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# Social Psychology II - Behavioral Insights

## Introduction

This seminar aims to introduce students to the field of behavioral decision making—an exciting interdisciplinary field encompassing research in psychology, economics, marketing, organizational behavior, and related disciplines. The seminar calls attention to key concepts and findings in this area, emphasizes how they are considered in contemporary research, and highlights their wide range of applications for the corporate world and society.

## Objectives

The objectives of the course are to:

- Familiarize students with the interdisciplinary body of research on behavioral decision making
- Develop a better understanding of how individuals and groups form judgments or make decisions and how people, societies, and corporations can leverage this knowledge to inform their strategies and policies
- Sharpen critical thinking about the concepts and research in behavioral decision making.
- Enable students to conceptualize, develop, and operationalize research ideas on topics related to behavioral decision making

## Learning Outcomes

This course should enable students to:

- Internalize the basic concepts of behavioral decision making
- Develop a structured approach to understand and examine related research papers
- Develop a critical and constructive mindset to review and build on prior research
- Learn to conceptualize, develop, operationalize, and carry out research ideas around behavioral concepts and topics

## Competences

- Understanding of basic concepts in behavioral decision making
- Development of critical thinking
- Conceptualization, development, and operationalization of research ideas

## Content

The course content is summarized in the course outline below.

## Overall Methodology

Each session will essentially be a guided discussion of the assigned readings with the goal of (a) understanding the conceptual and empirical designs, (b) an appreciation of how those designs and empirical findings inform the discipline, and (c) how those inferences guide the questions we ask in future research.

## Assignments and Grading:

### A. Class Participation (50%)

**You are expected to attend all class meetings and to be prepared** (i.e., complete readings in advance of the class meeting) **even if you are auditing the class**. Being prepared will maximize your ability to contribute meaningfully to and benefit from class discussion.

The outline below includes the required and optional readings for each topic. Each student is expected to carefully read **all required readings** per topic area trying to understand the paper's core idea and developing the habit of constructive evaluation of a research paper.

In addition, each paper will have a **discussion leader** who briefly presents the paper before it is discussed in class. The discussion leader (1) provides a short synopsis of the main argument and findings, and why they are considered interesting and important; (2) critically reflects on whether the provided theoretical framework is consistent, whether the data really support the authors' claims, and what could be improved (e.g., in the theory, construct validity, internal validity, external validity, appropriateness of analyses, sample, sample size, etc.); and (3) develops some ideas for future research on the respective topic area. The discussion leader should also prepare questions to lead the first part of the discussion about this article in class.

Since everybody is expected to read and prepare each required article, the aim of the discussion is not to summarize the findings, but to access the paper critically. Why do you think this paper was published, i.e. how does it contribute to the existing knowledge? What would you have done differently to test the hypotheses? Are there any confounds? Are there alternative hypotheses that could account for the present results? What may be some specific future research directions?

### B. Research project proposal (40% of grade)

At the end of the course, you will hand in a short research proposal, 4-8 pages in length (see assignment details towards the end of this syllabus). Plan to give a 20-minute presentation of your proposed idea and experimental study design on the last day of this course. I recommend that you begin thinking right away about what would be an interesting topic, industry, or problem. It can be a time-consuming process to design an experiment well. Start early so that you will have enough time to complete this project by the end of the class. You can submit your idea for the final paper in class first, as soon as you are ready (see the deadline below). This summary should be less than a page in length, and could be just a paragraph.

### C. Referee reports (10% of grade)

After everyone hands in their papers, they will be distributed to other members of the class for review. These reviews will then be returned (anonymously, but remember how few of us are in the class) to each author. Excellent reviews will offer both praise for the paper's strengths and specific criticisms of its shortcomings along with suggestions for improvement. See Tesser & Martin (2006) for insights on reviewing.

**Philosophy of Doctoral Coursework:** Every assignment in every class should be used to benefit your career. Use the assignments (in particular the proposal) to generate new research questions and to design new research projects that you will *actually carry out*.

## Structure

We will have 20 sessions of 75 minutes each.

