



ideas

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Directory of Academic Experts in Behavioral Science

2015



ideas42 is a non-profit behavioral design and consulting firm that uses behavioral science to help solve difficult social problems and have impact at scale. We grew out of research programs in psychology and economics at top academic institutions. Our work draws on decades of experimental scientific research in decision-making and the most rigorous methods in program and policy evaluation. Since our founding, ideas42 has developed a systematic process that brings together behavioral science insights to diagnose the decision-making problems, or “behavioral bottlenecks,” affecting outcomes in a wide range of policy domains. We then apply our expertise in behavioral economics to design innovative solutions to address these bottlenecks. We work in the US and internationally on important challenges in consumer finance, economic mobility, education, criminal justice, and health, among others.

For more information, visit ideas42.org

ABOUT THIS DIRECTORY

ideas42 is pleased to present this *Directory of Academic Experts in Behavioral Science*. The first of its kind, the Directory is a listing of distinguished scholars pursuing innovative research in behavioral science across the U.S. and beyond. Their work has been critical to illuminating how the decisions and actions of individuals can shape our society, determine the use of products and services, and perhaps most importantly, affect the outcomes of government and social programs.

The growing field of behavioral science offers scientifically rigorous insights to improve the design of public policies and programs in ways that better reflect human nature. Understanding how people actually make decisions and act on them is a crucial element of evidence-based policy-making. From retirement security to healthcare coverage and environmental protection, policy goals ultimately depend in part on behavior. These goals can be more effectively and efficiently met through the incorporation of insights and lessons from behavioral science.

ideas42 was founded to serve as a nexus between behavioral research and real-world impact. We strive to translate scientific findings into concrete designs; helping to innovate and boost the effectiveness of our partners' products, programs, policies, and services. Our ultimate mission is to improve millions of lives by ensuring that our behavioral science design solutions to some of society's toughest problems are scaled to maximize impact.

In this context, we present this Directory as a tool to stimulate exchange between the world's foremost academic behavioral experts and government officials. This collaboration has the potential to initiate the creation and implementation of transformational policy designs that go on to improve millions of lives.

Our team members at ideas42 – and our network of scientific directors and affiliates across the world – hope that the behavioral insights uncovered through using this directory advances the government's important work of building more effective policies and outcomes. We urge policymakers to reach out to these scholars and find ways to work with them to harness the insights and resources they offer.

Piyush Tantia

Executive Director
ideas42

Josh Wright

Executive Director
ideas42

FOREWORD

Behavioral science aims to understand why we make the choices we do. It offers a more robust view of human decision-making than economics or psychology alone, and can help explain consequential phenomena from the rise and fall of markets to how a person chooses an insurance plan. Society's most pressing challenges are, at their core, behavioral. It is thus a natural progression for government to adopt the behavioral science lens as part of its broader policy toolkit. In bringing together policymakers' knowledge of government with behavioral scientists' perspective on how to help people achieve their own goals, there is great potential to elevate policies' effectiveness in improving people's lives.



RICHARD THALER

As I outline in my latest book, *Misbehaving* (2015), behavioral economic analysis gives us new ways of looking at old problems and can yield fresh solutions. In this vein, the United States has been an early innovator in incorporating behavioral science expertise in government. In 2006, the Pension Protection Act codified automatic enrollment in retirement plans, promoting retirement saving for millions. In 2014, the White House created the cross-agency Social and Behavioral Sciences Team (SBST), which applies behavioral insights promoting government performance and efficiency directly within federal programs. In these contexts, and others, I have been among a growing number of academics that have shared ideas with the federal government about how research findings in behavioral science can improve policy. Continuing to create avenues for sharing such insights is an essential next step in translating academic learning into widespread positive impact.

The following pages house a Directory of Experts, or a group of preeminent scholars dedicated to uncovering key behavioral insights in domains like health, consumer finance, and education. Each expert herein exhibits a willingness to collaborate with policymakers to apply their research toward a greater good. This Directory promises to serve as a conduit for future big ideas, facilitating connections that strengthen the government's aim to build impactful policies.

Richard Thaler

*Charles R Walgreen Distinguished Service Professor of Economics and Behavioral Science
Booth School of Business, University of Chicago*

EXPERTS IN BEHAVIORAL SCIENCE

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Katherine Baicker	Crystal Hall	Devin Pope
Mahzarin Banaji	Johannes Haushofer	Drazen Prelec
Banny Banerjee	Chip Heath	Deborah Prentice
Michael S. Barr	Eric Johnson	Donald Redelmeier
Max H. Bazerman	Christine Jolls	Christina Roberto
Shlomo Benartzi	Damon Jones	Todd Rogers
Daniel Benjamin	Daniel Kahneman	Diane Schanzenbach
Marianne Bertrand	Ariel Kalil	Antoinette Schoar
John Beshears	Dean Karlan	Eldar Shafir
Eric Bettinger	Lawrence Katz	Anuj Shah
Iris Bohnet	Derek Koehler	Robert Shiller
Colin Camerer	Michael Kremer	Suzanne Shu
John Campbell	David Laibson	Paul Slovic
Eugene Caruso	Adam Seth Levine	Dilip Soman
Heather Caruso	George Loewenstein	Nicholas Souleles
Ben Castleman	Bridget Terry Long	Claude Steele
Gary Charness	Michael Luca	Cass R. Sunstein
Raj Chetty	Jens Ludwig	Abigail Sussman
Robert Cialdini	Annamaria Lusardi	Justin Sydnor
Geoffrey Cohen	John Lynch	Richard Thaler
Stefano DellaVigna	Brigitte Madrian	Lesley Turner
Peter Diamond	Ulrike Malmendier	Kevin Volpp
Angela Duckworth	Anandi Mani	Brian Wansink
Phoebe Ellsworth	Dayanand Manoli	Elke Weber
Nicholas Epley	Ben Marx	Timothy Wilson
Paul Ferraro	Mara Mather	Dean Yang
Baruch Fischhoff	Margaret McConnell	Jonathan Zinman
Susan Fiske	Katherine Milkman	
Craig Fox	Sendhil Mullainathan	

EXPERTS IN BEHAVIORAL SCIENCE (BY DOMAIN)

EDUCATION

Eric Bettinger
Ben Castleman
Raj Chetty
Geoffrey Cohen
Angela Duckworth
Roland Fryer
Bridget Terry Long
Dayanand Manoli
Philip Oreopoulos
Devin Pope
Todd Rogers
Diane Schanzenbach
Claude Steele
Lesley Turner

ENERGY & ENVIRONMENT

Hunt Allcott
Paul Ferraro
Baruch Fischhoff
Cass R. Sunstein
Elke Weber

FINANCE

Manuel Adelino
Nava Ashraf
Katherine Baicker
Michael S. Barr
Shlomo Benartzi
Marianne Bertrand
John Beshears
John Campbell
Stefano DellaVigna
Peter Diamond
Shane Frederick
Damon Jones
Dean Karlan
David Laibson
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Brigitte Madrian
Ulrike Malmendier
Anandi Mani
Dayanand Manoli
Sendhil Mullainathan
Antoinette Schoar

Eldar Shafir
Anuj Shah
Robert Shiller
Suzanne Shu
Dilip Soman
Nicholas Souleles
Abigail Sussman
Richard Thaler
Dean Yang
Jonathan Zinman

HEALTH

Katherine Baicker
John Beshears
Baruch Fischhoff
Michael Kremer
David Laibson
Brigitte Madrian
Margaret McConnell
Katherine Milkman
Sendhil Mullainathan
Donald Redelmeier
Christina Roberto
Dilip Soman
Kevin Volpp
Brian Wansink

INTERNATIONAL DEVELOPMENT

Nava Ashraf
Marianne Bertrand
Johannes Haushofer
Dean Karlan
Michael Kremer
Anandi Mani
Sendhil Mullainathan
Dean Yang
Jonathan Zinman

LAW, POLICY, & POLITICS

Iris Bohnet
Stefano DellaVigna
Phoebe Ellsworth
Christine Jolls
Adam Seth Levine
Todd Rogers
Cass R. Sunstein

MANAGEMENT & NEGOTIATIONS

Max H. Bazerman
Iris Bohnet
Heather Caruso
Craig Fox
Francesca Gino
Uri Gneezy
Chip Heath
Eric Johnson

MARKETS (MACRO & MICRO)

Manuel Adelino
George Akerlof
Hunt Allcott
Banny Banerjee
Daniel Benjamin
Colin Camerer
John Campbell
Gary Charness
Raj Chetty
Uri Gneezy
Eric Johnson
Damon Jones
Lawrence Katz
Michael Luca
Annamaria Lusardi
Ben Marx
Philip Oreopoulos
Devin Pope
Robert Shiller
Nicholas Souleles
Justin Sydnor
Lesley Turner

PSYCHOLOGY

Dan Ariely
Mahzarin Banaji
Colin Camerer
Eugene Caruso
Heather Caruso
Robert Cialdini
Geoffrey Cohen

Angela Duckworth
Phoebe Ellsworth
Nicholas Epley
Baruch Fischhoff
Susan Fiske
Craig Fox
Tom Gilovich
Crystal Hall
Johannes Haushofer
Chip Heath
Daniel Kahneman
Ariel Kalil
Derek Koehler
George Loewenstein
Mara Mather
Richard Nisbett
Michael Norton
Daniel Oppenheimer
Elizabeth Levy Paluck
Drazen Prelec
Deborah Prentice
Paul Slovic
Claude Steele
Elke Weber
Timothy Wilson

SOCIETY (CRIME, INEQUALITY, POVERTY)

Mahzarin Banaji
Iris Bohnet
Raj Chetty
Roland Fryer
Crystal Hall
Lawrence Katz
Adam Seth Levine
Jens Ludwig
Anandi Mani
Katherine Milkman
Michael Norton
Deborah Prentice
Diane Schanzenbach
Eldar Shafir
Anuj Shah
Claude Steele



Manuel Adelino

Duke University

Select Titles

Assistant Professor of Finance, Fuqua School of Business, Duke University

Domains

Finance

[Website](#)

Manuel Adelino is an expert in consumer finance. His research focuses on household, corporate and real estate finance. He is an Assistant Professor of Finance at Duke University's Fuqua School of Business and an advisor to ideas42. He received a Ph.D. in Financial Economics from MIT Sloan School of Management.

Summaries of Recent Research Findings in Behavioral Science

[Why don't Lenders renegotiate more home mortgages? Redefaults, self-cures and securitization](#) (2013)

Context: Lenders have been reluctant to renegotiate mortgages since the foreclosure crisis started in 2007, having made payment-reducing modifications on only about 3% of seriously delinquent loans.

Insight: Default risk—the possibility that a borrower will default despite costly renegotiation—and self-cure risk—the possibility that a seriously delinquent borrower will catch up on payment without renegotiation—make renegotiation unattractive to investors.

Implication: Understanding lender behavior, incentive and motivation is crucial to designing policies that maintain stability in the U.S. housing market.

[Do Investors Rely Only on Ratings? The Case of Mortgage-Backed Securities](#) (2009)

Context: Given the doubts cast on the quality of asset ratings and the subsequent poor performance of these assets, many have argued that investors in non-agency mortgage-backed securities relied too heavily on rating agency information on the credit quality of the mortgage pools.

Insight: Investors in triple-A were less informed about the quality of the securitized assets than investors in riskier, more information sensitive securities.

Implication: This finding can inform regulations on the transparency and methodology of asset ratings to facilitate better decision-making and alleviate information asymmetries in financial markets.

What lessons from behavioral science can apply to consumer finance?

The housing boom highlights the consequences of behavioral biases in consumer behavior, in particular in choosing a mortgage product. There's a lot of evidence that failure to account for the possibility that house prices would eventually stop rising led to poor decision-making. A large fraction of households went up to their maximum debt capacity, which led to systemic effects that helped bring down the US financial system. Helping households think through what is often the largest financial commitment of their lives can help mitigate risks at the household level and for the US economy as a whole.



George Akerlof

University of
California, Berkeley

Select Titles

Senior Resident
Scholar, International
Monetary Fund
Nobel Memorial Prize in
Economic Sciences
(2001)

Daniel E. Koshland, Sr.
Distinguished Professor
Emeritus of Economics,
UC Berkeley

Domains

Labor economics
Macroeconomics

[Website](#)

George Akerlof is an expert in economic behavior and played an important role in the development of behavioral economics. He has incorporated other disciplines such as psychology, anthropology, and sociology into the study of economics and his research includes topics such as the economics of discrimination and social customs, as well as labor market flows and business cycles. He is the Daniel E. Koshland, Sr. Distinguished Professor Emeritus of Economics at the University of California, Berkeley and an advisor at ideas42. He holds a B.A. from Yale University and a Ph.D. from the Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

[*Animal Spirits: How Human Psychology Drives the Economy and Why It Matters for Global Capitalism*](#) (2009)

Context: The global financial crisis has shown that powerful psychological forces can impact national economies.

Insight: This book argues for an active government role in economic policymaking to help regulate and mitigate the effects of individual psychological tendencies, asserting that markets are not as self-correcting as assumed.

Implication: *Animal Spirits* offers a policymaking road map for employing an understanding of behavior to reverse some financial misfortunes.

[*The Missing Motivation in Macroeconomics*](#) (2006)

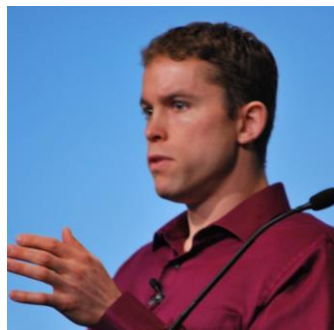
Context: An important behavioral consideration not usually incorporated in the application of economics is the influence of norms, or people's beliefs about how they should behave.

Insight: Classical economics tells us that shifts in income that do not affect overall wealth will similarly not affect one's consumption behavior. However, this does not hold in practice – consumption is sensitive to income because of the social influence of what people feel entitled and obligated to consume.

Implication: The above example explains why policies affecting liquid assets such as taxes and wages have an impact on spending and saving behaviors. It is important to consider the interaction of personal and social norms when designing policy.

What can behavioral economics tell us about macroeconomics?

A lot of my recent work has been around people's 'animal spirits' or the psychology that is the backbone of economic decisions and actions. It comprises a number of observed and opposing sentiments such as fear, concern for fairness, or confidence. These sentiments in sum drive swings in financial events worldwide. In light of the natural re-insurgency of these spirits following the latest recession, it necessitates the call for a steadying hand through an active government role in economic policymaking.



Hunt Allcott

New York University

Select Titles

Assistant Professor of Economics, New York University

Faculty Research Fellow, National Bureau of Economic Research

Domains

Energy
Environment
Microeconomics

[Website](#)

Hunt Allcott is an expert in microeconomics. His research centers around the topics of environmental and energy economics, industrial organization, behavioral economics, and development microeconomics. He is an Assistant Professor of Economics at New York University as well as a Scientific Director at ideas42. He received his B.S. and M.S. from Stanford University and a Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Paternalism and Energy Efficiency: An Overview](#) (2014)

Context: Energy efficiency subsidies and minimum standards are often used as policy tools to increase environmentally friendly decisions and actions.

Insight: Common decision-making mistakes like biased beliefs or inattention can lead to suboptimal consumer choices that systematically affect the demand for energy efficient goods. Today's policy tools do not always effectively address these behavioral missteps.

Implication: Some current policies may not be addressing the people or decisions they were designed to affect. Pairing behavioral insights with environmental strategy can help make policy more beneficial and effective.

[The Lightbulb Paradox: Evidence from Two Randomized Experiments](#) (2013)

Context: The market for light bulbs is an example of the "energy paradox", or the low adoption of energy efficient technologies despite large cost savings. In 2010, choosing the energy guzzling incandescent light bulb over the more efficient CFL (compact fluorescent lamp) light bulbs cost US households \$15 billion.

Insight: Providing explicit information on a product's environmental benefits did not significantly change preferences. Also, it is not necessarily the case that subsidies for energy efficient products or bans on their less efficient counterparts will result in positive welfare gains for all.

Implication: Policies created to address the "energy paradox" should incorporate a behavioral lens in judging potential effectiveness as well as consider the possible effects on welfare.



Dan Ariely

Duke University

Select Titles

James B. Duke
Professor, Duke
University

Founding Member,
Center for Advanced
Hindsight

Domains

Decision-making

Marketing

Psychology

[Website](#)

Dan Ariely is an expert in psychology and marketing. His research aims to answer questions on why we perform certain behaviors in order to help people live more sensible lives. He is the James B. Duke Professor at Duke University. He received a B.A. in Psychology at Tel Aviv University, an M.A. and Ph.D. in Cognitive Psychology at University of North, and a Ph.D. in Business Administration at Duke University. He is the author of the New York Times bestsellers *Predictably Irrational*, *The Upside of Irrationality*, and *The Honest Truth About Dishonesty*.

Summaries of Recent Research Findings in Behavioral Science

[The IKEA effect: When labor leads to love](#) (2012)

Context: People are influenced by the IKEA effect – the more effort people put into some pursuit, the more they value it.

Insight: The IKEA effect diminished in participants that built and then destroyed their creations or failed to complete them, indicating that labor leads to love only when there is a successful completion of labor.

Implication: The findings suggest that giving people the opportunity to participate in building a policy or product can be an effective way to give people a sense of ownership and keep them engaged.

[Too Tired to Tell the Truth: Self-Control Resource Depletion and Dishonesty](#) (2009)

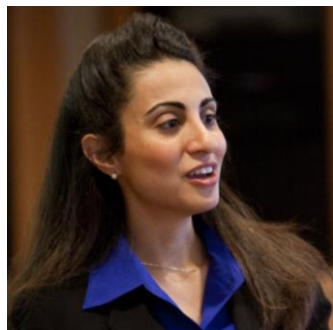
Context: Self-control may be a factor in conflicts that emerge from having the opportunity to unfairly profit. It is a component that helps override selfish responses in favor of socially desirable ones.

Insight: In an experiment, people with depleted self-control exaggerated their performance for monetary gain to a greater extent than non-depleted participants and were more likely to expose themselves to the temptation to cheat.

Implication: The results indicate that it is important to address people at times when their self-control is highest in order prompt fair and pro-social behavior.

What can policymakers learn from behavioral economics?

I think policymakers can use the principles and insights from behavioral economics to create and modify policies that take into account people's systematic errors and the factors that influence their decisions such as emotions, expectations, and social norms. For example, I think the tax system can be made more simple and easier for people to understand and also filing taxes can be framed in a way to make the process highlight the participatory role we have in government, thus making filing taxes less unpleasant.



Nava Ashraf

Harvard University

Select Titles

Associate Professor in the Negotiations, Organizations, and Markets Unit, Harvard Business School

Fellow, Bureau for Research and Economic Analysis of Development (BREAD)

Affiliated Professor, Jameel Abdul Latif Poverty Action Lab (J-PAL)

Faculty Research Fellow (LS), National Bureau of Economic Research

Domains

Global Economics

Microfinance

[Website](#)

Nava Ashraf is an expert in economics and decision-making sciences. Her research combines psychology and economics within the context of global development in Africa, Latin America, and Southeast Asia. Her most recent field experiments have been carried out with the Government of Zambia. She is Associate Professor in the Negotiations, Organizations, and Markets Unit at Harvard Business School and an affiliate of ideas42. She received her B.A. from Stanford University, as well as M.A. and Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[No Margin, no mission? A field experiment on incentives for public service delivery](#) (2014)

Context: There is little research about incentives for individuals to perform pro-social tasks whose benefits go beyond the workplace.

Insight: In a field experiment, agents that were recruited to promote HIV prevention and sell condoms put forth more effort and had higher sales of condoms per year when offered non-financial extrinsic rewards than when they were offered financial rewards or volunteer contracts.

Implication: These results suggest that extrinsic rewards can improve the performance of individuals engaged in public service delivery, and that non-financial rewards can be effective in settings where the power or use of financial incentives are limited.

[Female Empowerment: Impact of a Commitment Savings Product in the Philippines](#) (2010)

Context: There have been conflicting studies on whether the use of microfinance to increase the female share of income can improve a female's status in the household.

Insight: Giving women control over existing assets by providing access to individually held financial savings account positively impacted their household decision-making power.

Implication: Modifications to financial interaction or responsibility in households can have an influence on gender dynamics and decision-making power in the household setting.

What concept(s) from behavioral economics have had the most relevance to microfinance in a global setting?

I think commitment savings devices can have a great impact on micro-savings initiatives as they have been shown to help people achieve their financial goals and avoid financial strain. While such saving tools go against the traditional idea that people in resource-constrained environments and poor individuals need liquidity, it addresses their tendencies to overvalue the present and make choices that are inconsistent overtime.



Katherine Baicker

Harvard University

Select Titles

C. Boyden Gray
Professor of Health
Economics, Harvard
School of Public Health

Acting Chair,
Department of Health
Policy and
Management, Harvard
School of Public Health

Senate-confirmed
Member, Council of
Economic Advisers
(2005-2007)

Elected Member,
Institute of Medicine

Domains

Health

Public Finance

[Website](#)

Katherine Baicker is an expert in health economics. Her research focuses on the factors that drive the distribution and effectiveness of public and private health insurance. She is C. Boyden Gray Professor of Health Economics and Chair of the Department of Health Policy and Management at the Harvard School of Public Health, as well as a Scientific Director at ideas42. She received her B.A. in economics from Yale University and her Ph.D. in economics from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Simplification and Saving](#) (2014)

Context: The daunting complexity of important financial decisions can lead to procrastination.

Insight: A low-cost intervention that substantially simplifies the decision to participate in a retirement savings plan increased plan enrollment rates by 10 to 20 percentage points.

Implication: Making choices more user-friendly and manageable can be a key to motivating positive action.

[What Makes Annuitization More Appealing?](#) (2014)

Context: Many households resist annuitization despite the increased protection it provides against outliving one's savings.

Insight: Several behavioral explanations drive resistance to annuities: (1) people value flexibility and control, making them more likely to annuitize if it is for a fraction of their wealth rather than all of it; (2) highlighting the effects of inflation increases demand for cost of living adjustments; and (3) people fear that insurance companies will not follow through on their promises.

Implication: Taking into account these behaviors and attitudes can inform how policymakers regulate annuities and pension plans to benefit Americans.

Tell us about a behavioral concept relative to financial markets.

Escalation bias describes people becoming overcommitted to a previously selected action to justify past decisions with bad outcomes: if an analyst's views differ dramatically from those of other analysts, he may feel pressured to invest more energy than usual supporting his opinion. Once invested in an action, escalation bias may make an analyst reluctant to back down, even in spite of evidence opposing the choice: analysts stick more to incorrect views that deviate from the consensus opinion in the analyst community. Understanding this tendency sheds light on prediction errors and enables better comprehension of financial markets, as well as the market bubbles and crashes so harmful for the broader economy.



Mahzarin Banaji

Harvard University

Select Titles

Richard Clarke Cabot
Professor of Social
Ethics, Harvard
University

George A. and Helen
Dunham Cowan Chair
in Human Social
Dynamics, Santa Fe
Institute

Fellow, American
Academy of Arts and
Sciences

President, Association
for Psychological
Science (2010-2011)

Domains

Experimental
Psychology
Social Cognition

[Website](#)

Mahzarin Banaji is an expert on human decision-making in social contexts. Her research focuses on unconscious and implicit thinking in social situations. She is the Richard Clarke Cabot Professor of Social Ethics at Harvard University and an affiliate of ideas42. She received her B.A. from Nizam College, her M.A. from Osmania University, and her Ph.D. from Ohio State University.

Summaries of Recent Research Findings in Behavioral Science

[Blindspot: Hidden Biases of Good People](#) (2013)

Context: People often believe that they fully understand the intricacies of their own minds and that they are able to assess others accurately and without bias.

Insight: We are less open-minded, unbiased, and fair than we think we are. For instance, 75% of people (including some African Americans) who took a test measuring unconscious associations have demonstrated an implicit preference for white people over black people, though far fewer would admit or believe they have this leaning.

Implication: By gaining a more realistic awareness of how our minds work, we can adapt our beliefs and behaviors to better align our actions with our intentions and be fairer to those around us.

[Implicit Social Cognition: Attitudes, Self-Esteem, and Stereotypes](#) (1995)

Context: We presume that our social behavior is directly under our conscious control.

Insight: Much of our social behavior is unconscious and implicit – relying heavily on our past experiences.

Implication: Many of the beliefs, desires, and stereotypes we hold operate on an unconscious, rather than conscious, level. As such, when we desire to change our own or others' behaviors, we need to look beyond our conscious actions and understanding to find and possibly influence the root cause of our conduct.

What concept from your work in implicit social cognition has the most relevance for individual responsibility and social justice in a democracy?

Many people now make concerted attempts to combat their unconscious biases by honestly confronting them and considering their actions in more detail before acting. However, this is not the only way discrimination can manifest itself. Today, another important source of discrimination is when we help people with whom we have a shared a group identity. For instance, when we feel like we're being a good person by giving additional help, support, or guidance to a family friend, someone from our alma mater, or a member of our church or community, we're implicitly not helping someone else. Knowing this, we can also try to be aware of why we're choosing to help specific people over others in order to be as equitable as possible.



Banny Banerjee

Stanford University

Select Titles

Founder & Director,
Stanford ChangeLabs

Associate Professor,
Department of
Mechanical
Engineering, Stanford
University

Domains

Design
Innovation
Sustainability

[Website](#)

Banny Banerjee is an expert in design and innovation. His work focuses on the intersection between digital and physical experience, developing new processes and tools to bring about large-scale, sustainable impact. He emphasizes cross-topic collaboration and has bridged areas like behavioral sciences, social economics, systems analysis, engineering, and art in his work. He is Associate Professor in the Design Group of the Mechanical Engineering Department at Stanford University, as well as the Founder and Director of the Stanford ChangeLabs. He is trained as an Architect and holds graduate degrees in Architecture, Mechanical Engineering, and Design.

