

# BEHAVIORAL ECONOMICS

---

Tools for Change

# Agenda

- 1) Introduction to Behavioral Economics
- 2) Review of Key Strategies

3) .....Apply strategies to common problems!

# What is Behavioral Economics?

- Humans are irrational!
- Economics meets Psychology: accounts for social, cognitive, and emotional factors
- Behavior change strategies better aligned with “real world” and real people
- Provides tools for leaders and change agents



(Camerer, Colin & Loewenstein, George, 2002)

# Our Focus: Data

Keep in mind...

- How could these strategies be applied in your organization to encourage staff to collect and enter data?
- How could they be used to encourage clients to bring data to their appointments?

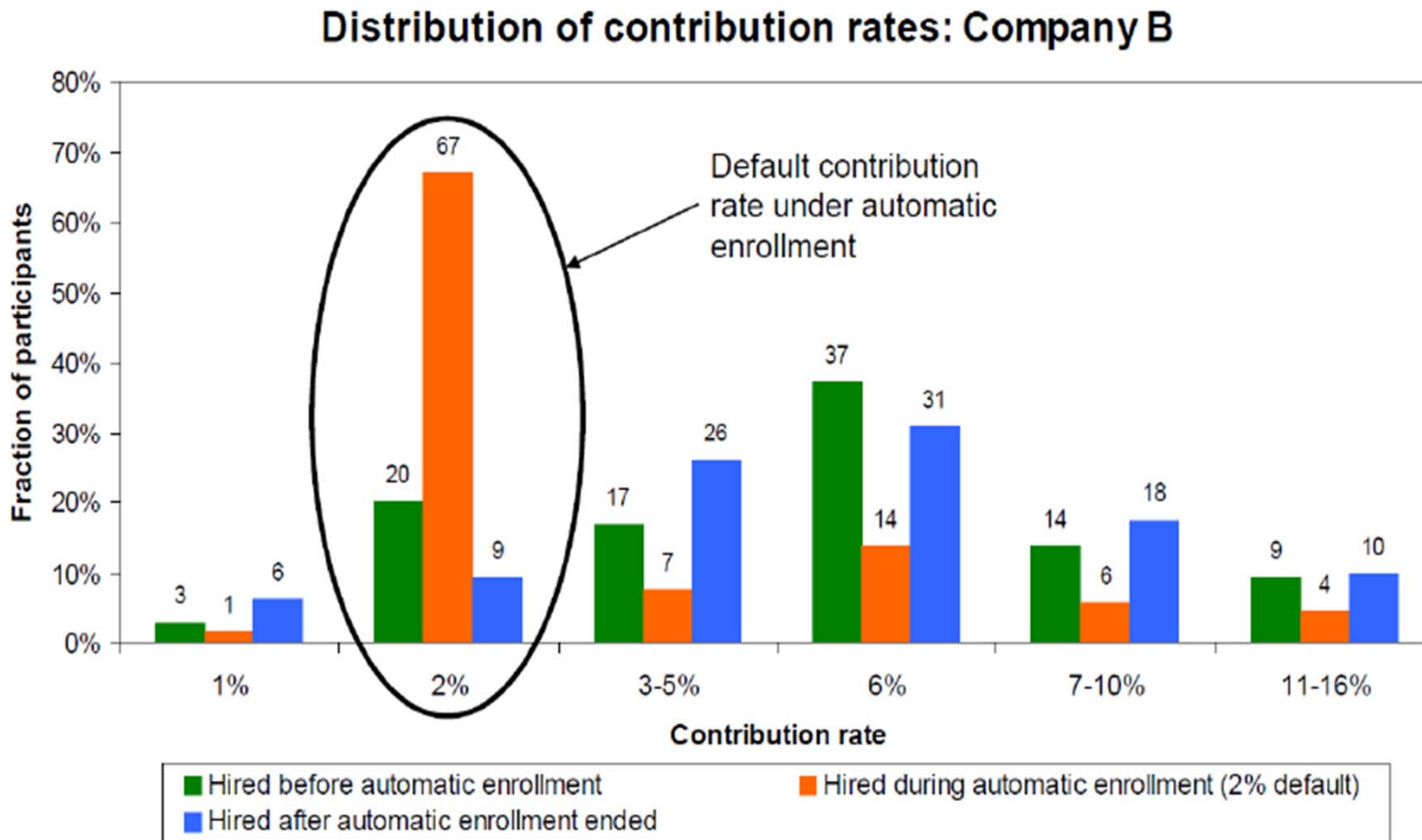
# Key Strategies

- Defaults & Status Quo Bias
- Feedback
- Channel Factors
- Incentives

# Defaults & Status Quo Bias

- Inertia - people are more likely to stick with a default than to change it

# The Power of Defaults



(Choi, Laibson, Madrian, & Metrick., 2004)