## Evaluation

Evaluation is based on class participation (50%), the term paper (40%), and referee reports (10%).

## Course Outline

Sessions	Content
1 & 2	<p><b>Introduction: Social Science and Reproducibility</b></p> <p>Gray, K., &amp; Wegner, D. M. (2013). Six guidelines for interesting research. <i>Perspectives on Psychological Science</i>, 8(5), 549-553. <a href="#">Paper</a>.</p> <p>Nelson, L. D., Simmons, J., &amp; Simonsohn, U. (2018). Psychology's renaissance. <i>Annual Review of Psychology</i>, 69, 511-534. <a href="#">Paper</a>.</p> <p>Nosek, B. A., Spies, J. R., &amp; Motyl, M. (2012). Scientific utopia II: Restructuring incentives and practices to promote truth over publishability. <i>Perspectives on Psychological Science</i>, 7(6), 615–631. <a href="#">Paper</a>.</p> <p>Larkin, M. (2015). How to give a dynamic scientific presentation. <a href="#">Link</a>.</p>
3 & 4	<p><b>Loss Aversion and Endowment Effect</b></p> <p>Kahneman, D., &amp; Tversky, A. (1979). Prospect theory: An analysis of decision under risk. <i>Econometrica</i>, 47(2), 263-291. <a href="#">Paper</a>.</p> <p>Tversky, A., &amp; Kahneman, D. (1981). The framing of decisions and the psychology of choice. <i>Science</i>, 2118(4481), 453-458. <a href="#">Paper</a>.</p> <p>Lewis, J., Reese-Jones, A., Simonsohn, U., &amp; Simmons, J. P. (working paper). Diminishing sensitivity to outcomes: What prospect theory gets wrong about diminishing sensitivity to price, can be retrieved here: <a href="#">Paper</a>.</p> <p>Kahneman, D., Knetsch, J. L., &amp; Thaler, R. H. (1991). The endowment effect, loss aversion, and the status quo bias. <i>Journal of Economic Perspectives</i>, 3(1), 193-206. <a href="#">Paper</a>.</p> <p><u>Optional:</u></p> <p>Weaver, R., &amp; Frederick, S. (2012). A reference price theory of the endowment effect. <i>Journal of Marketing Research</i>, 49(5), 696-707. <a href="#">Paper</a>.</p> <p>Smitizsky, G., Liu, W., &amp; Gneezy, U. (2021). The endowment effect: Loss aversion or a buy-sell discrepancy? <i>Journal of Experimental Psychology: General</i>, 150(9), 1890–1900. <a href="#">Paper</a>.</p>
5 & 6	<p><b>Self-Other Effects and Self-Enhancement</b></p> <p>Epley, N., &amp; Dunning, D. (2000). Feeling "holier than thou": Are self-serving assessments produced by errors in self- or social prediction? <i>Journal of Personality and Social Psychology</i>, 79(6), 861-875. <a href="#">Paper</a>.</p> <p>Logg, J. M., Haran, U., &amp; Moore, D. A. (2018). Is overconfidence a motivated bias? Experimental evidence. <i>Journal of Experimental Psychology: General</i>, 147(10), 1445–1465. <a href="#">Paper</a>.</p> <p>Kumar, A., &amp; Epley, N. (2018). Undervaluing gratitude: Expressers misunderstand the consequences of showing appreciation. <i>Psychological Science</i>, 29(9), 1423-1435. <a href="#">Paper</a>.</p>