Summaries of Recent Research Findings in Behavioral Science

[Scaling Large, Efficient Home Energy Systems](#) (ongoing)

Context: Across the U.S., about 50% of every home's energy bill goes to heating and cooling. Most people don't program their thermostats and often, customers attribute large energy bills to the wrong set of factors.

Insight: EcoFactor has created smart software that uses a communicating thermostat, to dynamically manage a home's heat and AC settings, and to optimize for energy efficiency and comfort. By incorporating consumer behavior into its feedback loop, the thermostat learns the preferences of any particular household on a daily basis. It automatically runs complex, customized efficiency programs, freeing a user from the mental load of managing it.

Implication: Scaling these technologies to reach to 140M households (that currently don't have access to their product) could accumulate to significant energy savings.

[Using Connectivity for Sustainability & Public Safety in Mega-Cities](#) (ongoing)

Context: People are using more connected devices. Electronic makers are thus adding mobile connectivity to devices like cameras, washing machines, thermostats, and navigation systems.

Insight: Such a connected society creates tremendous potential to create solutions for sustainability and public safety. For example, this connectivity can enable a city to distribute its energy load more efficiently based on consumption demands. At an individual level, connectivity can reduce the gap between individuals and governments, and promote positive behavior change to improve a city's sustainability and public safety.

Implication: This project generates insights on designing a smart ecosystem for large-scale communities like local governments and commercial operators in mega-cities. It addresses how to create extrinsic and intrinsic motivators for individuals to participate in the sustainability and safety of their own neighborhoods.



Michael S. Barr

University of Michigan

Select Titles

The Roy F. and Jean Humphrey Proffitt Professor of Law, University of Michigan Law School

Professor of Public Policy, University of Michigan Gerald R. Ford School of Public Policy

Former Assistant Secretary for Financial Institutions, U.S. Department of the Treasury

Domains

Finance

Website

Michael S. Barr is an expert in finance, law and policy. His research focuses on a wide range of issues in financial regulation and consumer finance. He is the Roy F. and Jean Humphrey Proffitt Professor of Law at the University of Michigan Law School, a Professor of Public Policy at the Gerald R. Ford School of Public Policy at the University of Michigan, a key architect of the Dodd-Frank financial reform law as Assistant Secretary of the Treasury, and an advisor to ideas42 and LendingClub. Barr received his J.D. from Yale Law School, his M.Phil. in international relations from Oxford University as a Rhodes Scholar, and a B.A. in history, summa cum laude, from Yale University.

Summaries of Recent Research Findings in Behavioral Science

[No Slack: The Financial Lives of Low-Income Americans](#) (2012)

Context: The financial crisis showed how the financial system failed the nation but left hidden the many ways in which that system still fails the most vulnerable Americans.

Insight: The financial services system is not well designed to serve low- and middle-income households. They do not have adequate breathing room to make the financial adjustments to better meet their own needs, and lacked access to useful financial products that could cushion against economic instability.

Implication: This book advocates helping families seek financial stability in three ways: enhancing individuals' financial capability, using technology to promote access to financial products and services, and establishing strong protections for consumers.

[Behaviorally Informed Financial Services Regulation](#) (2008)

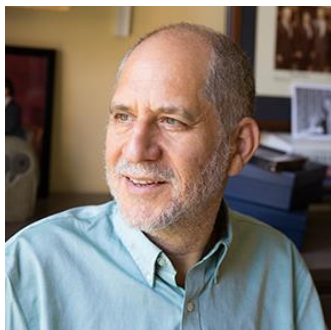
Context: Many people recognize their own risk of making poor financial decisions and seek professional advice; but is this better?

Insight: Advisers fail to undo their clients' misconceptions and often reinforce biases that are in the advisers' interests, encouraging returns-chasing behavior and pushing for funds with higher fees.

Implication: Understanding these tendencies can help to inform financial advice regulations that protect consumer interests.

How can behavioral economics be applied to consumer finance?

Policymakers ought to consider how behavioral economics, which have improved retirement savings outcomes, could be applied in the credit arena. While market forces in these two areas are quite different, the fundamental mistake that individuals make in not understanding the power of compound interest is strikingly similar. In one case it leads to undersaving, and in the other to overborrowing. To overcome adverse market incentives, Congress could pursue opt-out strategies in the credit arena that would make it more difficult for households to make bad decisions with severe consequences.



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Max H. Bazerman is Jesse Isidor Straus Professor of Business Administration at the Harvard Business School and the Co-Director of the Center for Public Leadership at the Harvard Kennedy School. Max is also the Co-Chair of the Behavioral Insights Group and on the Executive Committee of the Program on Negotiation at Harvard. He holds an M.S.O.B. and a Ph.D. from Carnegie-Mellon University, as well as a B.S. from the University of Pennsylvania.

Summaries of Recent Research Findings in Behavioral Science

[The Power of Noticing](#) (2014)

Context: What are common blind spots and details about the world that we are programmed to miss?

Insight: Drawing from the behavioral sciences, this book provides a guide to breaking bad habits and spotting hidden detail that can improve decision-making and leadership skills. Topics include the importance of paying attention to what didn't happen and remembering that what people see is not all there is.

Implication: Policymakers can use insights from this book to enhance their management styles, learning to identify and avoid common cognitive pitfalls that may lead to poor outcomes and ineffective leadership.

[Cognitive, affective, and special-interest barriers to policymaking](#) (2011)

Context: Why do legislators allow inefficient policies to persist rather than passing legislation that could improve these policies and society overall?

Insight: This article reviews how psychological aspects of decision-making—i.e., cognitive and emotion-based biases—influence both individuals and organizations and result in policies that fail to achieve their intended effect of the greatest good.

Implication: The authors recommend various techniques to help legislators overcome these psychological biases in order to pass and improve legislation that better benefits society at large.

How can psychology shed light on big events in finance?

One of the most important events that hit the financial world soon after 9/11 was the collapse of Enron. Enron was involved in very faulty and fraudulent accounting. Their auditor was Arthur Andersen, who was earning over \$50 million for the job. Partly as a result of their incentives to get rehired, Arthur Andersen didn't seem to notice bad information from Enron. When we're motivated to overlook certain information, our ability to do so can far exceed our expectations. As a result, asking an auditor to notice the doctored accounts of their client may be a lot like asking a parent to notice the limitations of their child.



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Shlomo Benartzi is a behavioral economist interested in combining the insights of psychology and economics to solve big problems. His goal is to help people make better decisions on a very large scale, and thus, his current focus is on online behavior, studying ways in which people think differently on screens. He is a Professor and co-chair of the Behavioral Decision Making Group at UCLA Anderson School of Management. He received his B.A. in Economics from Tel Aviv University and his Ph.D. from Cornell University's Johnson Graduate School of Management.

Summaries of Recent Research Findings in Behavioral Science

[Behavioral Economics and the Retirement Savings Crisis](#) (2013)

Context: Many countries are facing retirement savings crises due to shifts from defined benefit pension plans—where retirement benefits are formulaic and known in advance—to defined contribution plans—where benefits depend on investment outcomes.

Insight: Behavioral insights on self-control, loss aversion, and inertia can be applied to improve 401(k) plan design. In this study, automatic escalation programs—which increase an individual's 401(k) contributions over time—would lead to an estimated \$7.4 billion of additional contributions per year.

Implication: Behavioral applications used to help people save for retirement can be applied to other issues like combatting obesity.

[Annuitization Puzzles](#) (2011)

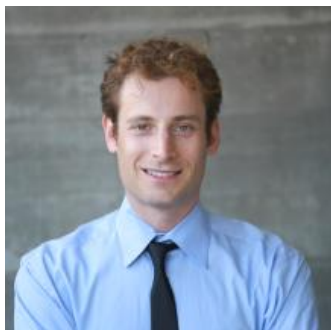
Context: Annuities continue to be rare although they can help address retirement problems like helping individuals decide when to retire and how much they can spend each year in retirement.

Insight: An analysis of annuities shows that the availability and framing of annuities significantly impact annuitization rates. Fewer people take up annuities when it takes more work to find one, or if it is presented as an investment rather than a consumption plan.

Implication: There are a multitude of behavioral and institutional factors that shape important financial decisions such as the lack of demand for annuities. These factors should be included in assessments of other suboptimal financial decisions and policies regarding them.

What behavioral concepts have the most relevance to retirement planning?

The difficulty of managing money and saving enough for retirement can be explained by behavioral biases like present bias and inertia. The former is the tendency to make choices that are inconsistent over time and geared toward immediate gratification; the latter is a general lack of change even when prompted to act. The Save More Tomorrow program Richard Thaler and I developed addresses this by allowing individuals to automatically enroll in 401(k) plans as well as automatically increase contributions with pay raises.



Daniel Benjamin

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Daniel Benjamin is an expert in behavioral economics. Some of his current work investigates common errors in statistical reasoning and how economic behavior relates to genetics, cognitive ability and social identity. He is an Associate Professor (Research) of Economics at the Center for Economics and Social Research of the University of Southern California as well as an advisor for ideas42. He holds his B.A., M.A., and Ph.D. from Harvard University, as well as an MSc from the London School of Economics.

Summaries of Recent Research Findings in Behavioral Science

[*Distributional Preferences, Reciprocity-Like Behavior, and Efficiency in Bilateral Exchange*](#) (2015)

Context: Pareto efficiency is an economics concept that means all potential gains from trade are realized for all parties involved. Common situations that promote Pareto efficiency include repeated interaction and the use of enforceable contracts.

Insight: There are two properties in which altruism and concern for fairness alone can generate efficient trade between two people—how each trades off between material payoffs for themselves or the other ('fairness rule') and the points when each person prefers that both players get a higher material payoff ('normality').

Implication: This work helps shed light on context when reliance on fairness can successfully lead to mutually beneficial trade outcomes.

[*Aggregating Local Preferences to Guide Marginal Policy Adjustments*](#) (2013)

Context: Policy is often informed using market data to understand individual preference and predict effects on a larger population.

Insight: Using market data often may not reliably reveal preferences; a more accurate method is a survey-based approach that specifically applies the ranking of preferences using weighted averages.

Implication: Policymakers can use these survey best practices to elicit more truthful preferences that can help to guide policy.



Marianne Bertrand

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Marianne Bertrand is an applied micro-economist whose research covers the fields of labor economics, corporate finance, and development economics. Her recent work examines discrimination, incentive structures, and gender dynamics in a range of contexts. Bertrand is the Chris P. Dialynas Professor of Economics the University of Chicago Booth School of Business. She holds a Ph.D. in economics from Harvard University, as well as a Bachelor's Degree in economics and a Master's Degree in econometrics from Belgium's Université Libre de Bruxelles.

Summaries of Recent Research Findings in Behavioral Science

[Do Judges Vary in Their Treatment of Race?](#) (2012)

Context: Are minorities are treated differently in the legal system?

Insight: Comparing race-blind model-generated incarceration rates and sentence lengths with empirical evidence reveals significant variation in incarceration rates between Caucasian and African-American defendants. This was not true for sentence lengths.

Implication: This evidence of judicial bias demands further research to uncover if and why judges are biased against Caucasians, African-Americans, drug-related crimes, or other factors, so that new policies can be designed to counter these biases and uphold constitutional rights to equal protection.

[Improving the Design of Conditional Transfer Programs: Evidence from a Randomized Education Experiment in Colombia](#) (2011)

Context: Conditional cash transfer programs are a popular and effective mechanism for incentivizing academic participation.

Insight: Small tweaks to the timing and framing of transfers – for example, setting some of the cash aside in savings accounts – can significantly improve re-enrollment rates without sacrificing any gains in monthly attendance.

Implication: By using behavioral insights to make the right design changes, we can help families use their cash transfers more effectively to achieve their goals.

What behavioral insights are relevant to labor market practices?

People are biased even when they are in somewhat self-imposed “neutral” situations. Employers discriminate against resumes from Lakisha and Jamal. They favor resumes from Emily and Greg, though no reasonable HR department wants to do this. We also see evidence of systematic bias among judges, who are called to impartiality and probably think they're pretty good at it. We even see it in family units, with high-earning wives and young boys facing differential treatment. One lesson we can apply in corporations and elsewhere is to simply acknowledge that there are biases, and go find them so we can correct them.



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John Beshears is an expert in behavioral economics. His research focuses on how households and firms make financial decisions related to retirement savings, healthcare, and corporate alliances. He is an Assistant Professor of Business Administration in the Negotiation, Organizations & Markets Unit at the Harvard Business School. He received his B.A. and Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Simplification and Saving](#) (2014)

Context: The daunting complexity of important financial decisions can lead to procrastination.

Insight: A low-cost intervention that substantially simplifies the decision to participate in a retirement savings plan increased plan enrollment rates by 10 to 20 percentage points.

Implication: Making choices more user-friendly and manageable can be a key to motivating positive action.

[What Makes Annuitization More Appealing?](#) (2014)

Context: Many households resist annuitization despite the increased protection it provides against outliving one's savings.

Insight: Several behavioral explanations drive resistance to annuities: (1) people value flexibility and control, making them more likely to annuitize if it is for a fraction of their wealth rather than all of it; (2) highlighting the effects of inflation increases demand for cost of living adjustments; and (3) people fear that insurance companies will not follow through on their promises.

Implication: Taking into account these behaviors and attitudes can inform how policymakers regulate annuities and pension plans to benefit Americans.

Tell us about a behavioral concept relative to financial markets.

Escalation bias describes people becoming overcommitted to a previously selected action to justify past decisions with bad outcomes: if an analyst's views differ dramatically from those of other analysts, he may feel pressured to invest more energy than usual supporting his opinion. Once invested in an action, escalation bias may make an analyst reluctant to back down, even in spite of evidence opposing the choice. Analysts stick more to incorrect views that deviate from the consensus opinion in the analyst community. Understanding this tendency sheds light on prediction errors and enables better comprehension of financial markets, as well as the market bubbles and crashes so harmful for the broader economy.



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Eric Bettinger is an expert in the economics of education. His research focuses on factors that improve students' access to and success in college. He is an Associate Professor of Economics at the Stanford Graduate School of Business. He received his B.A. from Brigham Young University and his Ph.D. from the Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

[*The Effects of Stay at Home Parents on Children's Long-run Outcomes*](#) (2014)

Context: Parents are increasingly likely to work outside the home leaving children by themselves or in the care of others.

Insight: We have long known that early parental investments improve educational outcomes. The paper demonstrates that even the educational outcomes of older children improve with greater investments of parental time.

Implication: Families and policymakers can adopt "family-friendly" policies that allow families greater flexibility in raising their children even after their early childhood education is complete.

[*The Role of Simplification and Information in College Decisions: Results from the H&R Block FAFSA experiment*](#) (2012)

Context: The FAFSA is necessary for all eligible students from low and middle-income families to complete, leading to the receipt of thousands in college grants and loans. However, many families fail to complete the application process.

Insight: Offering expert guidance from tax professionals to help low- and middle-income families complete the FAFSA resulted in a 15.7% increase in FAFSA filing compared to a control group who received no guidance. This guidance program additionally led to a 29% increase in college enrollment among those who received federal assistance.

Implication: Informational campaigns are often not enough to match our actions with our intentions; instead, we often need help to get through small "hassle factors" that come up throughout important processes.

What behavioral insight has the most relevance for education policy?

The impact of hassle factors and importance of program design. Simply making public a useful aid program like the FAFSA is not enough. Research shows that aid programs are much more successful when they're both well publicized and easy to comprehend, apply for, and use. A well-designed aid program can only be as good as its uptake. The higher the utilization, the more potential there is to unlock the program's intended positive effects. Behavioral economics is a useful tool to help people follow through on their intentions to take advantage of the support available to them.



**Iris
Bohnet**

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Iris Bohnet is an expert in negotiations, gender, and decision-making in the context of public policy. Her research focuses on trust and decision-making, often with a gender or cross-cultural perspective. She is Professor of Public Policy at the Harvard Kennedy School and the Director of its Women and Public Policy Program. She holds an M.A. and Ph.D. from the University of Zurich.

Summaries of Recent Research Findings in Behavioral Science

[When Performance Trumps Gender Bias](#) (Forthcoming)

Context: Gender bias in job candidate evaluation persists in business, government and academia; little is known about overcoming it.

Insight: “Joint evaluation” may help overcome gender bias in hiring, promotion, and job assignments. Evaluators are more likely to base their decisions on individual achievement (irrespective of gender) in joint as compared to separate evaluation setups.

Implication: As evaluators are more likely to base their decisions on group stereotypes in separate rather than in joint evaluation, it is suggested that joint evaluation is the profit-maximizing evaluation procedure.

[Trustworthiness in Gulf and Western Countries](#) (2010)

Context: Private investment is low in Gulf countries compared to Western countries.

Insight: In the Gulf, trust is traditionally built primarily through personal relationships, whereas in the West formal rules, such as contract law, play a larger role. Experiments reveal that Gulf citizens pay much more than Westerners to avoid having to trust another party (thus opening themselves up to potential betrayal).

Implication: Understanding the culture-specific reference points for trustworthiness can help inform international relations in commerce, investment, and diplomacy.

What concept(s) from behavioral economics have had the most relevance to gender equality?

Nudges change organizational practices. How can we change the environment slightly so that the organization maximizes its performance by hiring the most qualified candidate rather than hiring based on stereotypes? Comparative evaluations can erase stereotypes. When people examined one candidate at a time, stereotypes tended to bias thinking, but if comparison information was available, performance information tended to prevail. That's a very easy way for companies to think about hiring and promotion decisions. We're encouraging companies to think creatively about the decisions they make and to build on insights from behavioral decision research to restructure their environments.



Colin Camerer

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Colin Camerer is an expert in behavioral economics and neuroeconomics. His research focuses on how both psychological and neuroscientific factors influence real world economic decisions. He is the Robert Kirby Professor of Behavioral Economics at the California Institute of Technology. He received his B.A. from Johns Hopkins University, as well as MBA and Ph.D. from the University of Chicago.

Summaries of Recent Research Findings in Behavioral Science

[Regulation for Conservatives: Behavioral Economics and the Case for "Asymmetric Paternalism"](#) (2003)

Context: Liberals and conservatives often disagree on the necessary extent of regulation, especially when it could be considered paternalistic.

Insight: Asymmetric paternalism is a behavioral approach that nudges individuals to make decisions that are more aligned with their best interests while preserving individuals' freedom to choose.

Implication: Policymakers can use techniques that fall under asymmetric paternalism such as mindfully setting default options, mandating clear information disclosure, and allowing short cooling off periods for consumer sales.

[Labor Supply of New York City Cabdrivers: One Day at a Time](#) (1997)

Context: Basic economic theory predicts that workers will work more hours when wages are high and less hours when wages are low.

Insight: New York City cabdrivers usually quit earlier on profitable days and work later on unprofitable days, often just setting a daily earnings goal and trying to reach it.

Implication: Understanding this tendency of individuals to simplify complex tasks by using basic decision rules can provide policymakers with greater insights on labor markets.

What current policy question could be informed by behavioral economics?

Behavioral economics can create guidelines to judge whether and how regulations governing consumer choice are helpful. Recent research has identified a variety of decision-making errors. Good regulations will help consumers who make errors, without imposing a large burden on excellent decision makers or on firms. Research can also reduce regulations that are not able to improve consumer choices better than private market solutions can.



John Campbell

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John Campbell is an expert in finance and macroeconomics. He has written extensively on aspects of financial markets such as fixed-income securities, equity valuation, and portfolio choice. He is the Morton L. and Carole S. Olshan Professor of Economics at Harvard University. He received his Ph.D. from Yale University and a B.A. from the University of Oxford.

Summaries of Recent Research Findings in Behavioral Science

[Inattention and Inertia in Household Finance](#) (2015)

Context: Household financial decision-making is typically guided by inattention—in this case, low responsiveness to financial incentive—and by inertia—low probability of making any changes, including in response to changing circumstances. Household characteristics can affect the degree of these biases.

Insight: Older, less educated, and lower-income households exhibit more inertia and inattention leading them to be less likely to refinance at all or respond to incentives to do so. Education and income can reduce both inertia and inattention.

Implication: These findings suggest the need to explore information disclosure about mortgage refinancing that can help target subsets of households to overcome inertia and inattention.

[How Equity Investors Respond to Investment Experiences](#) (2014)

Context: How does investment experience affect portfolio composition?

Insight: Strong investment performance can reduce diversification, push investors toward large growth stocks, and increase turnover and disposition bias (the tendency for investors to sell shares whose price has increased since purchase while holding on to those whose value have decreased). This implies that experiencing high returns can encourage “bad” investment behavior.

Implication: These findings suggest that investors are not rationally learning about their investment skills and describe other behavioral influences, enabling better comprehension of individual investors and financial markets.

Tell us about post-recession consumer behavior.

People get more cautious in recessions. People judge their well-being relative to their past experience — the standard of living to which they've become accustomed. So in a time like the 1960s when there's been a lot of growth, people feel rich and they're willing to take risks because they've got a cushion of comfort above their baseline expectation. At a time like now when things have not been so great, people's standard of living is much closer to the baseline minimum they expect, and they don't feel like they have a big cushion of comfort. It's a decision model in which people have reasonable expectations about the future based on their past.



Eugene Caruso

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Eugene Caruso is an expert in social judgment, group decision-making, time, and morality. His research explores how subtle differences such as closing one's eyes or moving from past to future considerations affect perceptions of right and wrong. He has also investigated team dynamics in the sharing of resources and credit. Caruso is currently an Associate Professor of Behavioral Science at The University of Chicago Booth School of Business and an ideas42 affiliate. He received his Ph.D. and M.A. in Social Psychology from Harvard University and his B.A. in Psychology from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[Egocentrism in Groups](#) (current research)

Context: When individuals work in groups, people believe they have contributed more work than is logically possible.

Insight: Actively thinking about others' contributions restrains this over-claiming of credit, but can reduce enjoyment and interest in continued collaboration for those who believe they contributed more than others.

Implication: Managers and others should exercise caution when attempting to reduce egocentric biases in groups, as thoughtful consideration of a teammate's work can lead to reduced collaboration in the future.

[Predicting Premeditation: Future Behavior Is Seen as More Intentional Than Past Behavior](#) (2012)

Context: People judge unethical behaviors differently when they take place in the future rather than in the past.

Insight: People react with more emotion and ascribe more intent to events performed in the future. They may therefore believe that breaking the same law in the same way deserves more severe punishment when it will occur in the future than when it has occurred in the past.

Implication: Since policy makers are generally concerned with future action and law enforcement is generally concerned with past action, this difference in temporal perception can lead to stricter policies and more lenient enforcement than intended.

What concept(s) from behavioral science have had the most relevance to decision-making and judgment?

Perspective taking and perceived intentions are two concepts that often come up in my work on social judgment. We can both gloss over and read into others' points of view. That has important implications not only for how we interact with each other in group settings, but also for larger issues such as judicial procedures and corporate governance.



Heather Caruso

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Heather Caruso is an expert in human behavior in organizations. Her teaching and research focuses on the dynamics and social psychology of diverse teams; the management of identity, power, and influence in organizations; and strategies for optimal judgment, decision-making, and behavior. She is Adjunct Associate Professor of Behavioral Science at the University of Chicago Booth School of Business and an ideas42 affiliate. She holds a B.A. from Stanford University, as well as an A.M. in Social Psychology and Ph.D. in Organizational Behavior – Social Psychology from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[*Psychological effects of identity ambiguity on professionals who are demographically different from the majority*](#) (2012)

Context: Individuals who are demographically different from the majority in their profession often experience “identity ambiguity”—the sense that one’s claims to a professional identity are not fully accepted due to demographic background.

Insight: Identity ambiguity can have meaningful behavioral effects on professionals, evoking identity threats and negative emotions.

Implication: To mitigate this, organizations could raise awareness of incivilities and how they impact a person’s professional identity, as well as create safe environments where people feel they will not be admonished for raising difficult identity-relevant issues.

[*Leading Collaboration Among Groups in Decentralized Organizations*](#) (2009)

Context: It can be harder to work with other divisions within the same organization than it is to work with outside suppliers or customers.

Insight: There are three key barriers to effective coordination: intergroup bias (the systematic tendency to unfairly treat one’s own group better than an outside group), group territoriality (actions taken by a group to display, preserve, or restore territory ownership), and poor negotiations.

Implication: No matter how an organization is designed, behavioral science offers effective ways to inspire the spontaneous and responsive coordination of information and activity across its units.

What behavioral science concepts can inform effective management?

Power and influence dynamics play a very big role. An individual’s propensity to make positive change in the workplace depends on things like attribution (how people link situations to certain causes), affiliation (the formation of relationships and groups among individuals), norms, and other psychological processes illuminated by behavioral science. Some of my own work shows that powerful individuals may actually be hampered in making positive change when working as a team because such situations can inhibit effective understanding of others and evoke high levels of process conflict.



Ben Castleman

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Ben Castleman is an education expert with a focus on college access and student success. His research has resulted in innovative, low-cost strategies that help low-income and non-traditional students navigate complicated decisions. Ben is currently an Assistant Professor of Education and Public Policy at the University of Virginia and an affiliate at ideas42. He is the author of the forthcoming book, *The 160-Character Solution: How Text Messages and Other Behavioral Strategies Can Improve Education* (Johns Hopkins University Press).

Summaries of Recent Research Findings in Behavioral Science

[Freshman Year Financial Aid Nudges: An Experiment to Increase FAFSA Renewal and College Persistence](#) (2014)

Context: Many college freshman who are eligible for continuing financial aid do not re-file the Free Application for Federal Student Aid (FAFSA), and are less likely to earn a degree than peers who do re-file.

Insight: Personalized text message reminders related to FAFSA re-filing increases persistence rates for community college freshmen.

