

# Decision Processes Colloquia

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Monday, January 28, 2019

Where: 340 JMHH

When: 12:00 – 1:20 pm

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## Opting-in to Prosocial Incentives

### ABSTRACT:

The design of effective incentive schemes that are both successful in motivating employees and keeping down costs is of critical importance. Research has demonstrated that prosocial incentives – where individuals' effort benefits a charitable organization – can sometimes be more effective than standard monetary incentives. However, most research has focused on the intensive margin, assuming that participation in the activity (whether voluntary or mandatory) is certain. We examine the effect of prosocial incentives on people's decision to opt-in to an incentivized activity offering an optional prosocial incentive. By not restricting a participant's choice set, optional prosocial incentives act as a nudge that combines the effectiveness of both standard and prosocial incentives. Across four experiments that vary incentive size, we find that individuals are more likely to avoid activities that involve any prosocial incentive. Our results highlight the importance of considering the environment and conditions necessary for successful design and implementation of nudges.

