

Are Economics and Psychology related?

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Our years of tutelage focus on acquiring knowledge and building understanding in various subjects. There are a number of subjects, segregated properly for the systematic understanding of the subject. However, at this point, we shall examine the relationship, if any, between two social sciences i.e. (a) Economics (the queen of social sciences) and (b) Psychology.

In layman's terms, economics is the study of how a person spends his money and studies the economic behaviour of not only individuals at the micro level but the society and the economy at the macro level. On the other hand, psychology studies the functioning of the human brain thus helping us interpret human behaviour (especially what guides people's buying decisions), this enables companies like Amazon and Flipkart to market/ position their products with the ultimate goal of influencing the buying decisions in their (the company's) favour, thereby maximizing sales and boosting profits.

The in-depth understanding/leveraging of psychology has enabled economists and businesses to fully understand/deep-dive into the human brain and together open avenues through data analytics which studies the pattern of our daily life and how we as entities engage in economic activities. Not being economically stable also puts a strain on us emotionally and psychologically thereby showing a correlation between the two.

