

**Institute on Philanthropy and Voluntary Service**  
**George Mason University**  
**and**  
**The Fund for American Studies**  
**Summer 2018**

**ECON 296 - Behavioral Economics for Non-Profits**

**Instructor**

Dr. Daniel Houser, George Mason University

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Office Hours: By appointment

**TAs**

Jian Song, email: [jsong25@masonlive.gmu.edu](mailto:jsong25@masonlive.gmu.edu)

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**Course Location and Times**

TBD, Arlington Campus

Class Times:

Tuesdays, June 5–June 26 2018, 4:00pm–7:00pm

Tuesdays, July 3–July 24 2018, 4:30pm–7:00pm

Fridays, June 8–July 20 2018, 9:00am–12:00pm

(with some exceptions, see **Course Outline**)

**Course Description**

This course provides an overview of organizational behavior and human decision making from a behavioral economics perspective. Behavioral economics is an emerging subfield, which integrates insights from psychology into economic models of behavior. We discuss ways in which individuals in non-profit organizations systematically depart from assumptions such as perfect rationality, self-interest and time consistency.

The course will lead students to question many assumptions of the standard models. A goal of this course is to point towards ways one might modify standard models of organizational behavior, so as to increase their psychological realism and thus improve their predictive power. The insights gained from this perspective allow us to draw out the implications of behavioral economics for the development of effective philanthropic and charitable environments.

**Course Objectives**

This course aims to provide a general description of behavioral economics applied to non-profit organizations. By the end of the course every student will be familiarized with the main behavioral concepts and should be able to apply them to situations that

organizations encounter on a daily basis.

### **Evaluation System & Grading**

Students are required to write two referee reports and do a group project.

Referee reports: Critical reviews of published papers in the area. Papers should be chosen from the reference paper list below or you can propose papers not included in the list. For the latter, the Professor must approve the student's selection. A referee report guideline and more detailed requirements will be provided separately.

Presentation and Paper: Students will form groups of 2-3 each to collaborate on a group project. The project will involve applying organizational behavior concepts to contemporary issues facing a non-profit in any industry or business of your preference. It should include a detailed description of the issue of interest, the suggestions for modifications and the possible limitations or difficulties in its implementation. Each group will present the project in front of the class, and every member of the group is required to talk. Each grade will be individual.

In addition, each group is also required to submit a term paper on the project. The term paper should be no longer than five pages, with 1.5 line spacing and 12 point font. Please send your group paper (in MS word or pdf) by email to **both TAs** by 9:00pm on July 24.

Weighting will be as follows:

Referee Report 1	20%
Referee Report 2	20%
Individual Presentation	25%
Group Paper	35%

In order to calculate the final grade, it would be approximated to the nearest multiple of 0.1.

### Grading Scale

100-94: A	79-77: C+
93-90: A-	76-73: C
89-87: B+	72-70: C-
86-83: B	69-63: D
82-80: B-	62 or less: F

### **Bibliography**

Organizational behavior and Behavioral economics are relatively new fields; thus a standard textbook is not available yet. Slides associated with the lectures will be provided. These handouts provide a detailed outline of the lecture material, but should not be considered exhaustive. Alternatively, you may consider reading the two

following books, which give a very nice elaboration on applications of behavioral economics to many naturally occurring environments.

1. "Nudge: Improving Decisions About Health, Wealth, and Happiness" by Richard H. Thaler and Cass R. Sunstein
2. "Behavioral Economics and Its Applications" by Peter Diamond and Hannu Vartiainen.