Source: Durell, Powers, & Tantia, 2010

# How could this apply to my organization?

welcome to

# ETO™ software

---

Username:

Password:

You no longer need to select a site before logging in.  
Simply enter your username and password above.

[Guest/Entity Login](#)  
[Trouble logging in?](#)  
[Forgot Your Password?](#)

### Support and Training Alerts

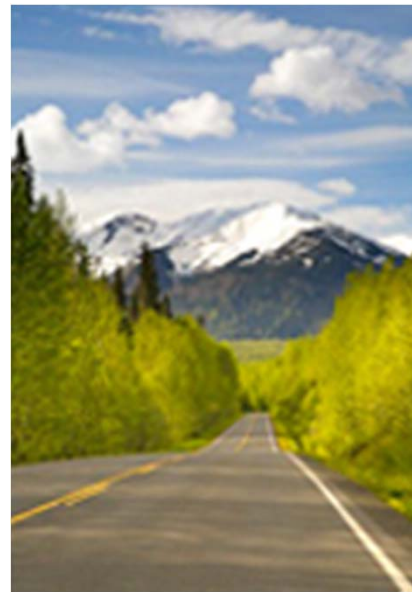
- [Click here](#) to sign up for our Basic New User Training or New Customer Orientation!

### News, Events, and Webinars

- Social Solutions is Hiring! Check out the [careers](#) page on our website to learn more!
- Here is a much needed explanation of performance management from Child Trends: [Performance Management and Evaluation What's the Difference?](#)

# Feedback

- If people know the impact of their actions, they will be more likely to change
- Digital camera feedback



How could this apply to my organization?

**Reports = not just for funders!**

# Channel Factors

- Minor situational changes that have a large impact on behavior (*Lewin, 1952*)
- **Tetanus Shot Experiment: Two groups mailed info about tetanus shot**
  - **Group A** told to go to health center
  - **Group B** told to go to health center, plan time & route, given map
  - **Both groups** ↑ understanding of tetanus risks/benefits of shot
  - **Group B** had 28% take-up rate, vs. 3% in group A

(Leventhal, Singer, & Jones, 1965)

Source: Durell, Powers, & Tantia, 2010

## How could this apply to my organization?

- Staff meeting encourages staff to block off daily time to enter data in their calendars
- Staff to block time in calendars immediately after meeting

# Incentives

- Benefits of an action (or reminder of benefits)
- Treadmill shows number of calories burned
- Incentivizes continued workout



## How could this apply to my organization?

- Raffles
- Awards
- Staff sent email updates on office progress towards goals for client outcomes

# Summary

- **Defaults & Status Quo Bias** – default to preferred choice
- **Feedback** – share impact of actions/choice
- **Channel Factors** – situational change to impact behavior
- **Incentives** - benefits of an action encourage behavior change

# Sources Consulted

## Content for this presentation was adapted from...

- Durell, A., Powers C., & Tania P. *Behavioral Economics & Asset Building*. PowerPoint Presentation. June 30, 2010
- Thaler, T.H. and Sunstein, C.R. (2009). Nudge. London: Penguin Books
- Camerer, C.F. and Loewenstein ,G. *Behavioral Economics: Past, Present, Future*. (Draft Paper). October 25<sup>th</sup>, 2002. Accessed on 10/12/11 at <http://www.hss.caltech.edu/~camerer/ribe239.pdf>

## For further reading...

- Switch by Chip Heath & Dan Heath
- Influence: The Psychology of Persuasion by Robert Cialdini
- The Positive Deviance Initiative (<http://www.positivedeviance.org/>)