

## Licensing to Kill?

### Finding

It is not uncommon for people to substitute one good deed for another, or to do something bad after a good deed, perhaps as they subconsciously feel they've earned the right to. This is known as the 'licensing effect'.

Similarly, when people see that a social code has been broken, they are more likely to break other social codes as they believe they have the license to do so. Thus, even small breaches of social norms can be very powerful.

Several studies have demonstrated these effects in contrasting ways:

- Mazar and Zhong find that buying environmentally friendly products made people seven times as likely to steal in a subsequent test.<sup>1</sup>
- Other research found that merely showing people organic food reduced the amount of time they volunteered to help a stranger by a third (13 minutes compared to 20 minutes for those who had viewed other, non-organic foods).<sup>2</sup>
- A study in the Netherlands finds that seeing one norm violated – for example seeing that a wall had been graffitied – made people more likely to violate other social codes (like littering or chaining up their

bikes in inappropriate locations).<sup>3</sup>

- The same study found that 'norm resetting behaviour' made people act pro-socially: people who saw a street sweeper (in fact part of the experiment), were less likely to litter or engage in other antisocial behaviour.

### Implications

The fact that people substitute good behaviours has broad implications. For example, it suggests that messaging to encourage people to behave in a socially conscientious way – such as not littering – though effective at achieving its immediate goal, may make people less likely to behave in a socially conscientious way subsequently.

More positively, it suggests that removing all cues of social infractions, no matter how small,<sup>4</sup> may have the power to reduce other forms of antisocial behaviour. Note this is not quite the same as the 'broken windows' hypothesis and the way it was implemented to reduce crime in New York, as that focussed more on arresting low-level offenders as opposed to removing cues of social infractions.

But it's not all bad news. Some 'good' deeds, like recycling, act as gateway actions for other good acts (people who volunteer for a charity are more likely to donate money to that charity, see Behavioural Bulletin Issue 1 for

more details<sup>5</sup>). These different findings demonstrate the importance of context when predicting behaviour. It is because of this that robustly trialing interventions to measure their effects is such a critical element in this field.

## Giving is good for you

### Finding

Money can't buy happiness, but recent research suggests that maybe it can – as long as you spend it on someone else.

- A recent study finds that people's observed happiness (measured using established psychological tests) is not generally increased by gaining income.<sup>6</sup>
- However, forcing people to give up some of their money (for example, by giving them a bonus that they must spend on someone else in their office) can significantly increase their happiness.

### Implications

These findings confirm that giving money can make you happier than receiving it. However, they also show that people may not be aware of this. Automatically giving a small part of employees' pay to charity may improve employees' happiness and also their productivity. Research from the University of Southampton finds that automatic charity payments as part of employees'

pay can boost their productivity by as much as 20%.<sup>7</sup>

## Opposites (should) attract

### Finding

People who are similar and work together may be less effective at making decisions than dissimilar people who work together.

- A 2012 study shows that venture capitalists often choose to work together based on personal affinity and similarity, but that this makes their investments less likely to succeed. Venture capitalists of the same ethnic group are six percentage points less likely to succeed than if they are of different ethnicities.<sup>8</sup>
- US firms with the highest proportion of female board directors are associated with a 66% higher return on invested capital than those with the lowest proportion.<sup>9</sup>

Further research offers additional insights.

- A 2012 study finds that women working in mixed groups are more risk averse than those in all female groups.<sup>10</sup>
- Another study this year finds that the more men there are in a group, the more risky they will be.<sup>11</sup> Though risky behaviour may carry greater

rewards,<sup>12</sup> it may also magnify losses.

### Implications

This suggests that changing the composition of a group can lead to better outcomes, potentially by changing the group attitude to risk.

Where possible, dissimilar groups might be encouraged, possibly by widening the pool of people with access to jobs where decision making is central. A more radical option is found in the Netherlands, where job market lotteries are used to assign medical school places.<sup>13</sup>

### Reference

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<sup>3</sup> Keizer, Lindenberg & Steg (2008): "The spreading of disorder" *Science* Vol 322 pp 1681-1685

<sup>4</sup> Levitt (2004): "Understanding Why Crime Fell in the 1990s: Four Factors that Explain the Decline and Six that Do Not" *Journal of Economic Perspectives* vol 18(1) pp163-190

<sup>5</sup> Behavioural Insights Team (2012): "Behavioural Bulletin Issue 1" Cabinet Office

<sup>6</sup> Aknin, L. B., Dunn, E. W. (in press). Spending money on others leads to higher

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<sup>7</sup> Tonin & Vlassopoulos (2012), Social Incentives Matter. Evidence from an online real effort experiment.(Working Paper).

<sup>8</sup> Gomers, Mukharlyamov and Xuan (2012): "The Cost of Friendship" *NBER Working Paper no. 18141*.

<sup>9</sup> Joy, Carter, Wagner and Narayanan (2007): "The bottom line: Corporate performance and women's representation on boards" *Catalyst*.

<sup>10</sup> Booth and Nolen (2012): "Gender differences in risk behaviour: does nurture matter?" *Economic Journal* Volume 122(2) pp F56-F58.

<sup>11</sup> Griskevicius, Vladas; Tybur, Joshua M.; Ackerman, Joshua M.; Delton, Andrew W.; Robertson, Theresa E.; White, Andrew E. (2012): "The financial consequences of too many men: Sex ratio effects on saving, borrowing, and spending." *Journal of Personality and Social Psychology*, Vol 102(1) pp69-80.

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<sup>13</sup> Ketel, Leuven, Oosterbeek, Bas van der Klaauw (2012): "The return to medical school in a regulated labor market: Evidence from admission lotteries" [online] available at <http://www.bristol.ac.uk/cmipo/events/2012/doctoralconference/ketel.pdf>