Implication: Low-cost, light touch interventions like text reminders can result in meaningful increases in college persistence among community college students.

[Can Personalized Text Messages and Peer Mentor Outreach Increase College Going Among Low-Income High School Graduates?](#) (2014)

Context: "Summer melt" describes the phenomenon where college-intending high school graduates fail to matriculate in any college in the year following high school.

Insight: Personalized text message campaigns and peer mentor programs can help these students and their families complete required pre-matriculation tasks and successfully enroll in college.

Implication: For as little as \$7 per student, behaviorally informed and tailored outreach to students can help smooth the path to post-secondary success.

What concepts from behavioral science have had the most relevance to education and public policy?

Procrastination and salience are important, especially when it comes to helping students navigate complex tasks for college matriculation. We all procrastinate in the face of unpleasant tasks, and it's something that adolescents do in particular. But they're really responsive to immediate stimuli (partly because of how different parts of their brains are developed at that age) and we can take advantage of that with interventions like text messaging.



Gary Charness

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Gary Charness is an expert in experimental and behavioral economics. His research focuses on experimental labor economics, behavioral game theory, and field interventions. He is a professor of economics at University of California, Santa Barbara. Dr. Charness received his B.S. from the University of Michigan and his PhD at the University of California, Berkeley.

Summaries of Recent Research Findings in Behavioral Science

[Promises & Partnership](#) (2006)

Context: The underlying mechanisms through which communication often leads to cooperation are not well understood.

Insight: Communication often fosters trust and cooperation because we are guilt averse and do not want to fail to live up to other's expectations of us.

Implication: One of the more effective forms of communication in affecting beliefs, motivation and behavior as well as elicit this guilt aversion is promises in the form of a "statement of intent" about future behavior. Policy makers can use this tool to help implement behavior change.

[When optimal choices feel wrong: A laboratory study of Bayesian updating, complexity, and affect](#) (2003)

Context: When the potential for another payoff aligns with statistical probability nearly all people respond with the optimal choice. However, people tend to make more sub-optimal choices when their intuitions and expectations do not agree with the rules of statistical probability.

Insight: When the statistical probability of success is misaligned with previous experience of past payoffs, the psychological effect induced by a previous outcome takes precedent. This often leads to a decision that deviates from the profit-maximizing option.

Implication: This work suggests that people should be cognizant about how past successes or failures may skew their perceptions of possible outcomes away from the realistic odds. Recognizing the possibly deceiving effects of 'emotional reinforcement' can help in avoiding the psychological push to sub-par decision-making.

What is a behavioral science concept with relevance to policymakers?

While we know by now that individuals are often not the rational-economics beings we once presumed them to be, decision-making done by groups is a bit different. Recent research has shown that groups are actually less susceptible to behavioral biases than individuals. This behavioral economics insight makes it important to take into account whether the entity making a decision will be an individual or a group when designing particular policies.



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Bloomberg Professor of
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John Bates Clark
Medal (2013)

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Raj Chetty is an expert in public economics. His research combines experimentation and economic theory to help design more effective government policies. He is the Bloomberg Professor of Economics at Harvard University. He also received his B.A. and Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Measuring the Impacts of Teachers I: Evaluating Bias in Teacher Value-Added Estimates](#) (2014) & [Measuring the Impacts of Teachers II: Teacher Value-Added and Student Outcomes in Adulthood](#) (2014)

Context: There is much debate over the true effect of teacher quality on students' academic achievement.

Insight: Good teachers have significantly positive effects on students' test scores. Simply replacing a bad teacher with an average teacher increases the present value of students' lifetime income by \$250,000 per classroom.

Implication: Education policy should focus on creative ways to increase teacher quality.

[Active vs. Passive Decisions and Crowd-out in Retirement Savings Accounts: Evidence from Denmark](#) (2013)

Context: Policymakers use many methods to encourage personal saving—such as tax subsidies, employer-provided pensions, and savings mandates—but it is often unclear how savers actually respond to these policies.

Insight: Most savers make a set contribution to savings and are unresponsive to incentives or subsidies.

Implication: Automatic contribution mechanisms can be more effective than subsidies at increasing personal savings.

What concept from behavioral science has the most relevance in designing public policy?

I think nudges are an incredibly useful policy tool, but perhaps for slightly different reasons than others cite. We're often unsure of whether to base policy on traditional economic models or behavioral models, and it can be difficult and impractical to gather and analyze the data needed to figure out which is best in each individual case. But in cases where we don't quite know what model fits best, using a nudge can be both effective and cautious. If people suffer from behavioral biases, the benefits of a nudge can be large; but if they are unbiased, then a nudge may have small costs.



Robert Cialdini

Arizona State University

Select Titles

Founder and President,
INFLUENCE AT WORK

Regents' Professor
Emeritus, Arizona State
University

Distinguished Scientist
Award of the Society
of Experimental Social
Psychology (2009)

Domains

Social Psychology

Website

Robert Cialdini is an expert in social psychology and negotiations. His research focuses on examining what influences decision-making and why people comply with requests. He is Regents' Professor Emeritus of Psychology and Marketing at Arizona State University and author of the best-selling *Influence: The Psychology of Persuasion*. He holds a B.A. from the University of Wisconsin and a Ph.D. from the University of North Carolina.

Summaries of Recent Research Findings in Behavioral Science

[The small BIG: small changes that spark big influence](#) (2014)

Context: When trying to persuade someone, what is the smallest change you can make to your request, proposal or situation that will lead to the biggest difference in the outcome?

Insight: Often influence is not fully determined by the strength of an argument or how much information is provided. Small presentation changes—such as expressing gratitude or anchoring people to a first offer—can make the biggest difference to the ultimate outcome.

Implication: This book provides evidence-based explanations of fifty nudges policymakers and business owners can employ to improve the persuasiveness of their proposals and arguments.

[Influence: The Psychology of Persuasion](#) (1984)

Context: Research shows that there is an array of psychological principles that influence people's opinions and decisions.

Insight: Cialdini outlines the impacts and applications of the Six Principles of Influence: (1) Reciprocity: people will repay favors, (2) Commitment (and Consistency): people stick to public commitments, (3) Social Proof: people do what others do, (4) Liking: people are influenced by those they like, (5) Authority: people obey authority figures, and (6) Scarcity: people want what is perceived to be scarce.

Implication: Awareness of these six principles can enable people to influence others, as well as resist the influence of others.

What concept from social psychology can be used to increase social impact?

Understanding social proof – our desire to do what others do – can be a powerful tool. Notice what the Obama campaign did when it announced the donations it had received the previous quarter. It was brilliant: they didn't just list the amount of money they had received; they listed the number of contributors who had donated. The multitude became the message. People want to be with the crowd. It tells them something not only about what's appropriate, but what's possible for them. If your neighbors are doing it, it means it's feasible. It's practicable. You can do it — people like you.



**Geoff
Cohen**

Stanford University

Select Titles

James G. March
Professor of
Organizational Studies
in Education and
Business, Stanford's
Graduate School of
Education

Professor of
Psychology, Stanford
University

Professor of
Organizational
Behavior (by courtesy),
Stanford's Graduate
School of Business

Domains

Education

Social Psychology

Website

Geoffrey Cohen is an expert in social and developmental psychology. His research examines processes related to identity maintenance and their implications for social problems. He is the James G. March Professor of Organizational Studies in Education and Business and Professor of Psychology at Stanford University and an affiliate of ideas42. He received his B.A. from Cornell University and Ph.D. from Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[*Breaking the Cycle of Mistrust: Wise Interventions to Provide Critical Feedback Across the Racial Divide*](#) (2014)

Context: Trust is an important component for successfully delivering critical student feedback that leads to academic improvement without undermining motivation and self-confidence.

Insight: Teachers who communicated their belief in the student's ability to reach high standards bolstered trust from minority students and improved the student's academic behavior in response to critical feedback.

Implication: The results suggest the need for education reform policies that foster trust and engagement between teacher and students in order to facilitate an environment that promotes academic achievement.

[*A Brief Social-Belonging Intervention Improves Academic and Health Outcomes of Minority Students*](#) (2011)

Context: Members of socially stigmatized groups, such as African Americans, may be relatively more uncertain about their social belonging in mainstream institutions like school and work.

Insight: An intervention aimed to lessen psychological perceptions of threat on campus by framing social adversity as common and transient improved the academic performance, self-reported health, and well-being of ethnic minority students over 3 years.

Implication: This work suggests that similar socio-psychological interventions integrated into policy can be effective in promoting equality in performance, health, and well-being.

What current policy questions could be informed by social psychology?

I think many social psychology applications can inform education policies. For instance the use of brief, inexpensive social psychological interventions such as values affirmation—which buttress one's sense of positive regard and self-integrity—can have persisting positive impacts on academic achievement. In one study, African American students that completed a writing exercise about an important value performed better academically compared to students that didn't do the values affirmation exercise.



Stefano DellaVigna

University of California, Berkeley

Select Titles

Daniel E. Koshland, Sr.
Distinguished Professor
of Economics and
Professor of Business
Administration, UC
Berkeley

Faculty Associate,
National Bureau of
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Fellow, CESifo

Domains

Behavioral Finance

Media

Politics

[Website](#)

Stefano DellaVigna is an expert in behavioral finance, media economics, and political economics. His work examines topics such as why people vote and donate to charities, and why job searchers might vary their levels of effort over time. DellaVigna is a Professor of Economics and Business Administration at the University of California, Berkeley. He earned a Laurea in economics from the Bocconi University in Italy and holds a Ph.D. in economics from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Voting to Tell Others](#) (2015)

Context: People expect others to ask whether they voted, and anticipate feeling pride if they voted and shame if they did not vote.

Insight: Social image concerns are a significant motivating factor for voting.

Implication: Increasing the amount of social conversations about voter turnout may amplify this effect and increase overall voter turnout.

[Reference-Dependent Job Search: Evidence from Hungary](#) (2014)

Context: Unemployed individuals use recent income or their current benefit levels as a reference-point.

Insight: Job seekers therefore search harder right after losing their jobs and right before a drop in benefits, then search less as they get used to lower levels of consumption.

Implication: Multi-tiered unemployment benefit systems that prompt spikes in job searching may speed exit from unemployment.

What concept from behavioral science has had the most relevance to politics?

We see social dynamics play out in many different ways. It's been particularly interesting to model out the dollar value or cost of participating in these social dynamics. For example, what is the value of presenting ourselves a certain way to others? For people who are asked about their voting participation rates, it's about \$5-15. What is the cost of the "disutility" we incur when we can't say no to others? For people who find themselves cornered by charity fundraisers, it's about \$1.40-\$3.80. The hope is that we can use these measures to shape more optimal policies and programs in a variety of contexts.



Peter Diamond

Massachusetts
Institute of
Technology

Select Titles

Institute Professor,
Massachusetts Institute
of Technology

Nobel Memorial Prize in
Economic Sciences
(2010)

Domains

Consumer Finance

[Website](#)

Peter Diamond is an expert in labor economics and social insurance. His research focuses on US Social Security policy and public finance. He is an Institute Professor at MIT, and a recipient of the 2010 Nobel Memorial Prize in Economic Sciences. He received his B.A. from Yale University and his Ph.D. from the Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

[Money Illusion](#) (1997)

Context: The term “money illusion” refers to a tendency to think in terms of the nominal (i.e. numerical) value of money rather than real monetary value (i.e. purchasing power).

Insight: Money illusion has three main effects. First is price stickiness: when nominal prices rise slowly even when inflation has caused real prices to rise. Second is that contracts and laws are not indexed to inflation as frequently as should rationally be expected. Third is that social discourse reflects confusion about real and nominal value.

Implication: Policy needs to correct for the fact that consumers and decision-makers may not account for inflation and fall under the influence of the “money illusion”.

[Quasi-hyperbolic Discounting and Retirement](#) (2002)

Context: Self-control problems can affect individuals' approaches to retirement.

Insight: An individual's present self may try to prevent her future self from retiring too early by saving less for retirement.

Implication: Products like annuities can help serve as a commitment device for individuals who are tempted to undersave or retire too early.

What current policy question(s) could be informed by behavioral science?

The question for any applied researcher with an eye on some policy issues is how important human deviations from rationality are and to what extent can you build them in. Tax policy is a place where behaviors matter and we don't have a good handle on how much they matter. For example, there's an ongoing debate on whether the top 1% will respond to a tax increase by lowering their taxable income so much that tax revenue rises very little or even drops. In my research, we conclude that raising the top tax rate is very likely to result in revenue increases at least until we reach the 50% rate that held during the first Reagan administration, and possibly until the 70% rate of the 1970s.



Angela Duckworth

University of Pennsylvania

Select Titles

Associate Professor of Psychology, University of Pennsylvania

Founder and Head, Duckworth Lab, University of Pennsylvania

MacArthur Fellow

Co-founder and Board Member, Character Lab

Domains

Developmental Psychology
Education
Neuroscience

[Website](#)

Angela Duckworth is an expert in developmental and positive psychology. Her research focuses on competencies outside of general intelligence that predict achievement such as self-control (the ability to regulate emotions, thoughts, and feelings in the service of valued goals) and grit (perseverance and sustained interest in long-term goals). She is Associate Professor of Psychology at the University of Pennsylvania and an ideas42 affiliate. She holds a Ph.D. and M.A. from the University of Pennsylvania, M.Sc. from the University of Oxford, and A.B. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[*Boring but Important: A Self-Transcendent Purpose for Learning Fosters Academic Self-regulation*](#) (2014)

Context: Important learning tasks can feel tedious to learners.

Insight: Students with more of a purpose for learning persisted longer on a boring task rather than give in to a tempting alternative and many months later, they were more likely to still be in college. Just promoting a sense of purpose through a one-time student intervention lead to improved academic performance in high school math and science over several months.

Implication: Making goal setting and a self-transcendent purpose more salient can be used as a tool to improve academic outcomes and help address the commonly reported problem that students lack interest in the classroom.

[*Self-Control and Grit: Related but Separable Determinants of Success*](#) (2014)

Context: General talent and opportunity are traditionally seen as the most important factors to success.

Insight: The authors explore two non-intelligence-based determinants of success: self-control and grit. Self-control is the capacity to regulate attention, emotion, and behavior in the presence of temptation. Grit is the tenacious pursuit of a dominant goal despite setbacks.

Implication: For policymakers and educators, this paper provides insights into identifying and fostering non-traditional characteristics of students that can promote individual achievement.

What concept(s) from behavioral science can be applied to education?

That non-intelligence-related behavioral traits like self-control or grit can be huge predictors of academic success. Grit is the quality that enables people to work hard and stick to their long-term passions and goals. Schools can incorporate the development of grit into their curricula by creating dual-purpose lessons that address both cognitive and non-cognitive goals. Persistence is a non-graded Common Core math standard, and I think you can capitalize on opportunities to demonstrate or illustrate it.



**Phoebe
Ellsworth**

University of
Michigan

Select Titles

Frank Murphy
Distinguished University
Professor of Law and
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University of Michigan
Law School

Fellow, American
Academy of Arts and
Sciences

Vice President, Death
Penalty Information
Center

Domains

Psychology in Law

Website

Phoebe Ellsworth is an expert in law and psychology. She has published widely on the subjects of perception and emotion, public opinion and the death penalty, as well as jury behavior. She is the Frank Murphy Distinguished University Professor of Law and Psychology at the University of Michigan and an ideas42 affiliate. She holds an A.B. from Radcliffe College and a Ph.D. from Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[*An Appraisal Theory of Empathy and Other Vicarious Emotions*](#) (2015)

Context: How do our perceptions of situations affect our ability to empathize with others?

Insight: People's ability to empathize with another person depends less on their perception of the other's emotional expression than on the match between their perception of the other's situation and the other's perception. If there is a mismatch, the viewer may misconstrue any emotional expression of the other person.

Implication: Policies designed to encourage charitable behavior or programs designed for marginalized communities must take account of how the potential beneficiaries perceive their situation, which may not match the policymaker's perception.

[*A Guide For Using And Interpreting What Jurors Tell Us*](#) (2011)

Context: Many studies around jury perception and decision making rely on self-report methods such as interviews and questionnaires.

Insight: There are many behavioral factors that threaten the validity of jurors' self-report depending on the topic under investigation. For example, the effect of race in jury decision-making often does not evoke full honesty; it is unusual for a person to admit to racist tendencies or recognize any subconscious influences of race.

Implication: The paper propose types of questions that will elicit reliable self-reports, which can serve as a guide for policymakers who seek to draw conclusions based on this information.

What current policy question(s) could be informed by understanding the influence of psychology within the justice system?

One psychological tendency influencing the justice system is confirmation bias: the tendency to uphold a view by focusing only on evidence that supports the hypothesis. In one study, we found that preference for hypothesis-consistent information could lead investigators to dismiss evidence that challenged their theory of a case and ultimately led to false conviction. But people are rarely cognizant of the many influences on their decision-making. Knowing more about psychological influences is extremely important to progressing toward a more fact-based and fair judicial process.



**Nicholas
Epley**

University of Chicago

Select Titles

John T. Keller Professor
of Behavioral Science,
University of Chicago
Booth School of
Business

2014 Fellow, American
Psychological
Association

Distinguished Scientific
Award for Early Career
Contribution to
Psychology (Social
Psychology, 2011),
American
Psychological
Association

Domains

Social Psychology

Website

Nicholas Epley is an expert in social psychology. He conducts research in the areas of social cognition, perspective taking, and intuitive human judgment. He is the John T. Keller Professor of Behavioral Science at the University of Chicago Booth School of Business and an affiliate of ideas42. He received his B.A. from Saint Olaf College and a Ph.D. in psychology from Cornell University.

Summaries of Recent Research Findings in Behavioral Science

[Mindwise: How We Understand What Others Think, Believe, Feel and Want](#)
(2014)

Context: In every personal and professional relationship, people make judgments and inferences about others' thoughts and feelings.

Insight: People make recurrent and frequent mistakes in our presumptions about others leading to frequent misunderstandings. We often think that we understand our spouses, family, and friends much better than we actually do.

Implication: It is important to remember that people's assumptions about others are often much more inaccurate than they think. Engaging in conversation instead of fully relying on one's own ability to imagine the point of view of others is paramount in reducing the negative impact of such misperceptions.

[Social Connection Enables Dehumanization](#) (2012)

Context: What are some of the psychological factors that influence our tendency to dehumanize others?

Insight: People feeling more socially connected were more likely to attribute diminished mental capabilities to others dissimilar to themselves. They were also more likely to recommend harsh treatment for dissimilar others.

Implication: This work provides evidence that feelings of social connection can increase the perceived distance between 'us' and 'them'. Dehumanization is enabled not just by hatred or aggression but also by more subtle psychological processes like indifference and social distance.

What policy question could be informed by the study of social cognition?

Social cognition can inform how to think more objectively about the ethical nature of a system. First, it identifies how our thinking on ethical behavior might be mistaken, overestimating the importance of individual attributes like good intentions and underestimating contextual attributes that guide behavior in powerful ways. Second, it identifies how people's inferences can enable unethical behavior. For example, seeing others as less than human is a precursor to moral disengagement, which enables people to actually treat them so. Understanding how social cognition can shape ethical action could help policymakers design systems that preclude this kind of thinking.



Paul Ferraro

Johns Hopkins University

Select Titles

Bloomberg Distinguished Professor of Business and Engineering, Johns Hopkins University

Co-Director, Center for Behavioral and Experimental Agri-environmental Research (CBEAR)

Senior Science Fellow, World Wildlife Fund

Domains

Ecosystems

Energy

Environmental Economics

Water

Website

Paul Ferraro is an expert in environmental policy. His research focuses on behavioral economics and the design and evaluation of environmental programs in the private and public sector. He is the Bloomberg Distinguished Professor of Business and Engineering at Johns Hopkins University. He holds a B.A. and M.S. from Duke University and received his Ph.D. at Cornell University.

Summaries of Recent Research Findings in Behavioral Science

[*How Protected Areas Affect Poverty through Changes in Ecosystem Services and Infrastructure Development: quantifying causal mechanisms*](#) (2014)

Context: Little is known about exactly how ecosystem conservation programs affect human welfare.

Insight: Ferraro quantifies the ways in which legally protecting an ecosystem affects poverty, focusing on three main mechanisms: changes in tourism, infrastructure and land use. After applying this approach to conservation areas of Costa Rica, nearly two-thirds of the resulting poverty alleviation was attributable to new opportunities created through tourism.

Implication: Messages promoting private action for the public good may be more cost-effective if they target individuals like frequent voters who are more predisposed to cooperate.

[*Are Voters More Likely to Contribute to Other Public Goods? Evidence from a Large-Scale Randomized Policy Experiment*](#) (2013)

Context: Are frequent voters more likely to contribute to other public goods? Ferraro sets out to answer this question by analyzing responses to water conservation messaging during a drought in the southeastern U.S.

Insight: Frequent voters in primary and general elections (1990–2008) were more responsive to water conservation messages.

Implication: This book is a resource for any policymaker looking to become better informed about behavioral economics and seeking to understand how the field can shape and benefit her work.

What concept from behavioral economics has had the most relevance to environmental policy?

Due to its cost effectiveness and relative ease of testing, efforts to influence behavior change around environmental health and conservation could benefit from more nudging. It has already shown efficacy, for example, for the administrators of the United States Conservation Reserve Program, who engaged more farmers to commit to environmental practices by behaviorally tweaking the messaging to emphasize how many people were already participating. Nudges are not going to solve the global problems of ecosystem conservation and climate change. They can, however, contribute cost-effectively to the solutions.



Baruch Fischhoff

Carnegie Mellon University

Select Titles

Howard Heinz University Professor, Carnegie Mellon University

Co-Chair, National Research Council Committee on Foundational Research in Cybersecurity

Founding Chair, Food and Drug Administration Risk Communication Advisory Committee

Domains

Decision-making

Health, Safety, Environment, Security

Risk & Benefit Analysis

Science communication

[Website](#)

Baruch Fischhoff is an expert in decision sciences. His research focuses on decision-making as it relates to risk and risk assessment. He is the Howard Heinz University Professor in the departments of Social and Decision Sciences and of Engineering and Public Policy at Carnegie Mellon University, and is an ideas42 affiliate. He holds a B.Sc. in Mathematics and Psychology from Wayne State University, and a M.A. and Ph.D. in Psychology from the Hebrew University of Jerusalem.

Summaries of Recent Research Findings in Behavioral Science

[Risk: A Very Short Introduction](#) (2011)

Context: Risks are risks everywhere—from genetically modified crops, medical malpractice, and stem-cell therapy to intimacy, identity theft, inflation, and robbery. Individuals and institutions need sound ways of managing risks without losing benefits.

Insight: Using simple conceptual frameworks from decision theory and behavioral research, the authors examine the science and practice of creating measures of risk, showing how scientists address risks by combining historical records, scientific theories, probability, and expert judgment.

Implication: This book provides a short introduction to the theories and methods of risks analysis, with special attention to the ethical and empirical assumptions underlying different approaches, and a wide array of examples and applications.

[Judgment and Decision Making](#) (2011)

Context: Behavioral decision research offers a distinctive approach to understanding and improving decision-making.

Insight: Fischhoff combines theory and method from multiple disciplines (psychology, economics, statistics, decision theory, management science), and employs both empirical and analytical methods to study and facilitate decision-making.

Implication: This book is a resource for any policymaker looking to become better informed about behavioral economics and seeking to understand how the field can shape and benefit her work.

How can communications around controversial topics, such as climate change or vaccinations, be better informed by behavioral science?

Science has a high ground as long as it takes a non-persuasive stance and is properly presented. It can lose that status quickly, if it appears to spin the facts for political or economic purposes. Scientists sometimes resort to spin when they feel that their audience can't understand the facts. Often, though, they have communicated poorly, then blamed their audience. Behavioral science shows why people exaggerate how well they communicate and how they can do better.



Susan Fiske

Princeton University

Select Titles

Eugene Higgins
Professor of Psychology
and Public Affairs,
Princeton University

Domains

Social Psychology

Website

Susan Fiske is an expert in social psychology. Her research focuses on emotional prejudices (pity, contempt, envy, and pride) at cultural, interpersonal, and neural levels. She is Eugene Higgins Professor of Psychology and Public Affairs at Princeton University and an affiliate of ideas42. She received her B.A. and Ph.D. in Social Psychology from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Intentional Harms Are Worse, Even When They're Not](#) (2013)

Context: Although people seek to combat harmful events, every harmful event cannot be addressed equally due to limited resources.

Insight: Evidence suggests that people see intended harms to be worse than unintended harms, even if the two harms were identical.

Implication: This work can have implications for the government's own response to harm by its constituents, the international community, and outside forces – for example, government resources may be over-allocated to guard against harms that feel highly intentional (e.g., terrorism), even in the face of data suggesting that humanitarian interests might be better served by dedicating some of these resources to combating other harms (e.g., global warming).

[The Human Brand](#) (2013)

Context: People tend to describe their relationships with brands in deeply personal ways—we hate our banks, love our smartphones, and think the cable company is out to get us.

Insight: Individuals surprisingly relate to companies as if they were people: consumers exhibit brand loyalty to a specific company if it is able to demonstrate that it genuinely serves consumer interests, is competent, and maintains an honest front.

Implication: Such insights on how people relate to brands, products, and services could inform policymakers' approach to business regulation as well as the way government agencies should interact with their constituencies.

What can behavioral science tell us about social inequalities?

We have to address inequality at a national level, but also at a personal level. As a society, we need to know that we are among the bottom third for inequality. Reducing inequality benefits the society as a whole, making people healthier and happier. But just as bad as extreme inequality is uncertainty about where one stands. In society, this comes from volatile economic conditions. People compare themselves to others more often when status is unstable and uncertain. While comparisons are inevitable sometimes, it can be harmful when this comparison leads to feelings of envy and scorn.



