

MSc Seminar
“Behavioral Labor Economics”

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Content

In recent years, a growing body of research in Psychology and Economics has demonstrated that individual behavior does not only depend on economic incentives and constraints, but instead is influenced by a multitude of psychological factors as well as by individual limitations in self-control, cognition, and attention. These findings have profoundly shaped the way in which economists and psychologists think about individual behavior in the labor market, aggregate labor market outcomes, and labor-market policy.

In this course, we will discuss how research in behavioral economics has enriched our understanding of people’s behavior in the labor market, within firms, or other organizations. We will also discuss how a psychologically more accurate understanding of individual behavior can help policy makers develop and apply new policy instruments that effectively make use of behavioral economics insights. In the course, students will use the knowledge and tools from behavioral economics to address a question related to job search and employment, behavior in the workplace, and labor market policy. The following questions exemplify the topics that we will discuss during the seminar:

- How do present bias and loss aversion affect individuals’ employment and earnings’ prospects?
- Do job seekers hold systematically biased beliefs regarding their chances of re-employment, prospective wages, and the effectiveness of different search strategies?
- Which policy tools can help people overcome these biases? Which subgroups of job seekers should we target specifically?
- How do unconscious biases by employer or case-workers in employment agencies affect the labor market chances of different worker groups?
- How do monetary and non-monetary incentives influence employee engagement and discretionary effort?
- Do internal leaderboards or ranking systems affect individual motivation and inter-team collaboration?

Prerequisites

Students should have a sound knowledge of microeconomic theory and empirical methods. Students will also benefit from previous course work on behavioral economics and labor economics, although no specific previous knowledge is required.

Course Procedures and Timeline

- **Block 1: Introduction.** The course will be introduced by 1-2 lectures in the first three weeks of the semester. In the lectures, we will discuss possible topics for the seminar papers and provide an overview of the required theoretical and empirical methods.
- **Block 2: Writing Period.** Students work independently on their seminar paper (max. 15 pages), individual appointments for consultation. Tentative deadline for submission of the

seminar paper: January 11, 2026.

- **Block 3: Seminar Presentations.** There will be a workshop (block seminar) where students present their seminar paper drafts. Each student will also act as a discussant for one of the other workshop presentations. Attendance of the full workshop is mandatory. The planned date for the workshop is in the week between December 15 and December 19, 2025 (to be confirmed).

Seminar Paper

The seminar paper can take various forms. One possibility is to thoroughly analyze and discuss an influential research article on the selected topic and derive a policy proposal based on the behavioral phenomenon that is discussed in the articles. Another possibility is to theoretically analyze the effects of an existing law or labor market regulation from a behavioral economics perspective and discuss how existing policy instruments could be improved using behavioral economic insights. A third possibility is that students perform their own empirical investigation, based on the data underlying the selected article or based on additional data that students assemble themselves. This is an ideal preparation for subsequently conducting an empirical investigation for a MSc thesis.

Topics Assignment

Seminar topics will be assigned in the first weeks of the semester. Please check the course descriptions for further information on possible seminar topics.