	<p>Engeler, I., &amp; Häubl, G. (2020). Miscalibration in Predicting One's Performance: Disentangling Misplacement and Misestimation. <i>Journal of Personality and Social Psychology</i>. Advance online publication. <a href="#">Paper</a>.</p>
7 & 8	<p><b>Anchoring and Predictions Accuracy</b></p> <p><i>Guest Speaker: Prof. Minah Jung (New York University)</i></p> <p>Jung, M. H., Perfecto, H., &amp; Nelson, L. D. (2016). Anchoring in payment: Evaluating a judgmental heuristic in field experimental settings. <i>Journal of Marketing Research</i>, 53(3), 354-368. <a href="#">Paper</a>.</p> <p>DellaVigna, S., &amp; Linos, E. (2020). RCTs to scale: Comprehensive evidence from two nudge units (No. w27594). <i>National Bureau of Economic Research</i>. <a href="#">Paper</a>.</p> <p>DellaVigna, S., Pope, D., &amp; Vivaldi, E. (2019). Predict science to improve science. <i>Science</i>, 366(6464), 428-429. <a href="#">Paper</a>.</p> <p>Kahneman, D., &amp; Tversky, A. (1973). On the psychology of prediction. <i>Psychological Review</i>, 80(4), 237-251. <a href="#">Paper</a>.</p> <p>Jung, M. H., *Moon, A., &amp; Nelson, L. D. (2020). Overestimating the valuations and preferences of others, <i>Journal of Experimental Psychology: General</i>, 149 (6), 1193-1214. <a href="#">Paper</a>.</p>
9 & 10	<p><b>Artificial Intelligence and Algorithm Aversion</b></p> <p><i>Guest Speaker: Prof. Chiara Longoni (Boston University)</i></p> <p>Longoni, C., Bonezzi, A., &amp; Morewedge, C. (2019). Resistance to medical artificial intelligence. <i>Journal of Consumer Research</i>, 46(4), 629-650. <a href="#">Paper</a>.</p> <p>Dietvorst, B. J., Simmons, J. P., &amp; Massey, C. (2015). Algorithm aversion: People erroneously avoid algorithms after seeing them err. <i>Journal of Experimental Psychology: General</i>, 144(1), 114. <a href="#">Paper</a>.</p> <p>Castelo, N., Bos, M. W., &amp; Lehmann, D. R. (2019). Task-dependent algorithm aversion. <i>Journal of Marketing Research</i>, 56(5), 809-825. <a href="#">Paper</a>.</p> <p>Cadario, R., Longoni, C., &amp; Morewedge, C. K. (2021). Understanding, Explaining, and Utilizing Medical Artificial Intelligence. <i>Nature Human Behavior</i>, 5, 1636–1642. <a href="#">Paper</a>.</p> <p><u>Optional:</u></p> <p>Grove, W. M., &amp; Meehl, P. E. (1996). Comparative efficiency of informal (subjective, impressionistic) and formal (mechanical, algorithmic) prediction procedures: The clinical–statistical controversy. <i>Psychology, Public Policy, and Law</i>, 2(2), 293–323. <a href="#">Paper</a>.</p>
11 & 12	<p><b>Constructed Preferences and Context Effects</b></p> <p><i>Guest Speaker: Prof. Ioannis Evangelidis (ESADE Business School)</i></p> <p>Frederick, S., Lee, L., &amp; Baskin, E. (2014). The limits of attraction. <i>Journal of Marketing Research</i>, 51(4), 487-507. <a href="#">Paper</a>.</p>