Craig Fox

University of California, Los Angeles

Select Titles

Ho-Su Wu Term Chair in Management, UCLA Anderson School

Professor of Psychology, UCLA College of Letters and Sciences

Professor of Medicine, UCLA Geffen School of Medicine

Co-founder & co-director, UCLA Interdisciplinary Group in Behavioral Decision Making

Domains

Behavioral Decision Theory

Website

Craig Fox is an expert in behavioral decision theory. His research focuses on judgments and decisions under conditions of risk, uncertainty, and ambiguity. He is the Ho-Su Wu Term Chair in Management at the UCLA Anderson School and an affiliate of ideas42. He received his B.A. from UC Berkeley, and his M.A. and Ph.D. from Stanford University. Fox is co-founder of the Behavioral Science & Policy Association.

Summaries of Recent Research Findings in Behavioral Science

[*Political Extremism Is Supported by an Illusion of Understanding*](#) (2013)

Context: People often hold extreme political attitudes about complex policies. They also tend to overestimate their understanding of how such policies actually work.

Insight: Asking people to explain policies in detail helped them realize when they overestimated their knowledge and led to the adoption of more moderate attitudes. Asking people to share only why they support certain policies did not have this effect.

Implication: Explanation can be used as a tool to help people understand how much they truly understand a topic and assuage the extremist views that can prevent the exchange of ideas.

[*Beyond Nudges: Tools of a Choice Architecture*](#) (2012)

Context: The way a choice is presented can have a lot of influence on what a decision-maker chooses. This paper helps choice architects—anyone who presents people with choices—to understand some of the most common behavioral biases in decision-making and to use tools to address them.

Insight: For example, a choice with too many options, such as choosing a drug benefit or retirement plan, can be unnecessarily taxing and lead to postponement or suboptimal decision-making. This paper offers guidelines to select acceptable numbers of options.

Implication: These behaviorally-informed tools in the hands of policymakers can lead to more optimally designed choices that help people make timely and better informed decisions.

What policy question could be informed by behavioral decision theory?

Much of my theoretical work investigates what you might call “Rumsfeld” psychology of decision under uncertainty: the role of known knowns, known unknowns, unknown unknowns, and what is knowable. For example, when we never experience an event we have a false sense of security that it will never happen. In many environments we miss opportunities to learn because we encode “near misses” as non-events (e.g. a medical error is corrected before killing a patient). By enforcing policies that require reporting of “near misses” we can convert “unknown unknowns” into “known unknowns” that facilitate learning and better decision-making.



**Shane
Frederick**

Yale University

Select Titles

Professor of Marketing,
Yale School of
Management

Domains

Behavioral Economics
Consumer Finance

Website

Shane Frederick is an expert in judgment and decision-making. His research focuses on intertemporal choice, decision-making under risk, the role of cognitive abilities on preferences, and preference measurement. He is a Professor of Marketing at the Yale School of Management. He received his B.S. in Zoology from the University of Wisconsin, his M.S. in Resource Management from Simon Fraser University, and his Ph.D. in Decision Sciences from Carnegie Mellon University.

Summaries of Recent Research Findings in Behavioral Science

[A Reference Price Theory of the Endowment Effect](#) (2012)

Context: Research has shown evidence of the endowment effect: acquiring an object seems to increase its value to the owner, even if she did not choose to acquire it. The endowment effect has been explained as an aversion to giving up one's possessions.

Insight: In contrast to these explanations of the endowment effect, the authors find that the endowment effect is influenced more by reference prices than ownership status, and that the effect shrinks or disappears when reference prices are in line with consumer's valuations.

Implication: This finding is particularly applicable to trial periods, which may backfire by emphasizing a very low reference price that deters purchase when the trial ends.

[Characterizing perceptions of energy consumption](#) (2011)

Context: Individuals may systematically underestimate how much energy appliances use, potentially deterring them from adopting more-efficient appliances.

Insight: Frederick and his co-authors find that whether consumers underestimate is determined by their reference point. In their study, participants underestimated energy use when presented with some appliances, and overestimated in the case of others.

Implication: Policymakers should not assume that individuals systematically underestimate appliance energy use, but should instead probe more deeply into how reference points can affect consumer judgments.

What would you say is the difference between behavioral science and other fields that rely on a rational decision-making model?

Behavioral science embraces the idea that people may think about the same thing in different ways. The same object can yield systematically different evaluations by focusing attention on a subset of features or by describing the features differently. Other fields want to define the object in terms of its formal properties. It has this probability, for example.



**Roland
Fryer**

Harvard University

Select Titles

Henry Lee Professor of
Economics, Harvard
University

MacArthur Fellow

John Bates Clark
Medal (2015)

Founder and Faculty
Director, Education
Innovation Laboratory,
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Domains

Education

Labor Economics

Racial Inequality

Website

Roland Fryer is an expert in education and racial inequality. He has extensively investigated policies that attempt to improve educational outcomes and economic opportunities of children from disadvantaged backgrounds. He is the Henry Lee Professor of Economics at Harvard University. He holds a Ph.D. from the Pennsylvania State University and a B.A. *magna cum laude* from the University of Texas at Arlington.

Summaries of Recent Research Findings in Behavioral Science

[*The Impact of Voluntary Youth Service on Future Outcomes: Evidence from Teach for America*](#) (2015)

Context: Nearly one million youth have participated in service programs such as Peace Corps and Teach for America (TFA), and annual government spending in support of such programs is hundreds of millions of dollars. How does serving in TFA affect volunteers?

Insight: TFA participation increases racial tolerance, makes people more optimistic about poor children's life prospects, and makes them more likely to work in education.

Implication: TFA service appears to impact an individual's values and career decisions. Youth service, particularly when it involves extended periods of intergroup contact, may not only help disadvantaged communities, but also help create a more socially conscious and racially tolerant society.

[*Teacher Incentives and Student Achievement: Evidence from New York City Public Schools*](#) (2013)

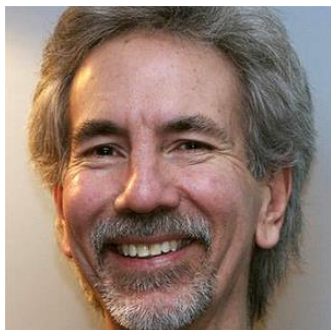
Context: Providing financial incentives for teachers to increase student performance is becoming a popular policy around the world.

Insight: There is no evidence that teacher incentives increase student performance, attendance, or graduation in NYC. Teacher incentive programs may decrease student achievement, especially in larger schools, because they are too complex and provide teachers with too little agency.

Implication: The costs and benefits of teacher incentive programs should be rigorously assessed within the specific context before trying to scale.

What is an important behavioral insight you've found in your research?

If you want to understand someone's behavior, you ought to see which direction the incentives are pointing. Adults all realize that if you get a better education and you go to college, you'll reap the rewards. It's unclear whether or not an eight year old understands that. Even if they understand it, it's so far in the future. I try to create a bridge between the incentives that adults understand and the everyday actions of a third grader. I hope to do anything and everything to equalize education opportunities.



**Tom
Gilovich**

Cornell University

Select Titles

Irene Blecker Rosenfeld
Chair of Psychology,
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Co-director, Cornell
Center for Behavioral
Economics and
Decision Research

Domains

Behavioral Economics
Social Psychology

Website

Tom Gilovich is an expert in social psychology. His research focuses on how people evaluate information in their everyday and professional lives, and how they use that information to draw conclusions, form beliefs, and embark on courses of action. He is the Irene Blecker Rosenfeld Chair of Psychology at Cornell University and an affiliate at ideas42. He holds a B.A. from the University of California, Santa Barbara and a Ph.D. from Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[One-Shot Illusory Correlations and Stereotype Formation](#) (2007)

Context: We often perceive illusory correlations based on weak and limited evidence.

Insight: People often mistakenly believe that seeing a single instance of an unusual behavior by a member of an uncommon group means that that behavior is typical of most members.

Implication: It is important to consider this tendency to make incorrect generalizations when trying to understand or draw conclusions about populations with which one may not often interact.

[Peering into the Bias Blind Spot: People's Assessments of Bias in Themselves and Others](#) (2005)

Context: We are less likely to detect bias in ourselves than in others.

Insight: We sometimes think we are guilty of bias in the abstract, but rarely think so in any specific instances. Additionally, we often believe that our own insights on an issue are derived from truths, while differing views of others are based on sources of bias.

Implication: Realizing that we are often susceptible to biases and that the biases of others result from natural psychological processes rather than malicious strategies to gain advantage may help increase understanding and diffuse conflict.

What current policy question could be informed by your study of decision-making?

Any policy debate could be enhanced if all of us decided to see the world in shades of gray rather than in black and white. To realize how endemic our biases really are, we need to understand that we see the world through a small peephole, that we are vulnerable to framing. We are, for example, only able to keep seven, plus or minus 2, things in our mind at once. We fall prey to many biases and limitations to our thinking that we don't realize, and therefore we need to be more humble about what we know and open to the evidence that may conflict our deeply held beliefs.



Francesca Gino

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Francesca Gino is an expert in organizational behavior and decision-making. Her research focuses on judgment, decision-making, ethics, engagement, and productivity. She is a Professor of Business Administration in the Negotiations, Organizations & Markets Unit at Harvard Business School and an affiliate of ideas42. Francesca holds an M.S. and Ph.D. in economics and management from the Sant'Anna School of Advanced Studies in Pisa and is a magna cum laude graduate of the University of Trento.

Summaries of Recent Research Findings in Behavioral Science

[Sidetracked](#) (2013)

Context: Simple, irrelevant factors can have profound consequences on people's decisions and behavior, often diverting individuals from their original plans and desires.

Insight: A mismatch is most likely to occur between what people want and what they end up doing through three sets of forces that influence decision-making: (1) self perceptions and attitudes, (2) social influence, and (3) the context in which people operate and make choices.

Implication: Policy can be better informed by taking into account how people make decisions and what unexpected factors may sway choices at the moment of decision.

[Leaders as Decision Architects](#) (2015)

Context: There are two main causes of poor decision-making: insufficient motivation and cognitive biases.

Insight: The authors propose an approach for leaders and policymakers to encourage good decision-making: (1) Understand the systematic errors in decision making that can occur, (2) determine whether behavioral issues are at the heart of the poor decisions in question, (3) pinpoint the specific underlying causes, (4) redesign the decision-making context to mitigate the negative impacts of biases and inadequate motivation, and (5) rigorously test the solution.

Implication: Policymakers will find that altering the choice environment can be a more cost-effective method than monetary incentives to improve decision-making at a large scale.

How can behavioral science apply to group decisions and teamwork?

Research shows that people tend to have inaccurate beliefs about their skills and abilities. In team interactions, this tendency leads us to focus too much on our own knowledge and point of view and too little on the views and knowledge of others. The best way to consider the view of others is to start by raising our own awareness. By doing so, we can keep our self-views in check and recognize when they may be taking us off track.



Uri Gneezy

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Negotiations
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Website

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Summaries of Recent Research Findings in Behavioral Science

[Relative Pay and Labor Supply](#) (2012)

Context: People judge the fairness of a wage based on what others receive for similar jobs and the history of past wages. Do wage comparisons influence job output?

Insight: People who knew others were paid more for the same job worked at the same performance level but for a smaller amount of time. If people were not aware of the pay difference or were given a reason for it, the effect was eliminated.

Implication: Any policy that affects wages should be considered in terms of how workers may perceive the changes and how this may impact their job performance.

[When and Why Incentives \(Don't\) Work to Modify Behavior](#) (2011)

Context: Incentives are commonly used to motivate behavior change. However, incentives can be advantageous or harmful based on the way they influence behavior.

Insight: A reward for academic performance, for example, could signal that reaching the goal is difficult for those being offered the reward. For altruistic actions like donating blood, an incentive could actually de-motivate people who may have been willing to help without it because their intrinsic motivation could be misconstrued as a desire for the reward.

Implication: Considering the behavioral components of how incentives are designed, interact with motivation, and shape the situation can help shed light on the appropriateness of its use.

What policy issue could be informed by better understanding incentives?

Incentives are often focused on changing immediate behavior. For lasting impact, there needs to be focus on how incentives can get at underlying motivations. For example, the Work Opportunity Tax Credit gives an added benefit to employers that hire specific groups like government aid recipients or ex-felons. Although the incentive may provide people with more job opportunities, it can send a message that employers deserve compensation for hiring a potentially less effective employee. Design and communication around these incentives need to be considered carefully.



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Crystal Hall conducts research on decision-making in the context of poverty. She is an Assistant Professor at the Evans School of Public Affairs University of Washington and an affiliate of ideas42. She holds a Ph.D. and M.A. in Psychology from Princeton University and a B.S. from Carnegie Mellon University in decision science and policy and management.

Summaries of Recent Research Findings in Behavioral Science

[Self-Affirmation Among the Poor May Lead to Increased Uptake of Benefits](#) (2014)

Context: The stigma of poverty includes feeling shunned, disrespected, and being perceived as incompetent, which leads the poor to forego public programs.

Insight: In an experiment at an inner-city soup kitchen, individuals that were asked to verbally describe a personal experience that made them feel successful or proud exhibited better executive control, higher fluid intelligence, and a greater willingness to take up flyers promoting benefits programs.

Implication: The findings suggest that self-affirmation may have important (and low cost) policy implications, particularly for program uptake.

[The Illusion of Knowledge: When More Information Reduces Accuracy Yet Increases Confidence](#) (2007)

Context: Intuitively, it seems that having more information would help people make more accurate predictions.

Insight: More knowledge can actually decrease accuracy while increasing prediction confidence: being given basketball team names in addition to statistics actually decreased accuracy in game outcome prediction – people betted more on familiar teams and did not rely on statistics.

Implication: These results have policy-relevant implications for how much and what information should be given to people to help them make the best decisions for themselves.

What current policy questions could be informed by stereotype threat?

We all know what the word “stereotype” means, but we might not understand the magnitude of the effects of stereotyping when someone perceives their self-worth negatively. By more effectively considering the world from the perspective of the poor and their self-image, policymakers can more effectively mobilize collective resources to aid this population.



Johannes Haushofer

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International
Development

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Johannes Haushofer is an expert in neurobiology, behavioral economics, and development economics. His research asks whether poverty has particular psychological and neurobiological consequences, and whether these consequences affect economic behavior. He is Assistant Professor of Psychology and Public Affairs at Princeton University and an affiliate of ideas42. Johannes has a B.A. from Oxford, a Ph.D. in Neurobiology from Harvard University, and a Ph.D. in Economics from the University of Zurich.

Summaries of Recent Research Findings in Behavioral Science

[Household Response to Income Changes: Evidence from an Unconditional Cash Transfer Program in Kenya](#) (2013)

Context: Direct cash transfers are a common approach to poverty reduction. However, not much is currently understood about the effect of unconditional transfers on low-income households' consumption and psychological well-being.

Insight: Unconditional cash transfers reduced hunger, increased investment in and revenue from small businesses, enabled asset building by the poor, and improved psychological well-being.

Implication: Policymakers can take insights from this study to model the consumption and savings choices of households, as well as to inform the design of tax and transfers policy, labor market policy, and insurance markets.

[The Cost of Keeping Track](#) (2015)

Context: People frequently decide between completing transactions (e.g. paying a bill, cashing a check) immediately or in the future, which can have economic consequences (e.g., late fees).

Insight: People may fail to finish a task because they forget or external factors get in the way. As such, some prefer to pre-castinate (i.e., get painful transactions over with) or pay for reminders.

Implication: Accounting for "pre-castination" can be useful in development. Uptake of tools like water chlorination or fertilizer can be prompted by making tools available when their use is most salient (e.g. having chlorine dispensers at water sources), instead of relying on people to keep track of using it in the future.

What insights from psychology can be applied to poverty alleviation?

The psychological feedback loop that keeps the poor trapped in poverty has three links: poverty causes stress and negative emotions, which lead to shortsighted and risk-averse decision-making, which can, in turn, exacerbate poverty. New indicators, both self-reported and biometric, offer hope of tracking the welfare of poor people more directly than the established metrics (such as income and consumption) and should be used in concert with other lessons from psychology around poverty.



Chip Heath

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Behavior, Stanford
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Decision-making
Organizational
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Chip Heath is an expert in organizational behavior. His research focuses on two questions: What makes ideas succeed in the social marketplace of ideas, and how can people design messages to make them stick? How do individuals, groups, and organizations make important decisions and what mistakes do they make? He is the Thrive Foundation for Youth Professor of Organizational Behavior in the Stanford Graduate School of Business. He holds a Ph.D. from Stanford University and a B.S. from Texas A&M University.

Summaries of Recent Research Findings in Behavioral Science

[Decisive: How to Make Better Choices in Life and Work](#) (2013)

Context: Our decisions are disrupted by biases and irrationalities: we are overconfident, get distracted by short-term emotions, focus too narrowly, and downplay information not in line with our beliefs.

Insight: Based on an exhaustive study of the decision-making literature, the authors present a four-step "WRAP" process designed to counteract these biases: (1) Widen your options; (2) Reality-test your assumptions; (3) Attain distance before deciding; and (4) Prepare to be wrong.

Implication: These insights can help policymakers and leaders be more aware of the psychological biases that may affect their decision-making and help them to make sounder choices.

[Switch: How to Change Things When Change Is Hard](#) (2010)

Context: People often claim to dislike change or find it difficult to face.

Insight: People have two separate "systems" in their brains—one rational and one emotional. The rational system is a thoughtful, logical planner while the emotional system is impulsive and instinctual. When these two systems are aligned, change can come easily. When they're not, change can be grueling.

Implication: The framework of the rational vs. emotional systems demonstrates how to bring about the desired change.

What can behavioral science tell us about complex decision-making?

Experts, if making decisions on their own, can be overconfident in their knowledge and underestimate blind spots. For example, doctors are highly respected for their knowledge and skills but they are people too and thus make mistakes. Unfortunately, learning and growing from mistakes can be difficult, especially when you're the expert. One program countered this by bringing together all doctors caring for a single, complex patient. Although they practiced in the same facility, this was the first time the 13 medical specialists directly exchanged information as a group. By increasing their communication – and encouraging them to listen and learn from each other's expertise – the quality of their patient care and clinical outcomes improved, and they were less prone to error.



**Eric
Johnson**

Columbia University

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Consumer Decisions
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Eric Johnson is an expert in behavioral decision research. His research focuses on the interface between economics and the decisions made by consumers and managers, as well as their implications for public policy, markets and marketing. He is the Norman Eig Professor of Business at Columbia University and an affiliate of ideas42 and The Greatest Good. He holds a B.A. from Rutgers University, and an M.S. and Ph.D. from Carnegie Mellon University.

Summaries of Recent Research Findings in Behavioral Science

[Sounds Credit Scores and Financial Decisions Despite Cognitive Aging](#)
(2014)

Context: Age-related declines in cognitive ability raise the concern that older adults facing major financial decisions may find them increasingly challenging.

Insight: Knowledge from past decisions can offset age-related cognitive declines. Older adults have less fluid intelligence (the ability to think through new problems), but have more crystalized intelligence (the ability to use skills, knowledge, and experience). Policymakers can reduce reliance on fluid intelligence by limiting the number of provided options and preventing people from being overwhelmed by too many choices.

Implication: The findings can help to illuminate retirement and social security decisions and help to craft more effective policy for older users.

[Can Consumers Make Affordable Care Affordable? The Value of Choice Architecture](#) (2013)

Context: Tens of millions of people are currently choosing health coverage on a state or federal health insurance exchange as part of the Patient Protection and Affordable Care Act.

Insight: Consumers left to their own devices seem to make large errors when choosing health insurance, suggesting they will select options that are not cost-efficient and appear to be unaware of their failure. However, performance can be improved if the exchange design provides calculation aids, just-in-time education, and "smart" defaults.

Implication: Implementing these principles could save purchasers of policies and taxpayers approximately 10 billion dollars every year.

What current policy questions could be informed by understanding consumer decision-making?

I think that any policy question that has to do with defaults can benefit from a better understanding of consumer choice making. Whenever the government sets a default choice for entering a program or a financial contribution, the default choice is a powerful one. It can be made to benefit the consumer if we understand the way they make choices.



Christine Jolls

Yale University

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Yale Law School

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Christine Jolls is an expert in behavioral law and economics. Her research focuses on employment law, government administration, consumer protection, and privacy law. She is the Gordon Bradford Tweedy Professor of Law and Organization at Yale Law School and is an affiliate of ideas42. She holds a B.A. in Economics and English from Stanford University, a J.D. from Harvard Law School, and a Ph.D. from the Department of Economics at Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

[Behavioral Law and Economics](#) (2007)

Context: Law and economics had a critical and early point of contact with behavioral economics through the debate surrounding the endowment effect – the hypothesis that people ascribe more value to items merely because they own them.

Insight: Concepts from behavioral economics like the endowment effect have been applied in many important legal contexts like contract law and whether or not it should allow for renegotiation.

Implication: Designing legal rules and institutions so that legal outcomes don't fall into problems of bounded rationality, willpower, or self-interest can help people overcome barriers to good decision-making.

[The Law of Implicit Bias](#) (2006)

Context: Most people have an implicit and unconscious bias against members of traditionally disadvantaged groups; this poses a special challenge for antidiscrimination law because it suggests that people are treating others differently even when they are unaware of doing so.

Insight: Some aspects of current law operate, whether intentionally or not, as controls on implicit bias: antidiscrimination law should be based on a realistic understanding of human behavior.

Implication: Policies can be designed to protect consumers against their own mistakes or limit the effects of implicitly biased behavior: the legal system does and should attempt to de-bias those who suffer from consumer error—or who might treat people in a biased manner.



Damon Jones

University of Chicago

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Damon Jones is an expert in public and household finance. His research focuses on the economics of U.S. welfare programs and financial decision-making at the household level. He is an Assistant Professor at the University of Chicago's Harris School of Public Policy Studies. He holds a Ph.D. from the University of California at Berkeley and a B.A. from Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[*Inertia and Overwithholding: Explaining the Prevalence of Income Tax Refunds*](#) (2012)

Context: Taxpayers with lower incomes are most likely to overwithhold on their taxes and get tax refunds, although they have limited (or even zero) tax liability. This results in low-income households paying relatively high interest rates to finance consumption until their refund arrives and, in some cases, paying additional fees to accelerate the delivery of the refund.

Insight: Default withholding rules in the US generally predispose individuals toward refunds, particularly those of lower-income households. This paper asserts that people overwithhold on their taxes due to inertia, or the low likelihood of making any changes from the status quo, even when tax liability is changed.

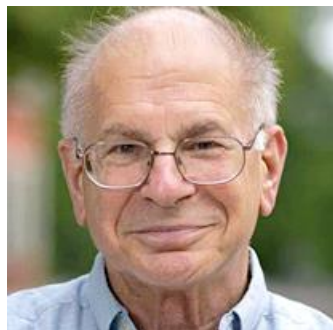
Implication: Given the evidence on inertia, policymakers should consider that default withholding rules may generate inefficiently high amounts of tax prepayments and result in costly constraints on liquidity for low-income households throughout the year.

[*Information, Preferences and Social Benefit Participation: Evidence from the Advance Earned Income Tax Credit and 401\(k\) Savings*](#) (2010)

Context: The Earned Income Tax Credit (EITC) is the largest cash transfer program in the U.S., constituting up to 40% of income for some households. Some households are eligible for Advance EITC payments and would benefit from it, however take-up remains low.

Insight: A suite of behavioral interventions—like reducing administrative hassles, simplifying the enrollment process and diminishing stigma—increased Advance EITC participation from 0.3 to 1.2%. Adding 401(k) savings encouragement to the suite of interventions did not lead to any additional increase in Advance participation, but, on its own, the 401(k) encouragement increased 401(k) participation from 46 to 50 percent.

Implication: The paper suggests ways to tweak the Advance EITC process—for example, reducing the confusion regarding eligibility, or making Advance EITC the default option (as opposed to the usual lump sum EITC)—that can help more eligible households take up and receive benefits.



Daniel Kahneman

Princeton University

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Nobel Memorial Prize in Economic Sciences (2002)

Presidential Medal of Freedom (2013)

Eugene Higgins Professor of Psychology, Emeritus, Princeton University

Professor of Psychology and Public Affairs, Emeritus, and Senior Scholar, Woodrow Wilson School, Princeton University

Domains

Psychology
Decision-making

Website

Daniel Kahneman is an expert in psychology. His research focuses on biases in judgments and decision-making, which inspired the creation of the field of behavioral economics. He is a Nobel Laureate, the Eugene Higgins Professor of Psychology and Public Affairs, Emeritus, at Princeton University, and an advisor to ideas42. He holds a B.A. from the Hebrew University in Jerusalem and a Ph.D. from the University of California, Berkeley.

Summaries of Recent Research Findings in Behavioral Science

[Thinking, Fast & Slow](#) (2011)

Context: Our decisions can be interpreted as the result of two “systems” at work in our brains: the fast thinking System 1, which is emotional and intuitive, and the slower System 2, which is more logical and thorough.

Insight: The fact that we often rely heavily on the intuitive System 1 results in a variety of systematic biases that can have negative and often unnoticed consequences on our decision-making.

Implication: Awareness of these biases – such as our tendency to be overly optimistic about our prospects of success or to underestimate the time it will take us to complete a task – can help to better inform public policy decisions.

[Making Low Probabilities Useful](#) (2001)

Context: People are innately bad at interpreting and evaluating low probability events with extreme consequences.

Insight: In many cases, we essentially equate an event with a very low probability to one that has zero probability and thus do not take appropriate action to guard against the consequences.

Implication: In order to accurately evoke people’s perception of risk, low probability-high consequence events should be portrayed using contextual detail and scenarios, rather than in terms of probability or numbers.

What current policy question could be informed by psychology?

