



FRIDAY, OCT. 19

URI GNEEZY

UC San Diego, Rady School of Management

### “Stakes & Mistakes”

The assumption that all incentives are created equal can lead principals to construct inefficient pay programs that ignore the critical component of incentives that drives their efficacy -- their value to the targeted agent. I will begin my talk by addressing the misleading divide between material compensation and psychological affects: traditionally, economists focus on extrinsic motivation such as money while psychologists emphasize intrinsic motivation such as job satisfaction. I argue that this separation misses an important interaction effect: the signal sent in creating the incentives. This signal is what determines the meaning of pay. Considering this signal and its interpretation is therefore crucial for optimizing pay. After discussing ways in which incentives can affect intrinsic motivation in either positive or negative ways, I will draw insights from behavioral economics research to demonstrate how even small differences in the structure of pay programs can change the interaction between intrinsic and extrinsic motivation, and consequently greatly impact effectiveness.

## SHORT BIO

As a researcher, my focus is on putting behavioral economics to work in the real world, where theory can meet application. I'm looking for basic research as well as more applied approaches to such topics as incentives-based interventions to increase good habits and decrease bad ones, Pay-What-You-Want pricing, and the detrimental effects of small and large incentives. In addition to the traditional laboratory and field studies, I'm currently working with several firms, conducting experiments in which we're using basic findings from behavioral economics to help companies achieve their traditional goals in non-traditional ways.

Before joining the Rady School, Gneezy was a faculty member at the University of Chicago, Technion and Haifa. Gneezy received his Ph.D. from the Center for Economic Research in Tilburg.

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12:15 PM – 1:30 PM  
Cornell Hall, Room D-310