**Paper References:**

1. Xiao, E., & Houser, D. (2005). Emotion expression in human punishment behavior. *Proceedings of the National Academy of Sciences of the United States of America*, 102(20), 7398-7401.
2. Bastardi, A., & Shafir, E. (1998). On the pursuit and misuse of useless information. *Journal of personality and social psychology*, 75(1), 19.
3. Camerer, C., & Thaler, R. H. (1995). Anomalies: Ultimatums, dictators and manners. *The Journal of Economic Perspectives*, 209-219.
4. Cialdini, R. B., Reno, R. R., & Kallgren, C. A. (1990). A focus theory of normative conduct: recycling the concept of norms to reduce littering in public places. *Journal of personality and social psychology*, 58(6), 1015.
5. Gneezy, U., & Rustichini, A. (2000). Fine is a price, a. *J. Legal Stud.*, 29, 1.
6. Ariely, D., Bracha, A., & Meier, S. (2009). Doing good or doing well? Image motivation and monetary incentives in behaving prosocially. *The American Economic Review*, 544-555.
7. Frey, B. S., & Oberholzer-Gee, F. (1997). The cost of price incentives: An empirical analysis of motivation crowding-out. *The American economic review*, 746-755.
8. Janssen, M. A., Holahan, R., Lee, A., & Ostrom, E. (2010). Lab experiments for the study of social-ecological systems. *Science*, 328(5978), 613-617.
9. Tyran, J. R., & Feld, L. P. (2006). Achieving Compliance when Legal Sanctions are Non - deterrent\*. *The Scandinavian Journal of Economics*, 108(1), 135-156.
10. Houser, D., & Kurzban, R. (2002). Revisiting kindness and confusion in public goods experiments. *The American Economic Review*, 92(4), 1062-1069.
11. List, J. A., & Lucking - Reiley, D. (2002). The effects of seed money and refunds on charitable giving: Experimental evidence from a university capital campaign. *Journal of*

*Political Economy*, 110(1), 215-233.

12. Gneezy, U., & List, J. A. (2006). Putting behavioral economics to work: Testing for gift exchange in labor markets using field experiments. *Econometrica*, 74(5), 1365-1384.

### **Blackboard and GMU Email Accounts**

Course materials will be posted on Blackboard (<https://mymasonportal.gmu.edu/>) before/after class. Students must use their Mason email accounts to receive important University information, including messages related to this class. See <http://masonlive.gmu.edu/> for more detailed information.

### **Plagiarism and the University Honor Code**

The integrity of the University community is affected by the individual choices made by each of us. GMU has an Honor Code with clear guidelines regarding academic integrity. Three fundamental and rather simple principles to follow at all times are that: (1) all work submitted be your own; (2) when using the work or ideas of others, including fellow students, give full credit through accurate citations; and (3) if you are uncertain about the ground rules on a particular assignment, ask for clarification. No grade is important enough to justify academic misconduct. Plagiarism means using the exact words, opinions, or factual information from another person without giving the person credit. Writers give credit through accepted documentation styles, such as parenthetical citation, footnotes, or endnotes. Paraphrased material must also be cited, using MLA or APA format. A simple listing of books or articles is not sufficient. Plagiarism is the equivalent of intellectual robbery and cannot be tolerated in the academic setting. If you have any doubts about what constitutes plagiarism, please see me.

### **Disabilities**

If you are a student with a disability and you need academic accommodations, please see me and contact the Office of Disability Services (ODS) at 703 993 2474, <http://ods.gmu.edu>. All academic accommodations must be arranged through the ODS.

### **Course Outline**

<b>Date</b>	<b>Main Topics</b>	<b>Due</b>
6/5 T	Introduction and Core Principle	
6/8 F	Heuristics and Biases in Organizational Decision Processes	
6/12 T	Information and Economic Decisions	Referee Report 1
6/15 F	Social Dilemmas, Social Norms and the Workplace	
6/19 T	Social Norms and Business Incentives	
6/22 F	Punishment and Cooperation in Work Teams	
6/26 T	*****No class*****	

6/29 F	*****No class*****	
7/3 T	Communication in Organizations	Referee Report 2
7/6 F	Temptation and Self-control, Inter-temporal Choices	
7/10 T	*****No class*****	
7/13 F	Group work	
7/17 T	Group work	
7/20 F	Group presentations	
7/24 T	Group presentations	Group Paper