BSc Seminar: Behavioral Economics in Action /

BSc Seminar: Labour Economics

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Content

Why do we pay for subscriptions we barely use? Why do we often eat unhealthy food, exercise too little, or procrastinate on important tasks? Why do individuals fail to claim social benefits they are entitled to? Should firms make co-workers' wages transparent, or keep them secret? How can cities reduce littering without simply raising fines? Do "free trials" help consumers, or do they exploit them?

Over the past decades, psychologists and economists have gained a deeper understanding of what motivates people's choices. Research in behavioral economics shows that individual choices are shaped not only by incentives and constraints, but also by limited attention, self-control problems, social preferences, and the behavior of others. These insights have fundamentally changed how economists think about consumer behavior, management practices, and public policy.

This seminar explores how insights from behavioral economics can be applied to real-world problems in consumer decision-making, organizations, and public policy. Students work on a concrete policy or management question, engage with relevant empirical research in behavioral economics, identify the key psychological mechanisms at play, and develop a well-founded proposal to address the problem.

The seminar is highly application-oriented and interactive. It is particularly well suited for students who are interested in using behavioral economics to design better policies, smarter organizations, or more effective interventions. Students are encouraged to develop project ideas that can later be extended, refined, and tested in their Bachelor's thesis.

Prerequisites

Students should have a sound knowledge of microeconomics and empirical methods. Students will also benefit from previous course work on behavioral economics, although no specific previous knowledge is required. It is also recommended to familiarize yourself with the content of the key qualification "Wissenschaftliches Arbeiten" in advance.

Seminar Project

Students will be assigned a specific policy or management question, along with a baseline research paper studying the question. Building on this, students will write a seminar paper that:

- critically assesses the underlying policy or management problem,
- identifies and explains the key theoretical mechanisms underlying the observed behavior,
- discusses additional mechanism(s) that could be at play, and
- proposes an experimental intervention that tests the relevance of one specific mechanism.

Students will present the results of their seminar projects in a workshop with seminar presentations.

Course Procedures and Timeline

- **Block 1: Introduction.** The seminar starts with an introductory meeting in the first week of the semester and 1-2 lectures in the first two weeks of the semester. These lectures provide an overview of the required theoretical and empirical methods.
- **Block 2: Writing Period.** Students work independently on their seminar paper over a period of 4 weeks. Individual appointments for consultation will be available.
- **Block 3: Seminar Presentations.** The seminar concludes with a workshop (block seminar) where students present their seminar projects. Each student is expected to actively participate in the discussion of all presentations. Attendance for the full workshop is mandatory. The planned date for the workshop is 1-2 weeks after the paper submission.

Examination and Grading

Grading is based on the seminar paper (max. 10 pages) and the workshop presentation (approx. 15 minutes), weighted 3:2 (paper 60%, presentation 40%).

Course Topics and Reading List

Seminar topics will be assigned in the introductory meeting. <u>The following list of topics is tentative and subject to changes:</u>

How can households be encouraged to save energy?

- Allcott, H. (2011). Social norms and energy conservation. *Journal of Public Economics,* 95 (9-10), 1082-1095.

How can we increase the take-up of green energy?

- Liebe, U., Gewinner, J. & Diekmann, A. (2021). Large and persistent effects of green energy defaults in the household and business sectors. *Nature Human Behavior,* 5, 576–585.

Why do we pay for subscriptions we don't use?

- Della Vigna, S. & Malmendier, U. (2006). Paying not to go to the gym. *American Economic Review,* 96 (3), 694-719.

How do beliefs about the gender gap affect policy demand?

- Settele, S. (2022). How do beliefs about the gender wage gap affect the demand for public policy?. *American Economic Journal: Economic Policy,* 14 (2), 475-508.

Why do people fail to claim benefits they are entitled to?

- Bhargava, S., and D. Manoli (2015). Psychological frictions and the incomplete take-up of social benefits: Evidence from an IRS field experiment. *American Economic Review*, 105 (11), 3489-3529.

Should firms reveal co-workers' wages, or keep them secret?

- Card, D., Mas, A., Moretti, E., & Saez, E. (2012). Inequality at work: The effect of peer salaries on job satisfaction. *American Economic Review*, 102(6), 2981-3003.

How can cities reduce littering without increasing fines?

- Gangl, K., Walter, A., and P. A. M. Van Lange (2022). Implicit reminders of reputation and nature reduce littering more than explicit information on injunctive norms and monetary costs. *Journal of Environmental Psychology,* 84: 101914.

How can food waste be avoided?

- Gravert, C., and Mormann, M. (2025). In-store food promotions increase sales as well as household food waste. *Scientific Reports,* 15.1: 18035.

How can routine health check-ups be increased?

- Altmann, S., and Traxler, C. (2014). Nudges at the dentist. *European Economic Review,* 72, 19-38.

How can charities encourage charitable giving?

- Karlan, D., and List, J. (2007). Does price matter in charitable giving? Evidence from a large-scale natural field experiment. *American Economic Review,* 97 (5), 1774-1793.

How can charities encourage charitable giving? Pt. II

- Ariely, D., A. Bracha, and S. Meier (2009). Doing Good or Doing Well? Image Motivation and Monetary Incentives in Behaving Prosocially. *American Economic Review,* 99 (1): 544–55.