

## Framing and policy: news from the frontline

### Finding

We already know that the way a proposition is framed can greatly influence people's response to it. But two recent trials have thrown light on a couple of areas where framing can be particularly effective:

- Fryer et al (2012)<sup>1</sup>, find that education quality can be increased by framing teachers' pay differently. For performance related pay in US schools, they endowed teachers with the full quota of bonuses at the beginning of the year, and made them pay an amount back at the end of the year (good performing teachers could keep their bonus, while underperforming teachers had to pay it back). This had the effect of significantly increasing student performance.
- Weber & Schram (2012)<sup>2</sup> find that labour supply is higher when income taxes are framed as a tax on the individual, but that subjective wellbeing and public-service motivation are higher when they are framed as a tax on the employer.
- Savikhin & List (2012)<sup>3</sup> find that framing white milk as healthier than chocolate milk in schools had little effect on promoting its consumption, but that framing it as tastier had a noticeable effect.

### Implications

It is clear that framing is a powerful tool for implementing behaviour change, and that it can be achieved with a minimum of cost. In particular, these findings suggest that performance related pay may benefit from exploiting loss aversion. Fryer et al, in their trial with teachers in the US, estimate the impact to be 0.22 of a standard deviation – the equivalent of reducing class sizes by 8 pupils (though much less costly).

## What type of person are you?

### Finding

Although economic theory tends to model everyone as being the same, recent research suggests that people view their identities in terms of types (*'I am a recycler or I am not a recycler'*<sup>4</sup>). Non-recyclers, once induced to recycle, behave like other recyclers by continuing to recycle of their own volition.

### Implications

This discrete difference between 'in group' and 'out group' types suggests that there are two components to increasing behaviours like recycling: incentives; and encouraging positive social norms. First, traditional methods (e.g. payment per bottle recycled, etc.), get people to start recycling and to view themselves as 'recyclers'. Then, once defining themselves as in-group, people will behave in line with the norm

of that group (which may be influenced through information provision or mass communication).

## "The curious task of economists is to demonstrate to men how little they really know about what they imagine they can design" - Friedrich Hayek<sup>5</sup>

### Finding

Helping people to recognise their own shortcomings could improve outcomes. Individuals tend to overestimate their own abilities (particularly common amongst experts<sup>6</sup>). The evidence of intelligent, educated experts failing to save adequately for retirement suggests that even people with expertise (real or imagined) could benefit from outside advice. Another interesting example: evidence<sup>7</sup> has shown that the safer a car gets, the more risks people will take while driving. Behaviourally, people's concept of the 'safeness' of a course of action is based on their subjective beliefs about their own capability.

### Implications

Inviting people to consider either their past experience or that of others, when planning a task, increases the accuracy of their estimated completion time<sup>8</sup>. Similarly, we might expect information about the difficulty of a task, and specifically how other people like them grapple with a task, to increase their attentiveness towards it, and the

likelihood of them seeking help with it. This may reduce error in such areas as tax compliance, for example by:

- Tailoring instructions to specific groups: “did you know that 80% of Doctors make mistakes on their tax returns...”
- Providing realistic estimates of completion times: “Please leave at least a day to complete this complex HMRC form”.

## The other side of planning

### Finding

We think of commitment devices - signing up to the gym, buying local currencies, or setting up direct debits for savings or bills - as a positive step towards curbing our tendency to procrastinate. However, recent research suggests that when people make plans with concrete goals that are currently a long way off, they struggle to achieve them<sup>9</sup>.

For these people, or those who have fallen behind on their objectives, goal achievement is less likely even with a reasonable and concrete plan for doing so. For example, if your goal weight is 15 stone and you currently weigh 20, the distance between your goal and your reality is demotivating.

Other recent research<sup>10</sup> finds that conditions framed as ‘punishments’ (e.g. “if you lose

less than 2lb this week, you must not have ice-cream”) actually increase the likelihood that ice-cream will be eaten. People with concrete plans may be better at doing the components of those plans, but less likely to take alternatives that are not part of the plan (e.g. people on regimented diets may eschew the chance to exercise as it’s not part of the plan<sup>11</sup>).

Finally, setting several plans at the same time requires a lot of effort, reducing your ability to complete them<sup>12</sup>.

### Implications

To help people address self control problems, the specific form of plan is as important as having one at all. To help people reduce their energy output, recycle more, or eat more healthily, setting a concrete target allows people to make use of heuristics. But that target should be chosen carefully:

- It may be better to have a small target (reducing energy by 5%) rather than a large one (reducing it by 50%), and then to set another target when the first has been achieved.
- Plans should be expressed as gains: “If I lose more than 2 pounds, I can have ice cream”
- Help people to attack the largest problem they currently face first - rather than trying (and failing) to achieve goals in multiple fields.

- Help people to be flexible - explain how activities outside of the plan might help.

## References

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