Insights from psychology could help to reduce poverty. Currently, we put too much emphasis on policies that aim to increase life satisfaction when we should put more emphasis on those intended to reduce misery. This approach would lead to a greater emphasis on addressing poverty. Research has shown that while having a lot of money doesn’t necessarily improve your emotional state, having only a little money certainly makes you suffer. Being poor, especially in the U.S., is emotionally draining and exacerbates negative experiences resulting from problems like health issues, loneliness, stress or joblessness. Interventions like neighborhood health clinics to improve the healthcare experience are geared toward minimizing time spent in a negative emotional state.



**Ariel
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Ariel Kalil is a developmental psychologist who studies economic conditions, parenting, and child development. Her research focuses on the historical evolution of income-based gaps in parenting behavior and children's cognitive and non-cognitive skills. She is a Professor in the Harris School of Public Policy Studies at the University of Chicago and an ideas42 affiliate. She received her B.A. from the University of Wisconsin-Madison, M.A. from the University of Colorado, Boulder, and Ph.D. from the University of Michigan.

Summaries of Recent Research Findings in Behavioral Science

[*Inequality Begins at Home: The Role of Parenting in the Diverging Destinies of Rich and Poor Children*](#) (2015)

Context: Children face very different chances of getting ahead in life depending on the circumstances of their birth. What role do parents play in closing the gap in student achievement across socio-economic lines?

Insight: Large-scale parenting interventions have yielded modest effects and rarely result in long-term changes in children's cognitive skills. However, Kalil outlines several behavioral insights that could be used to motivate parents to invest more effort in their children.

Implication: Incorporating behavioral insights into parent-targeted policies and programs has the potential to better encourage parents to engage their children in enriching activities and, overall, reduce inequality in children's skill development.

[*Developmental Psychology and Poverty in Global Contexts: The Role of the Family*](#) (2014)

Context: Poverty affects children's health, learning, and behavior.

Insight: While development gaps exist between the rich and poor, motivating low-income parents to engage more with their children in enriching activities (e.g. reading, singing, homework) can help to bridge gaps and foster success.

Implication: These findings highlight the importance of considering and addressing family mechanisms within new and existing program and policy approaches in early childhood. Parents' behavior should be central targets of early childhood development interventions in education, health, and other areas to improve children's development.

How can behavioral science be applied to childhood development?

We know that the gaps in children's achievement and behavior are due at least in part to the substantial differences in parenting in rich and poor families. Tapping into behavioral science enables us to identify and remedy 'behavioral bottlenecks' that stifle optimal parental engagement and long-term behavior change among economically disadvantaged parents.



**Dean
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Dean Karlan is an expert in behavioral economics and development economics. His research focuses on low-income household and entrepreneurial finance, and health behavior modification (e.g., smoking cessation). He is Professor of Economics at Yale University, the President and Founder of Innovations for Poverty Action, as well as an ideas42 affiliate. He received his B.A. from the University of Virginia, an MBA and MPP from the University of Chicago, and a Ph.D. from MIT.

Summaries of Recent Research Findings in Behavioral Science

[More than Good Intentions](#) (2012)

Context: International development and microfinance have new tools at their disposal to improve effectiveness of aid programs: behavioral science and rigorous evaluation techniques.

Insight: The application of these tools has improved outcomes for some of the world's most vulnerable: in Kenya, improved information on the risks of contracting HIV has led to young girls changing their sexual behavioral and decreasing HIV transmission rates. In Peru, reminding savers about their specific savings goal increased their savings rates.

Implication: Science-based interventions have the potential to further improve development and transform the well-being of millions around the world.

[Getting to the Top of Mind: How Reminders Increase Savings](#) (2010)

Context: It can be hard to budget or save for upcoming expenses that are not frequent and therefore not top of mind. Other shorter term needs often get in the way and can distract from longer term savings goals.

Insight: A reminder that draws attention to long-term plans coupled with specific savings goals makes the future more salient: reminders for savings in Peru, Bolivia, and the Philippines increased the probability that a savings goal was reached by 3%.

Implication: Reminders timed at the right moments can be very low cost interventions to encourage follow through on actions.

What concepts from behavioral economics have had the most relevance to international development and microfinance?

We all have goals in our lives, whether they are saving money or eating healthier, but we frequently fall victim to temptation and do not follow through with our plans. Commitment devices and even reminders are very powerful tools for empowering us to reach our long-term goals. There is a strong and continuously growing body of evidence that they are effective at increasing savings and investment.



Lawrence Katz

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Labor Economics
Poverty

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Lawrence Katz is an expert in labor economics and the economics of social problems. His research spans a wide array of topics, including the impacts of neighborhood poverty on low-income families, labor market returns to education, and the historical evolution of career and family choices and outcomes for U.S. college men and women. He is the Elisabeth Allison Professor of Economics at Harvard University. He holds a B.A. from UC Berkeley and a Ph.D. from the Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

[Reducing Inequality: Neighborhood and School Interventions](#) (2015)

Context: Differences in socioeconomic status are increasingly linked to division of neighborhoods and schools, which in turn has effects on health, education, risky behaviors, and economic outcomes.

Insight: Neighborhood improvements are more effective than school improvements at reducing physical and mental health inequalities and improving well-being. Improvements in school quality are more effective in decreasing persistent economic and educational inequalities and reducing risky behaviors.

Implication: The distinct effects of neighborhood vs. school improvements indicate that it is important for policymakers to choose the appropriate intervention to reach the desired outcome.

[Notes on Behavioral Economics and Labor Market Policy](#) (2012)

Context: Labor market policies succeed or fail based on how well they reflect or account for the behavioral influence on responses.

Insight: Behavioral tendencies like procrastination and being averse to complexity affect labor market choices. For example, people may not want to take jobs that pay less than their previous ones although the current job market may make it difficult to find a position at their old salary level. Wage-loss insurance may help encourage such workers to accept new jobs that pay less.

Implication: This paper suggests ways in which behavioral science can be applied to inform and improve current labor policy.

What behavioral concepts are most relevant to labor policy?

The main policy instrument to support the unemployed as they seek jobs is unemployment insurance (UI). A behavioral tendency that may not always get accounted for in standard UI models is imperfect self-control, which may lead Individuals to procrastinate in their job search even if it is against their self-interest. This complicates the situation by creating potential conflicts between an unemployed individual's current and future selves as well as the standard conflict between the benefits of the recipient and the program operators. Incentives in UI programs should account for behavioral tendencies like procrastination to operate more effectively.



Derek Koehler

University of Waterloo

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Decision-making

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Derek Koehler is an expert in decision-making psychology. His research focuses on the intuitive assessment of uncertainty involved in planning, prediction, and decision-making in everyday contexts. He is Professor of Psychology at the University of Waterloo and an affiliate of ideas42. He holds a B.S. in psychology from the University of Wisconsin, Madison and a Ph.D. in psychology from Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[*Good Intentions, Optimistic Self-Predictions, and Missed Opportunities*](#) (2011)

Context: People are often overly optimistic that they will engage in future behaviors even though this can be costly.

Insight: When working toward a savings goal, people strongly intended to save, made overly optimistic self-predictions even when it was costly to do so, and were willing to pay very little for a service that could help them save more because they did not anticipate its impact on their future behavior.

Implication: Institutions can structure choices presented to individuals that encourage them to act in their own best long-term interests: understanding and addressing optimistic self-prediction can inform the design of financial products and services in the consumer's interest.

[*On the Evaluation of One-sided Evidence*](#) (1996)

Context: People do not compensate sufficiently for missing information, even if it is clear that the information is incomplete: subjects who saw arguments for only one side of a legal dispute were more confident but generally less accurate than subjects who saw both sides.

Insight: A simple intervention of asking subjects to evaluate the relative strength of the opponent's side greatly reduced the tendency to under-weigh missing evidence.

Implication: These findings have policy implications, specifically regarding situations in which the outcomes of a legal dispute are utilized to inform policy decision-making.

What insights from behavioral science can help encourage consumers to save more?

Filling out biweekly progress reports can enable people to boost their savings. People who monitored their progress were almost 20% more likely to hit their savings target than those who didn't fill out progress reports. People consistently deny the need for such prompting, but there isn't any denying that the prompting is effective. There isn't a reason why you couldn't use a smart phone or calendar software to set up do-it-yourself prompts.



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Michael Kremer is an expert in development economics. His recent research examines education and health in developing countries, immigration, and globalization. He is the Gates Professor of Developing Societies in the Department of Economics at Harvard University. He received his Ph.D. and A.B. *magna cum laude* from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Education, HIV, and Early Fertility: Experimental Evidence from Kenya](#) (2014)

Context: It is widely believed that increasing female education is critical to reducing fertility rates and improving maternal and child health.

Insight: In Kenya, education subsidies in which free school uniforms were provided to female students reduced rates of adolescent girls' dropout, pregnancy, and marriage but not sexually transmitted infection. The Kenyan government's abstinence-only HIV education program, ineffective on its own, reduced the impact of the education subsidy, both on schooling and on fertility.

Implication: For girls, the opportunity to go to school can be a powerful and inexpensive motivating force to delay their first pregnancy.

[Behavioral Biases and Firm Behavior: Evidence from Kenyan Retail Shops](#) (2013)

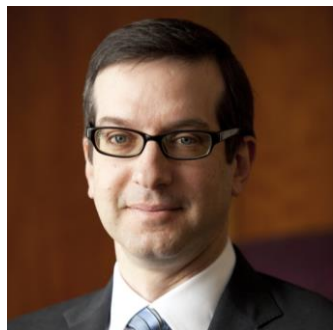
Context: Small business owners in developing countries often leave profitable investments unexploited – this may be due to the tendency to dislike risk even in small stakes gambles.

Insight: Partly due to loss aversion – disliking a loss more than liking an equivalent gain – some shopkeepers fail to make small inventory investments with high expected returns. Those who accepted more small risky gambles and those who had higher math scores were more likely to have greater inventories and higher profits.

Implication: The finding that small business owners behave with loss aversion, leading to missed profit opportunity, supports the argument that social safety nets could increase investment among small business owners more generally.

What behavioral science concepts can be applied to improve education in developing countries?

Applying an understanding of social norms can be immensely helpful. Children are highly influenced by their peers. Research shows that when conditional cash transfers induce the poor to go to school more, those who are slightly better off and not eligible for the program also go more, presumably because it's not much fun being out of school if all your playmates are there. Similarly, in Kenya, when the best-performing girls were offered scholarships, they worked harder and attended school more, as one might expect. But so did boys, teachers, and other girls.



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Summaries of Recent Research Findings in Behavioral Science

[\\$100 Bills on the Sidewalk: Suboptimal Investment in 401\(k\) Plans](#) (2011)

Context: Although classical economics suggests that providing the right incentives and information will lead people to make financially optimal decisions, this assumption may not always hold.

Insight: People who were losing out on profit because their 401(k) contributions were below the employers' match threshold did not change their contribution rates even after being educated about the free money they were forgoing.

Implication: As this study casts doubt on the ability of information and monetary incentives to motivate savings, it implies the need to bring a behavioral lens to identify new ways to prompt long-term savings.

[Self Control and Liquidity: How to Design a Commitment Contract](#) (2011)

Context: Individuals have self-control problems that lead them to spend money when they had previously planned to save it.

Insight: When different account types had the same interest rate, people allocated less money into an unrestricted liquid account and more money into a restrictive commitment account that disallowed early withdrawals.

Implication: These results suggest that people appreciate the value of account restrictions, and that there may be a role for deposit products with larger penalties on early withdrawals as a means to encourage savings.

What concept from behavioral science has had the most relevance to health insurance?

Government and firms can help us make better choices. The idea is to create environments in which good behavior is easy. For example, having medicine mailed home is more efficient and less expensive than a pharmacy visit. We asked people to actively choose between home delivery and pharmacy pickup. With active choice, about half of the population of people taking chronic medicine chose home delivery. Before, almost nobody did. The firm that tried this saved \$1.2 million of costs in that first year, most of which benefitted the patients. Active-choice implementation of home delivery is saving hundreds of millions of dollars each year in the U.S. healthcare system.



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Adam Seth Levine is an expert in political communication and economic inequality. His research focuses on how the language used to describe policies, social problems, and politics affects whether people pay attention, what attitudes they hold, and the degree to which they are willing to become politically active. He is an Assistant Professor in the Department of Government at Cornell University and an ideas42 affiliate. He received a Ph.D. and M.A. from the University of Michigan, as well as a B.A. *magna cum laude* from Cornell University.

Summaries of Recent Research Findings in Behavioral Science

[*American Insecurity: Why Our Economic Fears Lead to Political Inaction*](#)
(2015)

- Context:** Americans face many threats to their financial well-being, like job insecurity, health care costs, and spiraling college tuition. While one might expect these concerns to motivate people to become more politically engaged, this often doesn't happen.
- Insight:** The very arguments intended to mobilize individuals around these issues—asking them to devote money or time to politics—remind citizens of their economic fears and personal constraints, leading to undermobilization and nonparticipation.
- Implication:** *American Insecurity* offers a new perspective on collective participation, warning policymakers to be mindful of rhetoric that unintentionally discourages engagement.

[*Expenditure Cascades*](#) (2014)

- Context:** Standard economics often ignores that evaluation depends on context. For example, a house is more likely to be seen as adequate the larger it is relative to other houses in the area.
- Insight:** Expenditure cascade can explain rapid consumption growth that traditional economics didn't predict. Expenditure cascades arise when increased spending by some leads others in the income bracket just below to spend more, in turn leading others below the second group to spend, and so on. This may help to link growing income inequality to a decline in savings rates.
- Implication:** Policymakers can look to this paper's findings for more nuanced and accurate understandings of American consumer behavior.

Tell us about how behavioral science can inform policy.

Policymakers want to help people. Helping people involves not only crafting "good" policy, but also communicating why it should be pursued. Insights from behavioral science, especially on attention and persuasion, can help us understand when communicators will be effective. Given that many policy debates concern economic well-being, insights from the psychology of economic insecurity and scarcity should prove germane.



George Loewenstein

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Summaries of Recent Research Findings in Behavioral Science

[Risk as Feelings](#) (2001)

Context: Most theories of choice under risk assume that we assess the desirability and likelihood of possible outcomes and perform mental calculations in order to reach a decision.

Insight: In fact, our choices under risk are dependent on the affect (emotional response) we experience at the moment of choice. When our cognitive assessment differs from our affective one, we often go with the latter.

Implication: Policymakers need to be aware of how reaction to risk is often guided by emotions like fear – for example, public panics in response to disease outbreaks with a lot of media coverage.

[Explaining Bargaining Impasse: The Role of Self-Serving Biases](#) (1997)

Context: Standard economics bargaining theory assumes that bargaining impasses are caused by incomplete information.

Insight: In fact, impasses are often caused by our self-serving bias—we think what is fair is the same as what is beneficial for us. This leads to aversion to compromise and a more cynical view that the other party's bargaining behavior is exploitative.

Implication: The key to averting bargaining impasses is not providing more information, but rather attempting to change the perspective of negotiators from the self-serving bias of an interested party to the more unbiased perspective of an objective third party. The self-serving bias can also help to explain other economic phenomena such as unemployment and trading behavior.

How is behavioral economics relevant to policy?

Behavioral economics has much relevance for policy and has already had many successes. However, early applications of behavioral economics were called upon to play the role of “Band-Aids” to mitigate policies that were flawed. Now that the field has grown, and we know much more about our decision-making shortcomings, behavioral economics shouldn't just patch old, ineffective policies, but can and should influence the design of superior policies. For instance, rather than just nudging consumers to make better choices when presented with them, I believe that policymakers should also consider regulating the design of the choices themselves to include behavioral insights, such as working to simplify financial decisions.



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Bridget Terry Long is an expert in education, in particular the transition from high school to higher education and beyond. Her work focuses on college access and choice and the factors that influence students' postsecondary and labor market outcomes. She is Academic Dean and the Saris Professor of Education and Economics at the Harvard Graduate School of Education. She received her Ph.D. and M.A. from the Harvard University Department of Economics and her A.B. from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[*The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment*](#) (2012)

Context: Low awareness and take-up rates persist for government support programs like college financial aid.

Insight: Low-income individuals were offered assistance, relevant cost information, and streamlined processes to complete the FAFSA for themselves or their children. The provision of assistance and information increased FAFSA submissions and the likelihood of college attendance, persistence, and aid receipt. Comparable families without assistance did not experience better outcomes.

Implication: The findings suggest many opportunities for using personal assistance, hassle reduction, and process simplification to increase participation in programs that require filling out forms.

[*Looking Beyond Enrollment: the Causal Effect of Need-based Grants on College Access, Persistence, and Graduation*](#) (2015)

Context: Little evidence exists on the impacts of need-based education grants on longer-term outcomes like college persistence and degree completion.

Insight: Eligibility for an additional \$1300 in grant aid had positive effects on enrollment and attendance in a public four-year institution. The same \$1300 eligibility also increased by 22% the likelihood of bachelor's degree receipt within six years at a public university.

Implication: Need-based aid programs like Pell Grants, and increasing the amounts awarded therein, could have beneficial effects for low-income students in terms of persistence and degree completion.

What behavioral insight can help address challenges in education?

Not all information is equal. It's important to design better decision-making processes and provide simplified consumer information. For example, the process of college choice involves ranking options in multiple ways, relying on uncertain information, and receiving little or no support for interpreting the facts. Giving students and their families better, more digestible information would enable them to avoid unworthy college investments that would leave them with substantial debt and little in the form of skills.



**Michael
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Michael Luca is an expert in behavioral economics. His research focuses on information disclosure and market design. He is an Assistant Professor of business administration at Harvard Business School and an affiliate of ideas42. He received his B.S. from the State University of New York at Albany and his Ph.D. from Boston University.

Summaries of Recent Research Findings in Behavioral Science

[When 3+1 > 4: Gift Structure and Reciprocity in the Field](#) (2015)

Context: A common question in labor market settings is whether paying higher wages will result in increased effort.

Insight: Wage bonuses that are viewed as a gift from employers (no strings attached) lead to increased effort because workers tend to view them as a measure that deserves reciprocation. Meanwhile, above-market wages that are not perceived as a gift do not boost productivity.

Implication: The structure in which an incentive is given can be more influential than the good itself on the desired action change of the receiver. To maximize reciprocation in the form of increased work, organizations should consider not only how much they pay but also how payments are framed and perceived.

[Salience in Quality Disclosure: Evidence from the US News College Rankings](#) (2013)

Context: How college rankings are presented can affect the school demand and volume of applications.

Insight: When college rankings are listed from highest to lowest, a one-rank increase corresponds to a one-percentage point increase in applications. When the schools are listed alphabetically, the corresponding rankings have no effect on application volume.

Implication: The manner in which information is presented and made salient is an extremely important factor in an individual's decision-making process. The design of information presentation should therefore be viewed and treated as a meaningful part of the development process for policies and programs.

What behavioral insight is important for information disclosure?

The importance of making relevant information salient to consumers is hard to overstate. While classical economics assumes that people are willing to make an effortful search for information that they know will have great value, research shows that this is often not the case. In fact, whether information is salient or whether it takes a small amount of effort to locate can be the difference between whether it is heeded or ignored. Proper information disclosure recognizes and accounts for the way humans actually process information, not how we might think they should.



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Jens Ludwig is an expert in criminal justice focusing on urban poverty. He is the McCormick Foundation Professor of Social Service Administration, Law, and Public Policy in the School of Social Service Administration at the University of Chicago and an advisor at ideas42. He holds a B.A. from Rutgers College as well as a Ph.D. from Duke University.

Summaries of Recent Research Findings in Behavioral Science

[Long-Term Effects of the Moving to Opportunity Residential-Mobility Experiment on Crime and Delinquency](#) (2013)

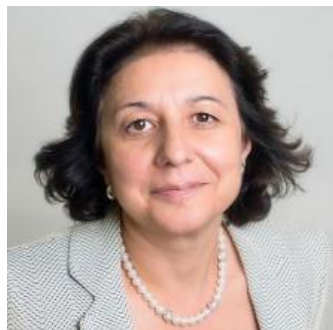
- Context:** Can relocating people out of high-poverty neighborhoods into low-poverty neighborhoods prevent involvement in crime?
- Insight:** Criminal behavior is more strongly tied to current neighborhood conditions rather than to past neighborhood condition: enabling people to move into low-poverty neighborhoods reduced violent crime arrests, though the effect lessened over time.
- Implication:** The criminal behaviors of youth exposed to “distressed” neighborhoods may be influenced by positive changes in their surroundings, which is in turn an important consideration for policymakers to take into account.

[The \(Surprising\) Efficacy of Academic and Behavioral Intervention with Disadvantaged Youth: Results from a Randomized Experiment in Chicago](#) (2014)

- Context:** Some think that improving the academic skills of disadvantaged youth is too difficult and costly. They focus on either vocationally oriented instruction for teens or early childhood education.
- Insight:** Providing disadvantaged youth with non-academic supports and individualized academic remediation intervention increased math test scores, improved grades, and increased expected graduation rates by 46%.
- Implication:** These findings have significant policy implications as they show that 1) academic skills can be remediated and that 2) upfront investment in youth success may mitigate various future costs associated with crime, violence, and unemployment.

How can behavioral science inform criminal justice policy?

Default choices are hugely relevant to criminal justice policy. For decades we've held the assumption that people are deeply committed to engaging in crime and that prevention and rehabilitation are hopeless. The main policy response has thus been to lock people up. However, my research shows that people commit crime because it is their default choice. This shows violence can be prevented by simply teaching people to stop, listen, and consider what they're doing before they act. If we shape policy around these findings we can find much more cost-effective and humane ways to make progress.



Annamaria Lusardi

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Annamaria Lusardi is an expert in economics and financial literacy. Her research includes topics such as financial education and the consequences of financial illiteracy, savings and pension planning as well as household consumption. She is the Denit Trust Chair of Economics and Accountancy at the George Washington School of Business and an affiliate of ideas42. She received her B.A. in Economics from Bocconi University and her Ph.D. in Economics from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[*Financial Literacy, Retirement Planning, and Household Wealth*](#) (2011)

Context: There is evidence documenting widespread financial illiteracy, limited pension knowledge and little savings for retirement.

Insight: There is a strong positive association between financial literacy and household net worth: financial knowledge increases the likelihood of investing in the stock market, and financial literacy is positively related to savings and retirement planning.

Implication: The findings highlight the direct benefits of financial literacy and the need for a greater focus on the development of more financial education programs.

[*Financial Literacy and Retirement Planning in Germany*](#) (2011)

Context: In Germany, there has been an increase in individuals' responsibility to create and stick to a plan for savings toward retirement, actions that are often linked to financial literacy.

Insight: Basic financial concepts are lacking among women, the less educated, and those living in East Germany. Particularly, East Germans with low education and low income have less financial literacy than their West German counterparts.

Implication: The findings suggest a need for more targeted financial education programs—specifically low income and low education individuals—in order to boost savings behavior.

What concepts from behavioral economics have had the most relevance to financial education?

The combination of two approaches, behavioral economics and the focus on the individual can have profound effects on financial education. For example in a planning aid initiative at Dartmouth College intended to help new college staff enroll in the college's Supplementary Retirement Accounts (SRAs), we created seven steps to help complete the application. It simplified financial decisions, used communication that didn't rely on numbers and calculations, provided information, and targeted specific groups at critical points. The planning aid resulted in a 44.7% enrollment rate to SRAs compared to a 28.9% enrollment rate of those who did not receive the planning aid.



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John Lynch is an expert in consumer decision-making. His research focuses on memory, attention, and perception in the arena of consumer choice. He is the Ted Andersen Professor of Marketing at the Leeds School of Business, University of Colorado Boulder. He received his B.A. in Economics, his M.A. in Psychology, and his Ph.D. in Psychology, all from the University of Illinois at Urbana-Champaign.

Summaries of Recent Research Findings in Behavioral Science

[Financial Literacy, Financial Education, and Downstream Financial Behaviors](#)
(2014)

Context: Financial education is considered a way to combat the increasing complexity of consumer finance.

Insight: Interventions to improve financial literacy are found to have little effect on financial behaviors—particularly among low-income populations—while the effect of financial education on financial literacy diminishes significantly over time.

Implication: Financial education should be delivered “just-in-time” and be tied to the specific behaviors it intends to help, rather than by relying on the participant to follow through on his own.

[Expense Neglect Bias in Forecasting Personal Finances](#) (2014)

Context: While people generally think that their income and expenses will rise in the future, they underweight the extent to which their growing expenses will cut into their spare money.

Insight: People place about 2.7 times the weight on income as they do expenses, resulting in an “expense neglect bias”.

Implication: Policymakers and creators of financial management products can take into account individual tendencies to overestimate financial slack when designing regulations, products, and services intended to serve consumers.

What concepts from behavioral economics have had the most relevance to consumer finance?

Concepts from behavioral economics that are particularly relevant to financial decision-making include paradox of choice (when it becomes harder to choose the more options you have). Small, seemingly insignificant differences in the way a product is presented can make a huge difference in whether the product is chosen or not. For instance, a consumer is much more likely to select one of three offered mortgage plans, than to select one of twenty offered mortgage plans.



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Brigitte Madrian is an expert in behavioral economics. Her research focuses on household finance such as household saving and investment behavior as well as health policy concerns such as health insurance. She is the Aetna Professor of Public Policy and Corporate Management at the Harvard Kennedy School and teaches a course titled "Behavioral Economics and Public Policy". She is also an ideas42 affiliate. She received her Ph.D. from the Massachusetts Institute of Technology, as well as a B.A. and M.A. from Brigham Young University.

Summaries of Recent Research Findings in Behavioral Science

[Applying Insights from Behavioral Economics to Policy Design](#) (2014)

Context: Traditional economic analysis assumes that market actors—consumers and firms—are rational in their behavior, carefully weighing their own costs and benefits in making decisions.

