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## **“Unethical Behavior”**

### **Seminar Summer Term 2022**

Unethical and immoral behavior often happens in secret. Once it is uncovered, it can create large scandals. Examples of such behavior include cheating in exams or in tax declaration forms, lying to others to gain a personal advantage or purchasing goods that have been created under questionable conditions.

In this seminar, we will summarize and critically reflect on how the academic literature has investigated unethical behavior. The focus will be on recent academic journal articles, mostly from economics and psychology, that use experimental methods to investigate unethical behavior.

Experiments have gained increasing popularity and significance in economic research. They establish causality and are used to test economic theory and inform policy. In this seminar, we will not only discuss experimental findings regarding unethical behavior, but we will also investigate different methods of measuring unethical behavior. Students will thus gain a good understanding of the current state of the academic debate and methodological knowledge of experiments.

The seminar will be structured around eight inter-related topics. We will start from the standpoint of standard economic theory that postulates everyone should lie all the time to their material benefit. The first topic concerns how this assumption can be tested in the laboratory. Building on lab experimental findings obtained with the methods discussed in the first topic, the second topic addresses factors that actually keep individuals from lying (so-called lying costs). Given that many situations involve more than one decision maker, the third topic addresses lying in groups. Moving on from the laboratory, the fourth topic concerns measurement of honesty in „real-life“. The fifth topic examines the specific example of taxes, while the sixth topic focuses on immoral behavior in markets. The remaining two topics revolve around the question of how immoral behavior can be reduced or even prevented, discussing the effectiveness of fines and nudges.

Two students will work on one topic each, such that the seminar will consist of up to 16 participants. We will allocate the following topics according to preferences.

## Topics

1. **Measuring lying behavior in the laboratory:** Simply asking individuals, most would state that they are honest people. How can lying behavior be measured convincingly in controlled settings? How does the choice of the measurement affect conclusions?
2. **Lying costs:** Standard economic theory predicts that agents misreport private information if this increases their material benefit. However, in many situations people do not lie or only lie partially. What keeps individuals from lying? Which different components of lying costs exist?
3. **Lying in groups:** In many situations, decisions are borne by a group of individuals. Often, these groups tend to decide more dishonestly than individuals. What is driving this „dishonesty shift“ in groups?
4. **Measuring honesty in „real life“:** While laboratory measures of lying and honesty are of conceptual interest, we are also interested in real-life behaviors of individuals. How can we measure honesty in normal-day situations?
5. **Cheating in the context of taxes:** One of the most prominent applications of the academic literature on cheating are taxes. What do we know about cheating in the context of taxes?
6. **Immoral behaviors in markets:** Generally, markets are assumed to efficiently solve allocation problems. Do markets also affect moral behaviors? Which aspects of markets drive such effects?
7. **Reducing or preventing immoral behavior: Fines.** To reduce dishonest or immoral behavior, fines are a popular measure. To what extent can fines help reduce or even prevent immoral behavior? Which aspects are important in determining the effectiveness of fines?
8. **Reducing or preventing cheating behavior: Nudges.** Nudges have become a popular policy tool due their choice-preserving nature. Which nudges could be implemented to reduce immoral behavior? To what extent are they effective?

## Organizational details

The seminar will be blocked and conducted either in-person or virtually, depending on circumstances and students' preferences. The language of instruction and interaction will be English, such that a good command of English is necessary.

The seminar consists of several meetings in which presence is mandatory. Please take the following organizational details into account when choosing your seminar. In addition, please pay attention to the departmental guidelines regarding registration.

This seminar will be assessed as follows:

- Written term paper (60%; individual assessment)
- Presentation during the main meetings (40%; group assessment unless performance differs substantially)
- Participation in all meetings, including the introductions to experimental methods and scientific working (the latter constitute the additional requirement for the Bachelor in business studies).

All assessments will need to be passed. There will be no exam.

The following dates require either mandatory presence or submissions

- Preparatory meeting I 04. April, 15-18h
- Preparatory meeting II 05. April, 15-18h
- Submission of outline and bibliography 22. April, 12 noon, via email
- Submission of term paper 20. May, 12 noon, via email
- Discussion of planned presentation 13. – 17. June, individual appointments
- Main meetings 23./24. June, 13-17h

During the first part of the **preparatory meeting**, there will be a brief introduction to experimental methods as well as an introduction to scientific working. At the end of the first meeting, participants will indicate their preferences for each topic and topics will be assigned, taking into account individual preferences. The second part of the preparatory meeting will cover the interpretation of graphs and tables in experimental papers, how to describe experimental designs, and how to give a presentation.

The **term paper** will be written individually on the assigned topic. For each topic, a short list of academic articles will be provided as a first starting point. It is expected that students research additional academic literature to work on their topics.

The **presentation** will be delivered in pairs and covers the findings from the term papers. Presentations should last about 30 minutes.