same. In other experiments, people have been shown to be guided by representation alone, regardless of the size of the sample to be judged .

2. Judgment on the incident. People often judge the probability of events by how often they have encountered them and how important these encounters are to them. Thus , in one of the experiments, subjects estimated the probability of finding the letter "K" in English words in the 1st and 3rd places. Most people found words with the letter "K" in the 1st position easier to remember and rated the probability of matching as high, when in fact the opposite was true ("K" is more common in the 3rd position distributed). Tversky and Kahneman argue that many people believe in the "law of small numbers," which states that a small sample best describes theentirepopulation.

3. Judgment by reference point. If the raw data is used as a starting point in determining the probabilities, it will have a significant effect on the results. Thus, when estimating the probability of events, groups of people were given initial values that were overestimated and underestimated and required to correct them. The mean responses for the groups differed significantly.

4. Overconfidence. Experiments have shown that people have too much faith in their dreams.

People have overestimated their judgments about the probability of rare natural events , changes in stock prices, etc. They trusted their judgment so much that they risked a certain amount of money.
5. The desire to eliminate risk. A large body of work shows that, both in experiments and in real-world situations, people tend to exclude risky alternatives. They choose average (and worse than average) alternatives, that is, they only try to avoid situations where large losses are possible with at least a very small probability .

CONCLUSION. In conclusion , it can be noted that The origin of behavioral economic theory and various analysis of their directions allows us to say that their occurrence is not accidental. Economy as the basis of society in the course of the transition from the industrial stage to the post-industrial stage, subjects - individuals, firms, etc. encompassing momentum developed, which became an objective reason.

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