Insight: The rational actor framework does not take into account the frequent irrationality or influence of various contextual features on human decision-making. Incorporating the fuller picture of human behavior can help reveal the underpinnings of suboptimal decisions within market or incentive structures.

Implication: An understanding of psychology and other social science disciplines can inform the effectiveness, use and design of current and future economic tools deployed in carrying out various functions of government like remedying market failures, redistributing income, and collecting tax revenue.

[What Makes Annuitization More Appealing?](#) (2013)

Context: People tend to opt for lump-sum payouts of their pension plans rather than an annuitization (periodic payments over time). Lump-sum payouts are often mismanaged while annuities allow people to stretch their money further for longer periods of time.

Insight: The way the options are framed—for example, highlighting flexibility, control, or investment—significantly affected the choice of a lump-sum versus annuity payment.

Implication: This work illuminates the decision-making process around pension plans and sheds light on how to best convey and structure options to help consumers make better informed choices.

What policy question can be informed by your work in consumer finance?

After our work was published a few years ago, Congress agreed that 401(k) plans could automatically enroll employees unless they opted out of participating. Prior law had said employees could not participate unless they opted into the plans. The change has led to big gains in plan participation rates. This is one example of how behavioral economics research can inform policies to change human behavior and benefit the greater good.



Ulrike Malmendier

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Ulrike Malmendier is an expert in behavioral economics and finance. Her research focuses on the intersection of economics and finance, and why and how individuals make decisions. She is the Edward J. and Mollie Arnold Professor of Finance at the Haas School of Business and Professor of Economics at University of California, Berkeley. She holds a Ph.D. and A.M. in business economics from Harvard University, as well as a Ph.D. *summa cum laude* in law, M.A. in economics, and B.A.s from the University of Bonn.

Summaries of Recent Research Findings in Behavioral Science

[Rethinking Reciprocity](#) (2014)

Context: Research shows that reciprocal behavior plays a significant role in many economic domains, including labor supply, tax compliance, voting, and fundraising. Despite the importance of this behavior, economists still struggle to converge on the best model of the tendency to respond to others' kindness.

Insight: Current theories of reciprocity significantly overestimate internal motives such as fairness and altruism and fail to take into account equally important external motives like social pressure.

Implication: These results show how technology can be used to improve outcomes in a banking model that values personal relationships.

[Learning from Inflation Experiences](#) (2013)

Context: How do individuals form expectations about future inflation?

Insight: Personal experiences shape people's expectations about inflation. The experience of younger individuals is dominated by recent observations, while older individuals draw on a more extended historical data set in forming their expectations. Households with higher experience-based forecasts of inflation are more inclined to borrow rather than invest at nominally fixed long-term interest rates.

Implication: Understanding how individuals view inflation is of central importance both for monetary policy and for the financial decision-making of individuals. Better understanding people's inflation expectations can improve policymakers' inflation forecasts and resulting policy choices.

Tell us about post-recession consumer behavior.

People who have experienced low stock market returns throughout their lives report lower willingness to take financial risk, are less likely to participate in the stock market, and are more pessimistic about future stock returns. Those who have experienced low bond returns are less likely to own bonds. Younger consumers in particular are sensitive to their most recent experiences. Living through the recent recession is likely to have influence in shaping enduring risk preferences for those that felt the effects of the market downturn.



**Anandi
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Anandi Mani is an expert in development and behavioral economics. Her research focuses on development economics, with an emphasis on issues related to the psychology of poverty, gender and political economy. She is an Associate Professor in the Department of Economics at the University of Warwick and an affiliate for ideas42. She received a Ph.D. in Economics from Boston University.

Summaries of Recent Research Findings in Behavioral Science

[Poverty Impedes Cognitive Function](#) (2013)

Context: Research has shown a correlation between poverty and counterproductive behavior.

Insight: A laboratory experiment found that inducing thoughts about finances reduced cognitive performance—the time needed to complete simple or complex tasks—among the poor but not in well-off participants. In a field experiment, farmers showed diminished cognitive performance before harvest, when poor, as compared to when they were richer after harvest.

Implication: These results caution against poverty-related policies that may impose additional cognitive burdens—such as filling out long application forms or preparing for a lengthy interview.

[Mine, Yours or Ours? The Efficiency of Household Investment Decisions: An Experimental Approach](#) (2011)

Context: It is both important and beneficial for household investment decisions to be efficient because a family's allocation of resources directly affects many aspects of life such as health and education.

Insight: Personal control over household income is often valued over efficiency. When the share of household income controlled by spouses is externally assigned, inefficiency persists in men's investment decisions—which is best explained by non-economic factors such as the 'masculine' identity of wanting to be the prime earner.

Implication: The findings highlight the importance of accounting for behavioral considerations not only in the modeling of household financial decision-making but also in the design and promotion of programs designed to reduce gender disparity and poverty.

What policy question could be informed by the psychology of poverty?

Poverty alleviation policies should consider the cognitive demand of programs implemented. Simple programs that don't create hassles for the poor, such as having them figure out new rules, and help with forms and planning can be significantly more effective compared to those that don't take cognitive demand into account.



Dayanand Manoli

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Dayanand Manoli is an expert in conducting field experiments and empirical analyses to understand and improve social programs. His research focuses on the impacts of government policies, including social security and retirement policy, income tax policy and education policy. He is an assistant professor in the Department of Economics at the University of Texas at Austin. He has a B.A. and M.A. from the University of Chicago, and a Ph.D. from the University of California, Berkeley.

Summaries of Recent Research Findings in Behavioral Science

[*Nudges and Learning: Evidence from Informational Interventions for Low-Income Taxpayers*](#) (2015)

Context: Individuals who are eligible for the Earned Income Tax Credit (EITC) do not always claim it, forgoing substantial benefits because they are unaware of eligibility rules.

Insight: Informational notices that alert taxpayers of their potential eligibility for EITC benefits can prompt short-term increases in EITC take-up, but there are little to no long-term increases.

Implication: Telling individuals about potential benefits when the information is actionable may be more useful and effective than teaching them about complicated eligibility rules.

[*Cash-on-Hand & College Enrollment: Evidence from Population Tax Data and Policy Nonlinearities*](#) (2015)

Context: Students choosing whether to enroll in college must weigh many factors, not least of which are financial considerations.

Insight: Having additional cash on hand (via tax refunds) can increase college enrollment. A \$1,000 increase in tax refunds received in the spring of the high school senior year can increase college enrollment rates by 0.50%.

Implication: Tax refunds in the spring of the high school senior year may increase college enrollment by alleviating credit constraints and making it easier to pay up-front out-of-pocket college costs that may not be covered by financial aid. Timing of education benefits could be important for policymakers to consider.

What behavioral insights can inform tax policies?

Providing cash-on-hand or informing individuals of their eligibility for benefits and tax credits immediately when they can do something about it has a significant effect on their decisions to take up tax credits or other benefits. This may be more effective than teaching people about the tax code or even about the requirements of the program they're eligible for – which a lot of work has shown to be less effective. Determining how individuals learn about benefit programs and the federal income tax code and designing experiments to test these ideas remain important areas for future research.



Ben Marx

University of Illinois at Urbana-Champaign

Select Titles

Assistant Professor,
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Domains

Non-profit
Organizations
Public Economics

[Website](#)

Ben Marx is an expert on the nonprofit economy. His research has examined the economics of charitable giving, the regulation of charities, and financial aid policies. He is Assistant Professor of Economics at the University of Illinois at Urbana-Champaign. He holds a Ph.D. and M.A. from Columbia University, as well as a B.S.B.A. *magna cum laude* from Robert Morris University.

Summaries of Recent Research Findings in Behavioral Science

[*Borrowing Trouble? Human Capital Investment with Opt-In Costs and Implications for the Effectiveness of Grant Aid*](#) (2015)

Context: In 2014, outstanding student loan debt exceeded \$1.1 trillion. The type of available financial aid and the steps necessary to obtain it can have wide impact, including non-monetary, on students.

Insight: Obtaining a federal student loan may entail non-monetary fixed costs generated by factors like debt aversion, complicated paperwork, and, in many institutions, opt-in costs when default loan offers are zero. In theory, loan opt-in costs may reverse the intended effect of grant aid. Evidence from a large public university system is consistent with this theory: each dollar of Pell Grant aid reduces the student loans of borrowers by more than a dollar, but has small to zero impacts on educational attainment.

Implication: Policymakers can design default settings in student loan procedures so that the hassles of applying do not lead to underinvestment in human capital and reverse the intended effects of grants. The findings here may prove applicable in many other settings, such as in designing retirement savings programs with default saving rates.

[*Has Regulation of Charitable Foundations Thrown the Baby Out with the Bath Water?*](#) (2015)

Context: Regulation of private non-operating foundations was incorporated into the Tax Reform Act of 1969 to prevent abuse of tax reductions for charitable donations.

Insight: The reform significantly reduced entry of new foundations and nearly halved the number of foundations receiving gifts. Evidence suggests mixed welfare effects. Some of the decline in giving is consistent with a successful reduction of gifts for non-charitable purposes, but more than half is due to rises in foundation administrative costs attributed to the regulation.

Implication: The results highlight an unintended consequence of regulation: identifying misuse of foundations imposed compliance costs on all foundations, which in turn appears to have reduced gifts that were truly charitable. It is important to consider all behavioral aspects of regulation to avoid disincentivizing desirable behavior along with the undesirable behavior.



**Mara
Mather**

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American
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Distinguished Scientific
Award for Early Career
Contribution to
Psychology (2010
Recipient)

Domains

Neuroscience

Website

Mara Mather is an expert in neuroscience and the cognitive effects of aging. Her research focuses on how emotion and stress affect memory and decisions and how such influences differ depending on one's age and gender. She is Professor of Gerontology and Psychology at the University of Southern California and an ideas42 affiliate. She holds an A.B. in psychology from Stanford University and a Ph.D. in cognitive psychology from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[How retellings shape younger and older adults' memories](#) (2014)

Context: When people retell past events, they often have a variety of communication goals like altering their messages to align with the audience's attitudes or highlighting a particular perspective.

Insight: The goal of retelling a story can affect the way the storyteller actually remembers the story. Compared to younger adults, older adults who retold a story for the purpose of being entertaining subsequently had lower recall of that same story than those who retold it to be accurate.

Implication: Given the importance of public communication for policymakers, it is important to realize that the form and objective of communication efforts can influence the memory of the event itself.

[Risk preferences and aging: The "Certainty Effect" in older adults' decision making](#) (2012)

Context: A prevalent stereotype is that people become more cautious as they get older. Does age correlate to different risk preferences?

Insight: Even though older adults seemed to be as effective as younger adults at selecting the better of two risky options, when a sure-thing option was present, even if it was inferior to the risky option, they were more likely to select it. Further, using relatively more positive emotion words was associated with avoiding sure losses: older adults used more positive emotions words than negative words to explain their choices.

Implication: Differences in risk preference may disproportionately bias older adults' health decisions. For example, when patients with end-stage cancer face a sure loss (e.g., certain death with no treatments) versus a risky loss (e.g., chance of delaying death with decrease in quality of life from chemotherapy), older adults might be more likely than younger adults to opt for the last-ditch chemotherapy – even if it is a suboptimal choice.



Margaret McConnell

Harvard University

Select Titles

Assistant Professor of
Global Health
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School of Public Health

Research Affiliate,
Abdul Latif Jameel
Poverty Action Lab

Research Affiliate,
Innovations for Poverty
Action

Domains

Health

[Website](#)

Margaret McConnell is an expert in applying behavioral economics to savings, health, and healthcare systems. Her current research seeks to understand and evaluate policies designed to change health and savings behavior. She is currently working on a number of field trials in Africa and Latin America related to incentives and behavior change, adherence to medication, barriers to the demand for high quality reproductive, maternal and child health care, and the design of programs to overcome household barriers to child nutrition. She is an Assistant Professor of Global Health Economics at the Harvard School of Public Health and an affiliate of ideas42. She holds an M.S. and Ph.D. from the California Institute of Technology and a B.A. from Wesleyan University.

Summaries of Recent Research Findings in Behavioral Science

[To Charge or Not to Charge: A Health Products Experiment in Uganda](#) (2014)

Context: Research shows mixed evidence on whether prices can directly influence buyers' willingness to pay for and use a product, particularly in the pricing of health goods in low-income nations.

Insight: Demand for a health product is lower after it has been freely distributed than when it has been distributed for a price. While lower prices today can dampen future demand by setting low price reference points, opportunities to use the free or subsidized product may increase how much an individual values it and thus maintain demand.

Implication: When trying to set prices and subsidies for health products, organizations and firms should take into account the tension between price anchors (a sticky first reference point for how much something should cost) and learning (when the value of a good is learned through direct use and experience).

[Hey Look at Me: The Effect of Giving Circles on Giving](#) (2013)

Context: Individuals may be particularly concerned with the visibility of their actions in the context of pro-social behavior. Public recognition may encourage people to donate for two reasons: by providing donors with social image benefits and by offering donors the opportunity to encourage others to give in the future.

Insight: Charitable gifts increase in response to the promise of public recognition primarily because of individuals' desire to improve their social image, not necessarily because of an altruistic desire to increase others' contributions by example.

Implication: These experiments provide clear justification for the common fundraising practice of publicly recognizing donors, and also imply that social status, and not pure altruism, is an important driver of charitable giving.



Katherine Milkman

University of Pennsylvania

Select Titles

Associate Professor of Operations, Information and Decisions, Wharton School, University of Pennsylvania

Associate Professor, Perelman School of Medicine, University of Pennsylvania

Domains

Charitable Giving
Health
Racial & Gender Bias
Saving

[Website](#)

Katherine Milkman is an expert in improving decision-making. Her research seeks to understand why people make suboptimal choices and experience failures of self-control (e.g., why they eat unhealthy foods, fail to exercise sufficiently, and don't save enough for retirement). She is an associate professor at the University of Pennsylvania's Wharton School with a secondary appointment at the University's Perelman School of Medicine, as well as an ideas42 affiliate. She received her B.S.E. *summa cum laude* from Princeton University and a Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Commitment Devices: Using Initiatives to Change Behavior](#) (2014)

Context: Bad habits can lead to poor health outcomes and drive up overall healthcare costs.

Insight: "Commitment devices" help people not give into temptations by pre-committing themselves to healthier choices, a more cost-effective alternative to incentives.

Implication: This article offers several examples of health-related commitment devices and highlights design elements that could be engineered to motivate longer-term good habits.

[Using implementation intentions prompts to enhance influenza vaccination rates](#) (2011)

Context: The flu causes more than 8,000 deaths every year in the United States despite the fact that the highly effective flu vaccine is widely available at low cost.

Insight: Among people who received mailing reminders to get flu shots, individuals who were additionally prompted to write down the date and time they planned to get vaccinated had a 4.2 percentage point higher inoculation rate than those who only got the reminder.

Implication: Simply encouraging people to make concrete plans ahead of time at no extra cost may help them follow through on their intentions, overcoming procrastination and forgetfulness.

Tell us about self-control.

When we think about why people aren't accomplishing their goals, one answer is that they don't have the education and the skills that they need. But another answer is that they struggle with self-control. It's hard to focus and pay attention and to put all of our effort behind our goals when there are lots of other tempting things to spend our time on. My research seeks to develop strategies for overcoming this pattern—to determine how we can help people do what they should more often.



Sendhil Mullainathan

Harvard University

Select Titles

Professor of Economics, Harvard University

MacArthur Fellow

Research Associate, National Bureau of Economic Research

Domains

Behavioral Economics

Consumer Finance

Health

International Development

[Website](#)

Sendhil Mullainathan is an expert in behavioral economics, development economics, and corporate finance. His research focuses on how behavioral factors contribute to poor outcomes in the realms of finance and health and contribute to poverty. He is a Co-Founder and Scientific Advisor at ideas42 as well as a Professor of Economics at Harvard University. He earned his B.A. *magna cum laude* from Cornell University and his Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Scarcity](#) (2013)

Context: Busy people fail to manage their time efficiently for the same reasons the poor and those maxed out on credit cards fail to manage their money – the dynamics of scarcity reveal why.

Insight: Scarcity in time, money, and attention creates a distinct psychology for everyone struggling to manage with less than they need.

Implication: When in times of scarcity, the problems of modern life come into sharper focus, and *Scarcity* reveals not only how it leads us astray but also how individuals and organizations can better manage scarcity for greater satisfaction and success.

[The Market for Financial Advice: An Audit Study](#) (2012)

Context: Many people recognize their own risk of making poor financial decisions and seek professional advice; but is this necessarily better?

Insight: Advisers fail to undo their clients' misconceptions and often reinforce biases that are in the advisers' interests, encouraging returns-chasing behavior and pushing for funds with higher fees.

Implication: Understanding these tendencies can help to inform financial advice regulations that protect consumer interests.

What concept from behavioral economics has had the most relevance to poverty alleviation?

The realization that the mentality of poverty—scarcity—is situation-based. We can take a rich person and make him “feel” poor, and he makes the same decisions that we typically associate with the poor and poverty traps. We can actually see this effect in the same person. We tested sugarcane farmers in India before harvest when they are poor and after harvest when they are comparatively rich. We see that they have less of what we call “bandwidth”, basically a measure of your IQ and capacity for self-control, when they are poor. Scarcity itself causes failures.



**Richard
Nisbett**

University of
Michigan

Select Titles

Theodore Newcomb
Distinguished University
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Co-Director, Culture
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Domains

Social Psychology

Website

Richard Nisbett is an expert in social psychology. His research focuses on how people reason and make inferences about the world. He is the Theodore Newcomb Distinguished University Professor at the University of Michigan. He holds an A.B. from Tufts University and a Ph.D. from Columbia University.

Summaries of Recent Research Findings in Behavioral Science

[Culture and Systems of Thought: Holistic Versus Analytic Cognition](#) (2001)

Context: Human behavior is less universal than we previously believed. It is culturally dependent and reliant on the interdependence between metaphysical, epistemological, and cognitive processes.

Insight: While East Asians tend to be holistic, eschewing formal logic and focusing on an entire field to assign causality, Westerners tend to be more analytic, focusing on categories, rules, and formal logic to understand objects and their behavior.

Implication: We need to be careful in generalizing our cognitive process to other cultures with different histories of metaphysical and epistemological beliefs. These beliefs shape not only the way in which objects are understood but also the way in which they are analyzed at all.

[The Person and the Situation](#) (1991)

Context: Many of us are “lay dispositionists,” believing that an individual’s disposition is the main driver of his or her behavior.

Insight: Decades of research in social psychology have shown that situational and contextual factors are often much more important determinants of behavior than dispositional characteristics of the decision-maker.

Implication: In order to discover the cause of human behavior – or to attempt to change it – it is wise to focus on the situations people face when making decisions rather than attempting to alter the dispositions of the people who are in a given situation.

What insight from social psychology can apply to education?

Intelligence is much less hereditary than we previously believed. A large portion of intelligence is a gene-culture interaction. This means that there are opportunities for educational interventions to address the gaps in IQ that occur due to cultural factors. However, as these gaps occur early in childhood – for instance, IQ deficits of poor minority kids begin extremely early, perhaps due to differences in parental engagement with their children – interventions must come early, too. We know of certain socialization practices that can increase intelligence, especially for low socio-economic status children, such as excellent pre-K programs, and KIPP-type elementary and middle schools.



Michael Norton

Harvard University

Select Titles

Professor of Business Administration, Marketing Unit, Harvard Business School

Wired Magazine's Smart List, 50 People Who Will Change the World (2012)

Domains

Civic Engagement
Consumer Behavior

[Website](#)

Michael Norton is an expert in social norms and consumer behavior. His research centers on two themes: exploring and shaping the link between money and happiness, and documenting the psychology of labor and investment. He is a Professor of Business Administration at the Harvard Business School as well as an affiliate of ideas42. He holds a B.A. in Psychology and English from Williams College and a Ph.D. in Psychology from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[Prosocial Spending and Happiness: Using Money to Benefit Others Pays Off](#) (2014)

Context: Research has shown that how people spend their money may be as important to happiness as the amount of money they have.

Insight: Spending money on others can increase happiness and has positive effects on both the brain and the body; this phenomenon has been observed among adults around the world and even for toddlers. These benefits are most likely to emerge when giving is freely chosen, as it increases the feeling of social connection and makes an observable difference.

Implication: This research suggests a method of spending money that can potentially be harnessed by organizations and governments to simultaneously increase giving and overall well-being.

[The IKEA effect: When labor leads to love](#) (2011)

Context: People are influenced by the IKEA effect – the more effort people put into some pursuit, the more they value it.

Insight: The IKEA effect diminished in participants that built and then destroyed their creations or failed to complete them, indicating that labor leads to love only when there is a successful completion of labor.

Implication: Giving people the opportunity to participate in building a policy or product can be an effective way to give ownership to people and keep them engaged.

What current policy question could be informed by your research?

Many people have a strong dislike of taxes because they don't see them as doing any good. This issue arises in part because many government services are somewhat invisible: roads are almost always paved but we focus on the occasional pothole as evidence that government does nothing. In recent research, we tried to make information about the benefit of tax dollars not just available but also visually arresting by developing a website that showed a color coded map of opened and closed government projects in response to service requests. Small changes like this, we hope, will help people see the good that their taxes can do and reengage them in the political process.



Daniel Oppenheimer

University of California, Los Angeles

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Professor of Marketing and Psychology, UCLA Anderson School of Management

Domains

Metacognition
Psychology

[Website](#)

Daniel Oppenheimer is an expert in psychology. His research focuses on human decision-making with a particular emphasis on understanding what information people pay attention to when making decisions. He is Professor of Marketing and Psychology at UCLA's Anderson School of Management. He received his B.A. in Psychology from Rice University and his Ph.D. in Psychology from Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[*Fortune favors the Bold \(and the Italicized\): Effects of disfluency on educational outcomes*](#) (2010)

Context: Research has shown that making materials hard to read or decipher—known as disfluency—leads to deeper processing and can thus improve long-term learning and retention.

Insight: Students who were taught using learning materials in hard-to-read fonts scored higher on classroom assessments than those with an easier font.

Implication: The results from this study show the potential that cognitive interventions—that are cost-effective and easily integrated—can have on improving educational outcomes.

[*The Pen Is Mightier Than the Keyboard: Advantages of Longhand Over Laptop Note Taking*](#) (2014)

Context: Taking notes on laptops rather than in longhand is increasingly common.

Insight: Even if solely used to take notes, laptops may still impair learning because their use results in shallower processing. Whereas taking more notes can be beneficial, laptop note takers' tendency to transcribe lectures verbatim rather than processing information and reframing it in their own words is detrimental to learning.

Implication: Laptop use in classrooms should be viewed with a healthy dose of caution; despite their growing popularity, laptops may be doing more harm in classrooms than good.

How should policymakers think about difficulty?

Accepted wisdom is that easy = good. And while that rule of thumb is often valid, there are times where difficulty leads to better results. Making the fonts in a textbook harder to read prevents people from skimming the material, leads to deeper processing, and can improve educational outcomes. Having people take notes by hand instead of by laptop forces them to summarize the material in their own words (because they write more slowly than they type) and thus leads to better learning. Properly applied, desirable difficulties can have positive impact across a wide variety of domains, from education to charitable giving.



**Philip
Oreopoulos**

University of Toronto

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Professor of Economics
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Editor, Journal of Labor
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Faculty Research
Associate, National
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Research

Domains

Child Development

Education

Labor Economics

Website

Philip Oreopoulos is an expert in education policy and child development. His work examines factors in the early stages of a person's development that can contribute to long-run well-being and socio-economic success. Oreopoulos is currently a Professor of Economics and Public Policy at the University of Toronto. He received his Ph.D. from UC Berkeley and his M.A. from the University of British Columbia.

Summaries of Recent Research Findings in Behavioral Science

[*A community college instructor like me: Race and ethnicity interactions in the classroom*](#) (2014)

Context: There is a persistent and significant achievement gap between underrepresented minority students and non-minority students in the US.

Insight: When minority students are taught by an underrepresented minority instructor similar to their own race or ethnicity, the gap in class dropout rates and grade performance falls by 20-50%.

Implication: Given that longer-term outcomes including degree completion also improved in this study, administrators might consider hiring more minority instructors while monitoring for potentially negative effects.

[*The Role of Application Assistance and Information in College Decisions: Results from the H&R Block FAFSA Experiment*](#) (2013)

Context: Government support programs like college financial aid have low awareness and participation rates.

Insight: For low-income individuals receiving tax preparation help, a combination of streamlined processes, personal assistance, and tuition cost information substantially increased the likelihood of these individuals or their children attending college.

Implication: Personal assistance could boost participation in many programs that require application forms.

What concepts from behavioral science have had the most relevance to education and public policy?

One concept that often comes up relates to motivation and incentives. We found in one study that direct cash incentives did not have much effect on student performance. In another, we found that simply having a teacher you can identify with can boost both motivation and performance. In still other cases, people already have the motivation or desire – for example, you want go to college – but something else gets in the way, like not knowing how to apply for financial aid.



Elizabeth Levy Paluck

Princeton University

Select Titles

Associate Professor,
Department of
Psychology and the
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Domains

Social Psychology
Social norms, networks,
and influence

[Website](#)

Elizabeth Levy Paluck is an expert in the psychology of social norms, social influence, and behavior change. Her research focuses on the reduction of violence and conflict (including school-based conflict, post-conflict reconciliation, and gender-based violence). She uses field experimental methods combined with social network analysis and quantitative paired with qualitative data analysis. She is an Associate Professor in the Department of Psychology at Princeton University and an advisor to ideas42. She holds a B.S. in Psychology and a Ph.D. in Social Psychology from Yale University.

Summaries of Recent Research Findings in Behavioral Science

[The Cycle of Violence: Understanding Individual Participation in Collective Violence](#) (2014)

Context: While participation in violence is often a distressing experience for the typical person, violent groups increase members' motivations to engage in violence.