	<p>Evangelidis, I., Levav, J., &amp; Simonson, I. (2018). The asymmetric impact of context on advantaged versus disadvantaged options. <i>Journal of Marketing Research</i>, 55(2), 239-253. <a href="#">Paper</a>.</p> <p>Tversky, A., &amp; Shafir, E. (1992). Choice under conflict: The dynamics of deferred decision. <i>Psychological Science</i>, 3(6), 358-361. <a href="#">Paper</a>.</p> <p>Evangelidis, I., Levav, J., &amp; Simonson, I. (forthcoming). A Reexamination of the Impact of Decision Conflict on Choice Deferral. <i>Management Science</i>. <a href="#">Paper</a>.</p>
13 & 14	<p><b>Psychological Ownership</b></p> <p><i>Guest Speaker: Prof. Stephanie M. Tully (Stanford)</i></p> <p>Peck, J., &amp; Shu, S. B. (2009). The Effect of Mere Touch on Perceived Ownership. <i>Journal of Consumer Research</i>, 36(3), 434-447. <a href="#">Paper</a>.</p> <p>Sharma, E., Tully, S., &amp; Cryder, C. (2021). Psychological Ownership of (Borrowed) Money. <i>Journal of Marketing Research</i>, 58(3), 497-514. <a href="#">Paper</a>.</p> <p>Morewedge, C. K., Monga, A., Palmatier, R. W., Shu, S. B., &amp; Small, D. A. (2021). Evolution of consumption: A psychological ownership framework. <i>Journal of Marketing</i>, 85(1), 196-218. <a href="#">Paper</a>.</p> <p>De La Rosa, W., Sharma, E., Tully, S. M., Giannella, E., &amp; Rino, G. (2021). Psychological ownership interventions increase interest in claiming government benefits. <i>Proceedings of the National Academy of Sciences</i>, 118(35). <a href="#">Paper</a>.</p> <p><u>Optional:</u></p> <p>Pierce, J. L., Kostova, T., &amp; Dirks, K. T. (2001). Toward a theory of psychological ownership in organizations. <i>Academy of Management Review</i>, 26(2), 298-310. <a href="#">Paper</a>.</p>
15 & 16	<p><b>Observing Others</b></p> <p>Kardas, M., &amp; O'Brien, E. (2018). Easier seen than done: Merely watching others perform can foster an illusion of skill acquisition. <i>Psychological Science</i>. <a href="#">Paper</a>.</p> <p>Hershfield, H. E., Goldstein, D. G., Sharpe, W. F., Fox, J., Yeykelis, L., Carstensen, L. L., &amp; Bailenson, J. N. (2011). Increasing saving behavior through age-progressed renderings of the future self. <i>Journal of Marketing Research</i>, 48(SPL), S23-S37. <a href="#">Paper</a>.</p> <p>Schroeder, J., Lyons, D., &amp; Epley, N. (2021). Hello, stranger? Pleasant conversations are preceded by concerns about starting one. <i>Journal of Experimental Psychology: General</i>. Advance online publication. <a href="#">Paper</a>.</p> <p>Engeler, I., &amp; Barasz, K. (2021). From Mix-and-Match to Head-to-Toe: How Brand Combinations Affect Observer Trust. <i>Journal of Consumer Research</i>, 48(4), 562-585. <a href="#">Paper</a>.</p>
17 & 18	<p><b>Debiasing and Nudges</b></p> <p>Johnson, E., &amp; Goldstein D. (2003). Do Defaults Save Lives? <i>Science</i>, 302(5649), 1338-1339. <a href="#">Paper</a>.</p> <p>Milkman, K. L., Patel, M. S., Gandhi, L., Graci, H. N., Gromet, D. M., Ho, H., ... &amp; Duckworth, A. L. (2021). A megastudy of text-based nudges encouraging patients to</p>

	<p>get vaccinated at an upcoming doctor's appointment. <i>Proceedings of the National Academy of Sciences</i>, 118(20), 1-3. <a href="#">Paper</a>.</p> <p>He, J. C., Kang, S. K., &amp; Lacetera, N. (2021). Opt-out choice framing attenuates gender differences in the decision to compete in the laboratory and in the field. <i>Proceedings of the National Academy of Sciences</i>, 118(42), 1-6. <a href="#">Paper</a>.</p> <p>Barr, N., Thomson, D.R., Peters, K., &amp; Mazar, N. (forthcoming). Improving the Effectiveness of Time-of-Use Pricing On Sustainable Electricity Consumption with Behavioral Science, <i>Behavioral Science and Policy</i>.</p>
19 & 20	<p><b>Research Proposal Presentations</b></p> <p><u>Optional:</u></p> <p>Gernsbacher, M. A. (2018). Writing empirical articles: Transparency, reproducibility, clarity, and memorability. <i>Advances in methods and practices in psychological science</i>, 1(3), 403-414. <a href="#">Paper</a>.</p> <p>Tesser, A., &amp; Martin, L. (2006). Reviewing empirical submissions to journals. In R. J. Sternberg (Ed.), <i>Reviewing scientific works in psychology</i> (pp. 3-29). Washington, DC: American Psychological Association. <a href="#">Paper</a>.</p> <p>Fiske, D. W., &amp; Fogg, L. (1990). But the reviewers are making different criticisms of my paper: Diversity and uniqueness in reviewer comments. <i>American Psychologist</i>, 45(5), 591-598. <a href="#">Paper</a>.</p>