Insight: Violent groups provide a sense of belonging and social rewards to group members: individuals may join violent groups and engage in violent behavior because it is an accessible and powerful social identity.

Implication: Cultivating "belongingness" can be key to social work and criminal justice policies: helping individuals to develop new, meaningful group memberships and social identities that rival the rewards of violent group identities may be a highly effective reintegration strategy, particularly in concert with economic or social interventions.

[Peer Pressure Against Prejudice: A High School Field Experiment Examining Social Network Change](#) (2010)

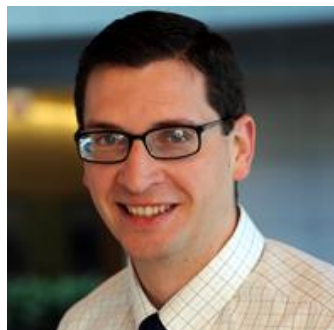
Context: Individuals often conform to the attitudes of those around them in a given peer situation. For example, individuals tend to be more tolerant of racist speech after a peer expresses racist views.

Insight: Paluck explores how peer influence spreads across social networks and how it affects attitudes and behavior over time: individuals are recognized for tolerant behavior, which in turn spreads to close friends and acquaintances in the social network.

Implication: Understanding peer influence and how it affects individual behavior can be useful for shaping education policies, particularly in addressing racial and diversity issues.

What policy question could be informed by better understanding how influence spreads through social networks?

Questions on which individuals to target in a social network in order to spread information or a new behavior. Whom should you involve in a grassroots campaign? Which opinion leaders can change norms in a community?



Devin Pope

University of Chicago

Select Titles

Associate Professor of
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University of Chicago
Booth School of
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Robert Kind Steel
Faculty Fellow,
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Domains

Education
Housing Markets

[Website](#)

Devin Pope is an expert in the intersection of economics and psychology. His research focuses on biases that people exhibit when making important financial decisions. He is an Associate Professor of Behavioral Science at The University of Chicago Booth School of Business and an affiliate of ideas42. He holds a B.A. in economics from Brigham Young University and a Ph.D. in economics from The University of California, Berkeley.

Summaries of Recent Research Findings in Behavioral Science

[Focal Points and Bargaining in Housing Markets](#) (2014)

Context: There are sharp spikes in the distribution of final, negotiated house prices at round numbers, especially those divisible by \$50,000.

Insight: Round numbers can be psychological focal points (the "resting places" of negotiations because they feel natural or special): significantly more houses are sold at prices divisible by \$50,000 and \$25,000 than could be explained if round numbers played no role.

Implication: This work provides practical insights for housing-related policies and real world negotiators.

[Failure to Refinance](#) (2014)

Context: Households that fail to refinance their mortgage when interest rates decline can lose out on substantial savings –approximately 20% of households for whom refinancing was optimal had not taken advantage of the lower rates.

Insight: The cost to the median household who failed to refinance was \$11,500, a costly mistake that may be driven by psychological factors like procrastination, trust, and the inability to process complex decisions.

Implication: In situations where low interest rates result from financial crisis, refinancing can have a stimulating economic effect: this paper suggests strategies the government may use to encourage refinancing to re-stabilize the housing market.

What behavioral insights can have policy implications?

Cognitive shortcuts, specifically heuristic numeric processing (i.e., recalling the number 47,892 simply as 47,000, or even 40,000) can have an impact on a range of settings. Examples include hiring or admissions decisions based on GPAs and test scores, the evaluation of companies based on financial reports, the treatment of medical test results, and how the public reacts to government spending programs.



Drazen Prelec

Massachusetts
Institute of
Technology

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Professor of
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Sloan

Professor, Department
of Economics, MIT

Professor, Department
of Brain and Cognitive
Sciences, MIT

Domains

Decision-making
Neuroeconomics

Website

Drazen Prelec is an expert in the psychology and neuroscience of decision-making. His research focuses on decisions involving risky choice, time discounting, self-control and consumer behavior. He is the Digital Equipment Corporation LFM Professor of Management at the Sloan School, as well as a Professor in the Department of Economics and the Department of Brain and Cognitive Sciences at the Massachusetts Institute of Technology. He holds an A.B. and Ph.D. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[Decision Analysis from a Neo-Calvinist Point of View](#) (2011)

Context: Policy decisions require more than just analysis of possible consequences. They also require examination of the policy's 'diagnostic significance' as well as of the tradeoffs between competing values. Diagnostic considerations are a staple of political argument, as shown by rhetorical phrases like "Are we a society that allows, tolerates, cares about X?"

Insight: Deep values that define a society are not fully accessible by collective introspection or expressed intention. This makes it difficult to arrive rationally at an optimal course of action. Instead, the goal of analysis should be to clarify the diagnostic significance of each possible action.

Implication: This paper outlines ways diagnostic significance can help policy decision-making arrive at a more complete cost-benefit analysis.

[Man's search for meaning: The case of Legos](#) (2008)

Context: Many adults think of their job as an integral part of their identity.

Insight: In simple and repetitive tasks, people produce more work for the same payment when there is more meaning attached. More specifically, people were more productive when there was acknowledgement of the worker or display of their output as compared to tasks where neither occurred.

Implication: These results suggest that there is a productivity benefit in taking time to educate laborers about the goals and significance of their work. Monitoring should also be done in a manner that is perceived by the workers as a sign of interest and support.

What current policy questions could be informed by neuroeconomics?

There are many seemingly irrational decisions that Americans make every day from building credit card debt to paying extra for dieting help when healthy food is readily available. These decisions have neuroscientific underpinnings in how people respond to rewards, curb or follow compulsion, etc. Neuroeconomics is a tool to better understand these mechanisms, which can further help policymakers to create more effective policies and regulations.



Deborah Prentice

Princeton University

Select Titles

Alexander Stewart
1886 Professor of
Psychology, Princeton
University

Chair of the
Psychology
Department, Princeton
University

Domains

Gender Psychology
Psychology
Social Norms

[Website](#)

Deborah Prentice is an expert in psychology and social norms. She studies self-regulation, social influence, and group dynamics, with a focus on how social beliefs inhibit and leverage behavior change. She is the Alexander Stewart 1886 Professor of Psychology and Dean of the Faculty at Princeton University as well as an affiliate at ideas42. She received her A.B. at Stanford University and M.S., M.Phil, and Ph.D. from Yale University.

Summaries of Recent Research Findings in Behavioral Science

Changing Norms to Change Behavior (2015, forthcoming)

Context: Providing people with information about the behavior and attitudes of their peers is a strategy commonly employed by those seeking to reduce behavior deemed harmful to individuals (e.g., high alcohol consumption) or the collective (e.g., high energy consumption).

Insight: The authors review the logic behind various interventions based around social norms, particularly those designed to decrease college drinking and increase environment-friendly behaviors.

Implication: Understanding the influence of social norms and its use as a tool for interventions can help policymakers identify the conditions under which norm-information has the highest likelihood of creating positive behavior change.

[*The Psychology of Social Norms and the Promotion of Human Rights*](#) (2012)

Context: Social norms play an important part in promoting and subverting human rights.

Insight: At the root of many human rights violations is a gap between social norms of the 'accepted' behavior and private, more moderate views of what's appropriate. Social norms, sometimes at the root of the problem, can also be harnessed as a power tool toward solution.

Implication: Policymakers can use the insights from this paper to design and deploy norm-based interventions in the service of promoting human rights.



Donald Redelmeier

University of Toronto

Select Titles

Professor, Department of Medicine and Institute for Health Policy Management & Evaluation, University of Toronto

Staff physician, Division of General Internal Medicine, Sunnybrook Health Sciences Centre

Canada Research Chair in Medical Decision Sciences

Domains

Medical Decision-making

Public Health

Website

Donald Redelmeier is an expert in health decision-making and economics. His research explores clinical effectiveness, medical decision science, health service delivery, and population health. He is a Professor at the Institute for Health Policy Management & Evaluation and the Department of Medicine at the University of Toronto. He is also an ideas42 affiliate. He received his M.D. from University of Toronto, in addition to postgraduate training in Internal Medicine and a Masters in Health Services Research at Stanford University.

Summaries of Recent Research Findings in Behavioral Science

[New Thinking About Honor and Deceased Organ Donation](#) (2014)

Context: Two decades ago, a boy named Nicholas Green was fatally shot while vacationing with his family in Italy. His parents immediately consented to donate his organs to others in Italy who were awaiting organ transplantation.

Insight: The decision received widespread media attention and contributed to a tripling of Italy's organ donation rate.

Implication: Providing more public accolade to the surviving family making this decision may increase organ donation. Others may exhibit greater willingness to offer similar consent when a positive light is shed on a taboo topic or a compassionate deed is recognized.

[Judging whether a patient is actually improving: more pitfalls from the science of human perception](#) (2012)

Context: Redelmeier and his co-authors describe five main psychological pitfalls that can lead a physician to err when assessing a patient's response to treatment.

Insight: One example is failure to evaluate the situation in a completely objective manner. The physician determining a treatment's effectiveness is commonly the same person who prescribed it; previous studies show that even the best of intentions do not eliminate the self-serving bias of judging one's own decisions.

Implication: The five psychological pitfalls and the given suggestions to reduce them are applicable to policy evaluation. Learning how to identify and lessen the impact of these pitfalls can help policymakers make better-informed assessments of their work.

What is a behavioral pitfall to watch out for in policy decision-making?

Group polarization is defined as the unwanted tendency for people who share similar attitudes to become entrenched following mutual discussion. Some remarkable blunders in military combat have occurred when a leader is surrounded by sycophants or a mob mentality that leaves no room for dissenting opinions (which has, in the past, resulted in thousands of deaths). The way to avoid group polarization is to start with sufficient diversity among the members so that errors are more likely to be canceled than reinforced.



Christina Roberto

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Christina Roberto is a psychologist and epidemiologist whose expertise lies in food policy and health. Her work aims to identify, understand, and alter the environmental and social forces that promote unhealthy eating behaviors linked to obesity and eating disorders. She is an Assistant Professor of Social & Behavioral Sciences and Nutrition at the Harvard T.H. Chan School of Public Health. She earned joint Ph.D.s in Clinical Psychology and Chronic Disease Epidemiology from Yale University and her B.A. *magna cum laude* in Psychology at Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[Using Behavioral Economics to Design More Effective Food Policies to Address Obesity](#) (2014)

Context: Many policy interventions that address rising obesity levels have been designed to provide more nutrition information.

Insight: Existing information-provision measures are likely to have modest impact on encouraging lower caloric intake. Making use of such information requires understanding and/or motivation, which many lack, as well as self-control, a limited resource.

Implication: Awareness of behavioral phenomena can inform policies—such as those regulating restaurants and public school cafeterias—that move beyond information provision to nudges that guide people towards healthier food choices.

[Evaluating the Impact of Menu Labeling on Food Choices and Intake](#) (2010)

Context: Does posting calorie content on menus and better informing consumers about food products lead to healthier choices?

Insight: Calorie labels on restaurant menus impacted food choices and intake; when given both the recommended daily average caloric intake and calorie information about each food item, people ordered and consumed fewer calories than those who were given no information.

Implication: Making calorie information more salient can help consumers to make healthier diet choices.

What behavioral insights have had the most relevance to food policy?

Policies can be improved by making nutrition information easier to use and understand, such as by leveraging automatic associations. An example of this is the traffic light food labeling system developed by the UK Food Standards Agency (FSA). Because most people strongly associate different colors with certain meanings, the FSA devised a packaged food label that uses traffic lights to draw upon strong consumer associations between red and “stop” (for less healthy foods) and green and “go” (for healthier foods). In a hospital cafeteria, traffic light labeling was effective at increasing the sale of ‘green’ healthy foods and decreasing the sale of ‘red’ foods.



Todd Rogers

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Website

Todd Rogers is a behavioral scientist with expertise in education and electoral participation. His current research explores how to mobilize and empower a student's network of family and friends to support student achievement. He is an Assistant Professor of Public Policy at the Harvard Kennedy School and a Scientific Director at ideas42. He holds a B.A. from Williams College and received his Ph.D. jointly from Harvard's Department of Psychology and Harvard Business School.

Summaries of Recent Research Findings in Behavioral Science

[The Underutilized Potential of Teacher-to-Parent Communication: Evidence from a Field Experiment](#) (2015)

Context: Students spend most of their waking hours outside the school environment, where parents have significant influence over student achievement.

Insight: Helping teachers give parents more information about what their children are learning and how they're doing in school shapes the content of parent-student conversations and improves student behaviors.

Implication: Further research on how and why increased communication supports academic success will help inform the content, delivery method, and frequency of effective teacher-parent communication.

[Persistence: How Treatment Effects Persist After Interventions Stop](#) (2014)

Context: Sometimes treatment effects continue even after treatment stops, sometimes they do not. To develop effective interventions we need to understand when, why, and how persistence arises.

Insight: Treatment effects persist after interventions end when people change habits, beliefs, future costs, or how the world interacts with them.

Implication: Interventions can be designed to harness each of these dimensions to maximize the likelihood and size of persistence over time.

What can behavioral science tell us about motivating pro-social behavior?

People tend to conform to what they believe is the behavior of others. Social comparison messaging can have long-term behavior effects. Continuous social comparison messaging, for example, can continue to reduce energy use after years of treatment. Additionally, even after the messaging stops, it continues to influence energy use even years afterwards.



Diane Schanzenbach
Northwestern University

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Research Consultant,
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Poverty

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Diane Schanzenbach studies policies aimed at improving the lives of children in poverty, including education, health, and income support policies. Her recent work has focused on tracing the impact of major public policies such as the Food Stamp Program and early childhood education on children's long-term outcomes. She is Associate Professor in the School of Education and Social Policy at Northwestern University. She holds a B.A. *magna cum laude* from Wellesley College and a Ph.D. from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[Expanding the School Breakfast Program: Impacts on Children's Consumption, Nutrition, and Health](#) (2014)

Context: School meals programs are often considered a front line of defense against childhood hunger, particularly for the 22.4% of children experiencing food insecurity.

Insight: Universal free school breakfast increases take-up, though much of this reflects shifting breakfast consumption from home to school or eating multiple breakfasts; relatively little of the increase is from gaining access to breakfast. There is some evidence of health and behavior improvements among specific subgroups, though little evidence of impact overall.

Implication: The relatively modest measured benefits of school breakfast programs suggest that policymakers should carefully consider the tradeoff between these benefits and program costs.

[How Does Your Kindergarten Classroom Affect Your Earnings? Evidence From Project STAR](#) (2011)

Context: What are the long-term impacts of early childhood education? Students in small classes were more likely to attend college and exhibit other improvements. Students who had a more experienced teacher in kindergarten had higher earnings.

Insight: Students in higher quality classrooms in grades K-3 had higher earnings, college attendance rates, and other outcomes.

Implication: High quality kindergarten classrooms may build skills that have returns in the labor market. Improving early childhood education in disadvantaged areas—e.g. through federal tax credits or tax policy reforms—could reduce income inequality in the long run.

What is a surprising behavior that you discovered in your policy research?

People eat healthier food when they are less budget-constrained. Contrary to popular belief, my research has found that Earned Income Tax Credit eligible households spend relatively more on healthy items including fresh fruit and vegetables, meat and poultry, and dairy products during the months when most refunds are paid. This finding suggests that decreased resources may have the effect of reducing the diet quality of low-income families.



Antoinette Schoar

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Institute of
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Antoinette Schoar is an expert in finance and entrepreneurship. Her current research examines entrepreneurial finance and access to risk capital in the US and in emerging markets. She has also done extensive work on consumer finance, including mortgages markets, the market for financial advice and credit cards. She is the Michael M. Koerner (49') Professor of Entrepreneurial Finance at the MIT Sloan School of Management, as well as a Scientific Director, Co-Founder, and Board Member of ideas42. Antoinette holds a Ph.D. in Economics from the University of Chicago and an undergraduate degree from the University of Cologne, Germany.

Summaries of Recent Research Findings in Behavioral Science

[The Personal Side of Relationship Banking](#) (2012)

Context: Personal interactions between the borrower and the lender can reduce the borrower's willingness to default on the loan officer.

Insight: When regularly called by one manager, borrowers show better repayment behavior and greater satisfaction with bank services than those who receive no follow-up or only receive calls when they are delinquent.

Implication: These findings can shed light on how the government engages its constituent borrowers, from those with federal education loans to business loans.

[Fighting Procrastination in the Workplace](#) (2011)

Context: Procrastination and planning problems affect performance, compensation, and work satisfaction among employees.

Insight: Loan officers who received prizes and more frequent reminders showed strong improvements in their goal achievements, better workload distribution, and higher monthly compensation.

Implication: Public and private organizations can benefit from the insight that small, cost-effective nudges like reminders can positively impact productivity and satisfaction at work.

What concepts from behavioral science have had the most relevance to consumer finance?

Many psychological barriers could be at play in preventing people from successfully managing their finances. People may forget to act when they have only a vague plan and no reminders, small hassles may deter them from action, or temptation may divert them from financial responsibility. If we can redesign financial education and counseling to close the gap between intention and action, we will have tremendous impact on the wellbeing of low-income households.



Eldar Shafir

Princeton University

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William Stewart Tod Professor of Psychology and Public Affairs, Princeton University

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Eldar Shafir is an expert in reasoning, judgments, and decision-making. His research focuses on these processes in the context of poverty and how these insights can be applied to policy. He is the William Stewart Tod Professor of Psychology and Public Affairs at Princeton University, as well as a Co-Founder and Scientific Director of ideas42. He holds a B.A. in Cognitive Science from Brown University and a Ph.D. in Cognitive Science from the Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

Poverty Impedes Cognitive Function (2013)

Context: Poverty is often seen as correlated to counterproductive behaviors such as poor financial management, poor compliance with drug regimens, or lower productivity.

Insight: Scarcity in time, attention, and money can lead to decisions and behaviors that perpetuate poverty – the very context of poverty consumes mental resources and imposes cognitive loads on an individual.

Implication: Policymakers should avoid “cognitive” taxes on the poor in the way they would avoid monetary taxes; it is important to identify what could be causing cognitive taxes, such as filling out long forms, deciphering new rules, or responding to complex incentives.

Comparison Friction: Experimental Evidence from Medicare Drug Plans (2012)

Context: The information consumers need to compare products and prices is often sub-optimally presented.

Insight: Actively providing customized information about healthcare plans—alongside details of lower cost alternatives for individual-specific needs—induced more people to switch plans and achieve average cost savings of \$100 per year.

Implication: Identifying the behavioral barriers posed by the market can help policymakers guide Americans toward better consumer choices.

What current policy questions could be informed by better understanding the cognitive capacity of the poor?

Policymakers should be aware of imposing cognitive taxes on the poor as they avoid monetary taxes on the poor. Giving them a complicated and threatening 30-page application form imposes an enormous bandwidth tax, and that's kind of the same as charging them lots of money. What you need to do is go out of your way to facilitate the entry to programs, and whatever you can do to impose less tax on the bandwidth and make it more possible for them to do the things they need to do.



**Anuj
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Anuj Shah is an expert in behavioral science. His research focuses on how people make decisions with limited money or time, and how behavioral science can inform crime policy. He is an Assistant Professor of Behavioral Science at the University of Chicago Booth School of Business and a Scientific Advisor to ideas42. He received his Ph.D. in psychology from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[Scarcity frames value](#) (2015)

Context: Poor individuals are less susceptible to certain framing effects for financial decisions.

Insight: Shah and his colleagues demonstrate how low-income individuals focus more on financial tradeoffs. These tradeoffs make it easier to determine the value of items, and make people less susceptible to framing effects.

Implication: Developing a better understanding of when and for whom behavioral interventions will be most effective is an important consideration in applying the behavioral insights to policymaking.

[Some consequences of having too little](#) (2012)

Context: Impoverished people often act in ways that seem to perpetuate the conditions of poverty.

Insight: Shah and his colleagues demonstrate how certain behaviors stem simply from having less, and how scarcity in money, time, and attention can impact decision-making processes.

Implication: Developing a better understanding of the impact of scarcity on decision-making is vital to the creation of effective programs and policies to address the needs of populations with low resources.

What current policy questions could be informed by a behavioral understanding of decision-making under scarcity?

Why do low-income individuals borrow money at such costly rates? Research on this topic has usually emphasized the broad social circumstances surrounding poverty, and how that leads to this behavior. But we wondered whether there might be a simpler, possibly overlooked explanation for this behavior. Is there something about having less money that leads people to over-borrow? And if so, what is it about having less that makes the difference? Taking this perspective on how scarcity motivates decisions and actions can change the way we think about and structure welfare or other poverty alleviation programs.



Robert Shiller

Yale University

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Sterling Professor of Economics, Yale University

Nobel Memorial Prize in Economic Sciences (2013)

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Robert Shiller is an expert in macroeconomics and behavioral finance. His research focuses on financial innovations, asset pricing, and speculative markets. He is the Sterling Professor of Economics at Yale University, and Professor of Finance and Fellow at the International Center for Finance, Yale School of Management. He holds a B.A. from the University of Michigan, as well as an S.M. and Ph.D. from the Massachusetts Institute of Technology.

Summaries of Recent Research Findings in Behavioral Science

[*Animal Spirits: How Human Psychology Drives the Economy and Why It Matters for Global Capitalism*](#) (2009)

Context: The global financial crisis has shown that powerful psychological forces can impact national economies.

Insight: This book argues for an active government role in economic policymaking to help regulate and mitigate the effects of individual psychological tendencies, asserting that markets are not as self-correcting as assumed.

Implication: *Animal Spirits* offers a policymaking road map for employing an understanding of behavior to reverse some of today's financial misfortunes.

[*Behavioral Economics and Institutional Innovation*](#) (2005)

Context: Behavioral economics has historically played an important role in economic institutional innovation.

Insight: Because behavioral economics applies methods from other social sciences like psychology, it helps to round out the details, frictions, or imperfections that make a purely economic idea difficult to implement in real life.

Implication: Behavioral economics should continue to be an important consideration in policymaking insofar as it helps to bridge the gaps in our limited ability to optimize choices.

What concepts from behavioral economics have had the most relevance to macroeconomics?

Behavioral economics can be incorporated into analysis to help inform better public policy and reduce the frequency of market crashes. However, economists just sometimes don't see the obvious, they don't consider human judgment or take on a broader view of people that's informed by psychological or sociological research. Take the 'representativeness heuristic'. We tend to find patterns in history and wrongly extend this observation to a belief that those patterns are overly likely to occur in the future because they are representative of the past. For example, if home prices are always going up, one might seem silly to predict a rapid change. Similarly, home prices were rising before the mortgage crisis and it just didn't seem plausible they would fall. Until they start falling!



Suzanne Shu

University of California, Los Angeles

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Suzanne Shu is an expert in consumer finance and marketing. Her research focuses on multi-period decision-making, the influence of self-control and procrastination on consumer behavior, and consumer financial products. She is an Associate Professor of Marketing at UCLA's Anderson School of Management and is an ideas42 affiliate. She received her B.S. and Masters of Engineering from Cornell University, as well as MBA and Ph.D. from the University of Chicago.

Summaries of Recent Research Findings in Behavioral Science

[*When Three Charms but Four Alarms: Identifying the Optimal Number of Claims in Persuasion Settings*](#) (2014)

Context: How many positive claims should firms use to produce the most positive impression of a product or service?

Insight: When consumers know there is a persuasion motive, the number of claims improves consumer perceptions until the fourth claim, at which point the awareness of persuasion causes consumers to view all the claims with skepticism.

Implication: Policymakers can use these insights to improve how they communicate the benefits of policies and programs to their constituents.

[*Beyond Nudges: Tools of a Choice Architecture*](#) (2012)

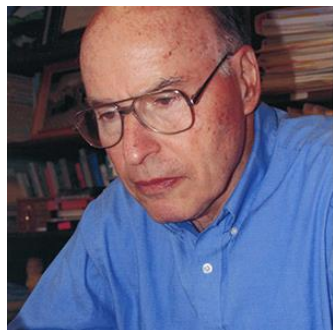
Context: The way a choice is presented can have great influence on what a decision-maker chooses.

Insight: This paper offers guidelines in structuring the presentation of choice—from the optimal number of options to the level of individual personalization—as well as how to describe these choice options in ways that help decision-makers avoid behavioral biases.

Implication: These behaviorally-informed tools in the hands of policymakers can lead to more optimally designed choices that help people make timely and better understood decisions.

What concepts from behavioral economics have had the most relevance to consumer financial decision-making?

Concepts like the endowment effect – when people value something they own more than they would if they didn't own it – is a big driver in claims for Social Security benefits. Most people claim Social Security benefits too early to optimize their income during retirement. Why are people doing something that's not in their economic self-interest? This is because some people have misconceptions and think that they will get from the system what they've paid into it. This is not really how Social Security works, but the more people feel that it was "their" money that they put in through their working years, the sooner they want to re-claim it.



Paul Slovic

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Professor of
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Franklin V. Taylor
Award for Lifetime
Achievement in
Applied Experimental
and Engineering
Psychology, 2006

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Paul Slovic is an expert in judgment and decision-making. His research focuses on the influence of affect and risk perception on judgments and decisions. He is a professor of psychology at the University of Oregon and an affiliate of ideas42. He holds a B.A. from Stanford University, as well as an M.A. and Ph.D. from the University of Michigan.

Summaries of Recent Research Findings in Behavioral Science

[Psychic Numbing and Mass Atrocity](#) (2013)

Context: Both individuals and governments fail to react to mass atrocities in a way that is aligned with their moral beliefs.

Insight: Psychic numbing is a concept that helps to explain why large numbers of deaths fail to convey the true meaning of an atrocity and why we react more strongly to individual stories of tragedy.

Implication: When trying to motivate the public to act in the face of mass atrocities, policymakers should avoid using overarching statistics and instead try to convey more small scale and relatable features. International laws and institutions need to be strengthened to overcome numbing. Structured decision analytic methods are needed to ensure greater consistency between expressed and revealed values for saving human lives.

[The Affect Heuristic](#) (2007)

Context: Often, we automatically make judgments that are heavily influenced by our affective (i.e., a feeling of "goodness" or "badness") response to a stimulus rather than a more deliberative weighing of pros and cons.

Insight: When we like an option (e.g. ,nuclear power), we tend to underestimate its risks, and when we dislike an option, we tend to overestimate its risks.

Implication: Policymakers should be mindful of their affective, feelings-based responses and take note of behavioral research that shows their strengths and weaknesses.

What current policy question could be informed by your research on decision-making and risk perception?

Climate change is very hard for people to wrap their minds around. It's a diffuse threat, the effects are not necessarily visible to us, and we're tolerant of what nature might do. We know about climate change from scientific evidence, but it doesn't arouse strong feelings of fear. In order to prompt action, people need to believe their actions will make a difference. Leaders need to communicate with people in line with their preexisting worldviews; one study showed that when four different types of people give the same message, people are most willing to respond to communicators most like them. It's also important to make it easy and affordable to do the right thing.



Dilip Soman

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Dilip Soman is an expert in the application of behavioral economics to welfare, policy, and financial and health behaviors. He is a Professor at the Rotman School of Management, University of Toronto, the coordinator of the Behavioural Economics in Action™ research cluster and an affiliate at ideas42. He is the author of a forthcoming book *The Last Mile: Creating Social and Economic Value from Behavioural Insights* (UToronto Press). He received his Ph.D. from the University of Chicago and his MBA from the Indian Institute of Management.

Summaries of Recent Research Findings in Behavioral Science

[*The Categorization of Time and Its Impact on Task Initiation*](#) (2014)

Context: Busy people tend to prioritize to-do tasks as a function of relative urgency. Even so, many tasks are left un-started until very late.

Insight: Tasks that have a deadline that is seen to be in “this period” or “on a day like today” are more likely to get worked on than tasks that are due in a later period, holding the actual duration to deadline constant. For instance, a task that is due in 7 days is more likely to be tackled when (a) the 7 day window is in this month rather than next, or (b) when it is emphasized that the task is due on (say) a Tuesday, much like today.

Implication: These findings offer novel insights for policymakers interested in prompting action and compliance.

[*The Fewer the Better: Effect of Number of Goals on Savings Behavior*](#) (2011)

Context: People may believe that setting multiple savings goals will help them save more.

Insight: Presenting a single savings goal can result in greater intention to save and actual savings than presenting multiple ones; multiple savings goals might evoke considerations of competing trade-offs and impede people from moving into an implementation mind-set, while a single goal evokes a stronger implementation intention.

Implication: These findings offer novel insights for policymakers interested in encouraging savings.

What current policy questions could be informed by a behavioral bias you’ve worked on?

Several! I’m currently advising ministries and agencies in Canada in the areas of how to a) improve compliance, b) improve financial wellbeing and literacy, c) consumer privacy, d) cash transfer programs and e) health choices.



Nicholas Souleles

University of Pennsylvania

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Michael L. Tarnopol
Professor, Professor of Finance at The Wharton School, University of Pennsylvania

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Nicholas Souleles is an expert in macroeconomics and consumer finance. His research covers topics including household consumption, saving, and borrowing. Souleles is currently a Professor of Finance at The Wharton School, University of Pennsylvania. He holds a Ph.D. from the Massachusetts Institute of Technology, a B.A. from the University of Oxford, and a B.S.E. from Princeton University.

Summaries of Recent Research Findings in Behavioral Science

[Benefits of Relationship Banking: Evidence from Consumer Credit Markets](#) (2009)

Context: Other research has examined the benefits of relationship banking for corporations and lenders, but cross-selling can be an important factor in retail banking for consumers as well.

Insight: Because relationship banking gives retail banks a more complete picture of account-holder financial status, it can reduce credit card default and attrition rates while at the same time increasing utilization rates.

Implication: As consumers and policymakers consider the appropriate use of cross-account information, this evidence suggests that both banks and consumers seem to benefit from relationship banking.

[Do Consumers Choose the Right Credit Contracts?](#) (2007)

Context: Research has shown that consumers sometimes make mistakes when choosing between different contracts, such as which phone plan or gym membership to purchase.

Insight: When presented with two simple credit card contracts, the majority of consumers in this study correctly chose the most cost-effective option for their spending habits.

Implication: Making contract choices less complex could help many consumers make optimal financial decisions.

What concepts from behavioral science have had the most relevance to household finance?

Choice complexity often comes up. We see in different contexts that both institutions and individuals reliably make better decisions when they have more relevant information and when decisions are simplified. This may sound obvious, but it has important implications for how strictly we draw the lines around consumer privacy and corporate disclosure.



Claude Steele

University of
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Trustee, MacArthur
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Claude Steele is an expert in social psychology. His research interests include how people cope with threats to their self-image and how group stereotypes can influence intellectual performance and academic achievement, especially for minorities and women. He is the Executive Vice Chancellor and Provost at UC Berkeley. He holds a Ph.D. and M.A. from Ohio State University and a B.A. from Hiram College.

Summaries of Recent Research Findings in Behavioral Science

[*Whistling Vivaldi: How Stereotypes Affect Us and What We Can Do*](#) (2011)

Context: Students of color are not graduating from college at the same rate as white students.

Insight: Stereotype threat—the fear of confirming a negative stereotype about one's group—can affect educational outcomes. The possibility of a stereotypical judgment and the efforts of minority students trying to dispel it can hinder academic performance and undercut feelings of belonging, competence, or aspiration.

Implication: Simple institutional practices can counter the otherwise powerful cues that trigger stereotype threat. Self-affirmation exercises in the classroom, particularly for students of color, can be enough to counter negative messages that trigger stereotype threat.

[*Stereotype Threat Affects Financial Decision Making*](#) (2010)

Context: Although women make up more than half of the labor force in Fortune 500 companies, they lead only 3% of them. Many factors drive this disparity, including stereotypes of women as more risk-averse or poorer financial decision-makers.

Insight: Women subjected to stereotype threat in academic and business settings were more loss averse than both men and women who were not.

Implication: Negative gender or race-based stereotypes may affect choices about work (e.g., whether to pursue a risky project), financial investments (e.g., whether to invest in a risky but lucrative fund), and life (e.g., whether to start a business). Employers should be mindful not to reinforce or imply negative stereotypes.

How has behavioral science helped to inform the field of education?

Achieving good academic performance isn't just about being smart or having a wealthy household. How you feel others perceive you also matters. If you feel you'll be judged through a stereotype, you might inadvertently do something that confirms it. If you care about doing well in that situation, the prospect of being treated stereotypically might be upsetting and stressful. If you're a member of a group whose intelligence is negatively stereotyped, the idea of confirming a stereotype can be distracting enough to undermine your performance in the middle of a test, for example.



Cass Sunstein

Harvard University

Select Titles

Robert Walmsley
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Cass R. Sunstein is a former high-level White House official in charge of national regulatory policy. He is an expert in government regulation and in multiple legal disciplines, including constitutional, environmental, and labor law. His current research involves examining the relationship between law and human behavior. He is a University Professor at Harvard, founder and director of Harvard Law School's Program on Behavioral Economics and Public Policy, and an affiliate of ideas42. He holds a B.A. from Harvard College and a J.D. magna cum laude from Harvard Law School.

Summaries of Recent Research Findings in Behavioral Science

[Automatically Green: Behavioral Economics and Environmental Protection](#) (2013)

Context: The government has traditionally used regulations and economic incentives to increase environmentally desirable actions.

Insight: The use of "green" default rules can be effective in boosting environmentally conscious choices. A German community that included green energy in the default plan had 90% green usage compared to 1% in another community without the default.

Implication: Defaults have the potential to be more effective than regulations or incentives when the most economically sound and environmentally preferred decision can align, but still isn't selected—as is the case for saving paper, using green energy, and buying energy-efficient products.

[Overreaction to Fearsome Risks](#) (2011)

Context: The salience of a large event or idea can greatly sway the public's perception of danger such as in health (e.g. ebola in America) or national security (e.g. anthrax).

Insight: Such events are serious but the probability of recurrence is extremely low. The public response and the magnitude of precautions often reflect the former but not the latter—an example of probability neglect that leads to excessive reaction.

Implication: Policymakers should consider how implemented precaution can affect public overreaction and better correlate to actual risk.

What behavioral science concept is most relevant to regulation?

Choice architecture. People's decisions have an architecture behind them, and the architecture much affects our decisions. A better understanding of the importance of default rules, simplification, reminders, and disclosure has been highly influential on governments. The Affordable Care Act and Dodd-Frank financial reform legislation both reflect an understudying of the importance of disclosure and choice architecture. Examples of good choice architecture include automatically enrolling employees in retirement or health insurance plans, or improving warning labels for unhealthy products.



**Abigail
Sussman**

University of Chicago

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Assistant Professor of
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Consumer Finance

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Abigail Sussman examines psychological biases that lead consumers to commit errors in budgeting, spending, and borrowing, all with the aim of improving human welfare. She is Assistant Professor of Marketing at University of Chicago Booth School of Business as well as an affiliate at ideas42. She received her B.A. in Cognitive Science and Economics from Brown University and a joint Ph.D. from the Psychology Department and the Woodrow Wilson School of Public and International Affairs at Princeton.

Summaries of Recent Research Findings in Behavioral Science

[The exception is the rule: Underestimating and overspending on exceptional expenses](#) (2012)

Context: We often spend more than normal on large, infrequent expenses such as concerts, holidays, and anniversaries without accounting for them perfectly, which can ultimately affect long-term financial planning.

Insight: People not only underestimate their spending on exceptional purchases overall, but they also overspend on each individual purchase—this is partly due to ‘mental accounting’, the idea that consumers categorize exceptional expenses too narrowly, construing each as a unique occurrence rather than a series that should be bracketed together.

Implication: Helping consumers think about exceptional, non-recurring items as part of a larger set of purchases may alleviate tendencies to overspend without accounting appropriately.

[Axe the Tax: Taxes Are Disliked More than Equivalent Costs](#) (2011)

Context: Americans dislike taxes so much that they prefer to avoid tax-related costs than to avoid other equal-sized (or larger) monetary costs, which in turn can spur tax evasion.

Insight: People respond more strongly to costs when they are labeled as taxes than when the same cost is described using alternative language. When introducing a tax, coupling the cost with a specific use of the tax dollars (e.g., highlighting the use of the tax to support infrastructure) may reduce aversion to the tax.

Implication: Altering the framing of a tax policy can help policymakers better communicate their rationale to the broader public.

What current policy questions could be informed by consumers’ psychological biases in the financial domain?

Striving for financial wealth and stability can trigger opposing behaviors: preference for greater assets in some circumstances, and for lower debt in others. Such impulses may not always be aligned with what is best financially. Better insight into the determinants of perceived financial wealth and decision-making could help shape behaviorally informed policy.



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Summaries of Recent Research Findings in Behavioral Science

[Do Individuals Make Sensible Health Insurance Decisions?](#) (2015)

Context: People are increasingly asked to make important choices about their health-insurance coverage, but it is not clear that they have the economic literacy to sensibly navigate their options.

Insight: Employees at a large US firm and subjects in online experiments select health plans with lower deductibles at high rates even when the additional premium cost of those plans is so high that the lower-cost-sharing plans are guaranteed to cost more money for the year. People with low insurance literacy appear to fall back on simple choice heuristics and are unable to make a full comparison of the value of health plans.

Implication: Behavioral science is important for understanding how people make decisions about complex financial products. Choices that violate economic principles have implications for regulations and the welfare consequences of evolving health-insurance markets.

[Estimating the Effect of Salience in Wholesale and Retail Car Markets](#) (2013)

Context: Modern economic life requires people to evaluate many pieces of information—some important pieces less salient than others—before making a purchasing decision.

Insight: Retail consumers devote limited attention to evaluating vehicle mileage: they are willing to pay more money for cars with mileage just under 10,000-mile thresholds than for cars with mileage just over the same threshold. This influences prices in the wholesale market.

Implication: These findings show that behavioral science can be extremely important for understanding, and therefore predicting, the dynamics of markets in which people make large economic decisions.

How do behavioral concepts relate to consumer decision-making?

Limited attention and salience play huge roles in how people make decisions in major markets and even how they decide on high-cost products. By better understanding the types of simplifying heuristics people use to make important decisions, policymakers can design policy to better serve the people the policies are intended to help.



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Summaries of Recent Research Findings in Behavioral Science

[*Nudge: Improving Decisions About Health, Wealth, and Happiness*](#) (2008)

Context: We face choices every day that are not actively designed in a manner that leads to the best individual and social outcomes.

Insight: Subtle, often innocuous changes in how we are presented with choices can have large effects on the decisions we make.

Implication: Policymakers looking to help people help themselves while maintaining freedom of choice can use these “nudges” to achieve better results with minimal costs. For example, making organ donation the default choice vastly increases donor rates as compared to an opt-in system.

[*Save More Tomorrow: Using Behavioral Economics to Increase Savings*](#) (2004)

Context: In the era of defined-contribution savings plans, people often under-save, even when they know it's in their best interest to save more. The Save More Tomorrow (SMarT) program addresses this by allowing employees to pre-commit to allocating a portion of their future pay raises toward a retirement savings account.

Insight: SMarT resulted in a savings rate increase from 3.5% to 13.6% in 40 months, with 78% of those who were offered the plan freely choosing to participate and 80% of those who enrolled sticking with the plan for at least four pay raises.

Implication: Policymakers can behaviorally inform programs to increase savings rates without restrictive mandates or costly subsidies.

What current policy question could be informed by behavioral science?

Behavioral science can help create regulations that protect consumers. It is often thought that protecting consumers is about maximizing choice. Classical economics assumes a regular person can go through complicated mortgage documents and decide what's best. In reality, this is difficult even for very smart people. Creating and enforcing disclosure policies that require firms to present information in an understandable way would increase competition between firms and allow consumers to make better choices.



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Summaries of Recent Research Findings in Behavioral Science

[*Borrowing Trouble? Student Loans, the Cost of Borrowing, and Implications for the Effectiveness of Need-based Grant Aid*](#) (2015)

Context: In 2014, outstanding student loan debt exceeded \$1.1 trillion. The type of available financial aid and the steps to obtain it can have a wide array of impacts.

Insight: For borrowers in a large urban public university system, each additional dollar of federal Pell Grant aid reduces loans by more than a dollar on average due to the fixed cost of loan obtainment through factors like opt-in costs, complicated paperwork, and concerns over incurring debt. The fixed cost of borrowing counteracted the effectiveness of grant aid, resulting in additional aid having little impact on educational attainment.

Implication: Policymakers can design default settings in student loans so that the hassles of applying do not reverse the intended effects of grants. These findings may prove applicable in other settings, such as in retirement savings programs with default saving rates.

[*The Design of Teacher Incentive Pay and Educational Outcomes*](#) (2013)

Context: Proponents of teacher compensation schemes argue that they may raise student performance and stimulate innovation.

Insight: A group-based performance incentive scheme for teachers in New York had little effect on student achievement. In schools where incentives to free-ride were weakest, the program did lead to small increases in math achievement.

Implication: It is important to consider the design and behavioral components of teacher incentive pay setups to ensure that such a program is beneficial and cost-effective.

What concepts from behavioral science apply to education?

Framing—or how we curate and present information—is a powerful concept. One of my projects investigates how students make decisions around financing college education and the impacts these decisions have on educational outcomes. We're looking into how the framing of loan offers affects students' borrowing decisions and post-secondary outcomes. The project will improve our understanding of students' financial decision making and will help guide colleges in packaging loans to better serve their students.



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Summaries of Recent Research Findings in Behavioral Science

[Enhanced Active Choice: A New Method to Motivate Behavior Change](#) (2011)

Context: Opt-out policies—when the option preferred by the policy maker is made the default—may not be feasible in a health context.

Insight: An alternative model of “enhanced active choice” that requires the decision-maker to make an active choice while also highlighting the losses that will result from the non-preferred alternative is shown to be an effective choice aid.

Implication: Policymakers can use “enhanced active choice” to assist individuals to make health-related choices.

[A Randomized, Controlled Trial of Financial Incentives for Smoking Cessation](#) (2009)

Context: Smoking is the leading preventable cause of premature death in the United States.

Insight: Individuals receiving financial incentives for smoking cessation had significantly higher rates of smoking cessation than did individuals receiving information about the benefits of smoking cessation.

Implication: Findings about effective motivators of smoking cessation can inform policymakers' and health insurance providers' approaches to encouraging long-term health.

What behavioral science concepts have had the most relevance to encouraging healthy behavior?

Findings of behavioral economics suggest that the same decision errors that contribute to poor health-related behaviors can be used to “supercharge” incentive programs so that they motivate behavior change more effectively than simple premium adjustments. Ideally, incentives should provide small but tangible and frequent positive feedback or rewards. A program that promotes exercise with a year-end rebate for gym attendance or a small year-end reduction in one's health insurance premium is far less likely to succeed than one providing incentives, and symbolic encouragement, at every visit.



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Summaries of Recent Research Findings in Behavioral Science

[From Coke to Coors: A Field Study of a Fat Tax and its Unintended Consequences](#) (2014)

Context: Since 2009, US federal and state governments have been considering a soft drink tax. In 2014, Berkeley, CA was the first city to pass such a tax law by adding a 1-cent-an-ounce price increase on soft drinks.

Insight: In a study on soft drink tax effectiveness, a 10% tax on high calorie drinks decreased purchase in the first month; this was not sustained by month three. For beer-drinking households, people significantly increased their purchases of beer as a substitute.

Implication: In this experiment, intended positive effects of a tax were only short-lived and coupled by unintended consequences. It is important for policy makers to consider the full realm of possible and real effects when creating and evaluating tax policy.

[Smarter Lunchrooms: Using Behavioral Economics to Improve Meal Selection](#) (2009)

Context: School cafeterias are not optimally set up to help children make healthier eating decisions. Strategies like changing vending machine options have not had the large expected impacts.

Insight: Some examples of small yet high-impact changes to promote healthy eating include closing the lid on a freezer containing ice cream (reduced purchase by 16%) and moving the salad bar to the middle of the food area where it is salient.

Implication: Policymakers can use and endorse easy and low cost strategies for helping people make healthier food purchasing decisions.

What current policy questions could be informed by the behavioral underpinnings of food and nutrition?

When it comes to healthy eating, it really can be the small and less costly adjustments that make a world of difference. Programs and policies should strive to make healthy choices easy instead of making bad ones harder. Emphasis should be on working with public food spaces like groceries, restaurants and schools to share best practices in updating the environment and incentives so that healthier choices become more natural. One way this has already been done is in promoting the national lunch program in schools so more students can be provided with balanced nutritious meals.



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Summaries of Recent Research Findings in Behavioral Science

[Perceptions and communications strategies for the many uncertainties relevant for climate policy](#) (2013)

Context: The scientific community has sought to improve communication practices and present a more accurate picture to the public about the state of scientific knowledge on climate change.

Insight: The gap between public and scientific attitudes toward climate change will narrow not because of greater attention to climate system risks and uncertainties, but because the public will have greater experience with the policies and technological systems needed to address the problem.

Implication: Better understanding how the public forms its attitudes can help government officials better communicate and organize action around climate change policy.

[The Psychology of Climate Change Communication](#) (2009)

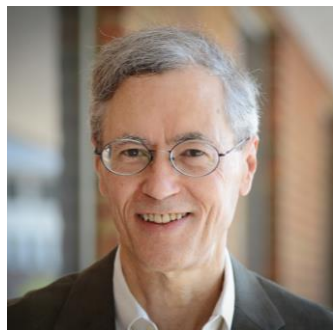
Context: Most Americans are aware of climate change and may even rank it as a concern, but don't perceive it as a near-term priority.

Insight: In order for climate science information to be fully absorbed by audiences, it must be actively communicated with appropriate language, combined with narrative storytelling, made vivid through visual imagery, balanced with scientific information, and delivered by trusted messengers in group settings.

Implication: The principles found in this guide should help make more effective climate change presentations, discussions, and policy.

What current policy questions could be informed by the insight around how people make decisions?

Policy questions concerning the environment, of course, can absolutely be informed by how we make decisions. If human behavior is causing many environmental problems, then behavioral changes, individually and collectively, are required to address them. Status-quo bias, myopia, and uncertainty avoidance play major roles in the energy use and energy efficiency decisions we make. Psychological solutions to remove behavioral bottlenecks can be easier to implement and more cost effective than legislative mandates or price interventions. A more comprehensive model of human motivation and information processing can help during the planning and implementation phases of economic and technology policy.



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Summaries of Recent Research Findings in Behavioral Science

[The End of History Illusion](#) (2013)

Context: People tend to think they have changed a lot in the past, yet underestimate how much they will change in the future.

Insight: People regard the present as a watershed moment when they have finally become the person they will be for the rest of their lives. This tendency to underestimate future change is known as the "end of history illusion" and often leads people to overpay for future opportunities to indulge in their current preferences.

Implication: Appealing to people's current preferences can help to motivate their commitment to far-off or reoccurring actions that work toward helpful future payoffs.

[Redirect: The Surprising New Science of Psychological Change](#) (2011)

Context: Negative self-perceptions can be a barrier to positive change.

Insight: Changing people's behaviors requires understanding how they see the world—the stories they hold about who they are and why they do what they do. Wilson offers three ways to get people to "edit" their stories and sustain behavior change. First is "story prompting": people are given information that prompts them to change their views. The second involves writing exercises for people to revise their narratives. The third is the "do good, be good" method of changing behavior first because our beliefs often follow, not precede, our behaviors.

Implication: These story-editing techniques have been used in many settings, including to close the achievement gap in education, or reduce stereotyping and prejudice. These techniques can also be used in homes and schools to help kids develop healthy narratives.

How can psychology inform social programs?

Social programs should be tested for psychological pitfalls or they can cause harm. One example of this is the Scared Straight program in which at-risk teens are taken to prisons and harangued by inmates to avoid crime. It turns out that Scared Straight backfires: teens who participate are more likely to commit crimes than kids who don't participate. They seem to be getting the message that they must be at risk of becoming criminals if convicts are going to such extremes to talk them out of it. In a study, I found strong external threats at a point in time can increase interest in a forbidden activity later.



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Summaries of Recent Research Findings in Behavioral Science

[Facilitating Savings for Agriculture: Field Experimental Evidence from Malawi](#) (2015)

Context: Microcredit is largely devoted to non-agricultural activities despite the fact that GDP growth originating in agriculture is about four times more effective in reducing poverty than that originating outside of agriculture.

Insight: A savings program for Malawian cash crop (tobacco) farmers who deposited their harvest proceeds into a bank account led to higher savings and increased crop sale proceeds for future harvests.

Implication: The findings demonstrate the benefits microfinance policies—particularly savings accounts and commitment devices—can have on planning and spending within agricultural households.

[Motivating migrants: A field experiment on financial decision-making in transnational households](#) (2014)

Context: The growing numbers of migrant workers has also increased the exchange of money between countries as workers send wages back to their families. A number of governments and international financial institutions are exploring policies to enhance the financial impacts of these exchanges on the economic development of migrants' home countries.

Insight: Male migrant workers took part in motivational workshops aimed at improving financial habits and encouraging joint decision-making with their spouses. These workshops increased the likelihood of migrants and their wives making joint decisions on money matters and led the wives to seek financial education.

Implication: The results suggest that employing financial literacy interventions has potential to change financial decision-making in households.

What concept from behavioral economics has had the most relevance to microfinance?

I think the impact commitment devices can have on borrowers of microloans is really important. Research has shown its ability to help people save more and particularly increase the decision making power of women in the household. I think such a tool can be critical in poverty alleviation policy.



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Jonathan Zinman is an expert in household finance and consumer behavior. His work explores the choices that consumers and entrepreneurs make across time, both in the U.S. and in developing economies. He is a Professor of Economics at Dartmouth College, and co-founder and Scientific Director of the U.S. Household Finance Initiative (USHFI) of Innovations for Poverty Action. He is also an ideas42 affiliate. He earned his Ph.D. from the Massachusetts Institute of Technology and his B.A. from Harvard University.

Summaries of Recent Research Findings in Behavioral Science

[A personal touch: text message reminders and loan repayment](#) (2015)

Context: Sending text message reminders can be a cost-efficient way to increase repayment rates of microfinance loans in low-income countries, but not all messages are effective.

Insight: In this study, only messages that were personalized had a positive effect on repayment, potentially working well because they reduced moral hazard.

Implication: These results show how technology can be used to improve outcomes in a banking model that values personal relationships.

[In Harm's Way? Payday Loan Access and Military Personnel Performance](#) (2014)

Context: The US Department of Defense (DoD) successfully lobbied for a 36% APR cap on loans to servicemen, but in some cases, access to short-term credit may increase the well-being of borrowers.

Insight: Enlisted Air Force personnel with access to payday loans did not demonstrate increased well-being; rather they had lower job readiness, job performance, and job retention than peers without access to payday loans.

Implication: This study supports the DoD hypothesis that payday loan borrowing distracts servicemen from their duties by exacerbating financial distress, and can inform financial regulations for civilian consumers as well.

What concept(s) from behavioral economics have had the most relevance to consumer finance?

Limited attention is a concept that may have important implications both for service providers concerned with product development and for policymakers concerned with consumer financial protection. Getting and maintaining consumers' attention about financial decisions seems to be at least as effective as actually informing them. Because people have limited attention, timing also matters. Consumers need relevant information when they are making financial decisions—not just upfront. Otherwise, people forget or tune out information that they might need later but not right now.



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