## Research Project Proposal Guidelines

Using the concepts from the course, identify a problem and design an experiment useful for testing a solution to that problem. This is an opportunity to spend some time gaining a deeper understanding of the forces that shape people's judgments and decisions. If you have a research project that you're considering starting up with some faculty member or on your own, and it seems related to class material, then by all means you should use that topic for your paper.

### Key elements in the analysis

The general form of the project is to apply the course material to ask a particular question that can be informed by empirical evidence. Every project should include an introduction that answers questions such as:

- What is the focus of your paper?
- What is the problem you are seeking to understand?
- Why is it important?
- What do we already know about this topic? What relevant research has been done before?
- What theory will the data support or refute?

You will want this introduction to feed into the development of hypotheses. Do you have a prediction for the outcome of your experiment? On what reasoning, logic, or prior evidence is your hypothesis based?

Every project should also include a description of the experimental design, including the following:

- 1) **Research participants.** Where will your data be coming from? How will the research participants be selected?



- 2) **Independent variables:** What are you manipulating in your experiment? What exactly will vary between experimental conditions? The hallmark of experimentation is random assignment to experimental conditions. If for practical or ethical reasons, pure random assignment is not possible, then you should discuss the potential selection problems you will encounter and how you can address them.
- 3) **Dependent variables:** What will you be measuring? What are the key tests you will perform to see if your hypothesis is supported?

If you can get data and conduct analyses that will provide at least partial answers to your research question, that is great, although it is not a requirement. Collecting a novel data set in the short weeks we have in class is probably not realistic and thus no requirement for successfully completing this assignment.

You decide how best to package your analysis. Projects will be graded for their grasp of the class material and their success at applying it to an interesting organizational or societal problem.

### **Final product**

The final product of your analysis will be a paper. Your paper should not exceed 2000 words in length (about 6 pages in length, double spaced type, Times New Roman font, 12 point font, with 1-inch margins all around). Please submit papers by email with a Word and PDF attachment. Please number each page and include a word count on the first page.

Papers will be graded using three criteria:

- 1) *The quality of the ideas.* Have you set the stage for your proposal by exploring the existing literature and identifying how you can contribute? Have you explained why your idea is important? Is it interesting?
- 2) *Rigor of the design.* Have you managed to avoid the major threats to experimental validity? Have you dealt with the key issues and concerns in research design, such as minimizing confounds (also known as lurking variables)? Would your experiment produce useful answers that could inform important organization decisions? It would be advisable for you to brush up on experimental design if you have not studied it before. Here is one place to start: <http://www.socialresearchmethods.net/kb/desexper.php> Here is another: [http://en.wikipedia.org/wiki/Design\\_of\\_experiments](http://en.wikipedia.org/wiki/Design_of_experiments)
- 3) *The paper's presentation.* Is the paper clearly organized and well written? Have you stayed within word limits? Do spelling and grammatical irregularities interfere with the story?

**On or before the fourth-to-last class meeting, please submit a summary of your project plan (March 4, 2022).** This should include a brief description (maybe just a paragraph) describing the experiment you are developing. The final paper will be due by **March 14, 2022**. Late papers will lose a letter grade for every day they are late.

### **Professor's Biography**

I am an Assistant Professor at IESE Business School. Prior to joining IESE I was completing my postdoctoral research at New York University's Stern School of Business and the University of St. Gallen. In my research, I investigate positivity biases and their effect on people's judgments, motivation, and behaviors in various domains such as consumption, pricing, and goal achievement. I examine people's positivity when they compare themselves to others (self-other bias), in their attributions of current outcomes (self-serving bias), and in their representation of desired future outcomes (positive fantasies, optimism in predictions). A subset of my research focuses on topics related to debiasing methods in survey research.