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Inducing pro-social behavior in the power system

Abstract: Should we rely on peoples concern for the common good when inducing “pro-social behavior” or must incentives speak to egoistic motives if they are to be effective? This is a basic question that charities, public services and government authorities face if they want to promote pro-social behavior. We report results from a large field experiment that compares a pro-social, an egoistic (monetary) and a combined strategy for motivating behavior: shifting when power is used during the day. Based on randomization over 40.000 households we compare recruitment and performance after recruitment of these incentive strategies. We find that monetary incentive schemes attract more recruits but induce less performance per recruit compared to combined schemes. Purely pro-social schemes attract substantially fewer recruits and induce performance comparable to the weakest incentive schemes. Thus use of financial incentives in the form of a 50% rebate induces 5 times greater power moving capacity then does purely prosocial motivation. A rebate of just 5% induces more than twice the capacity then does purely prosocial motivation. However, power company costs are substantially lower with prosocial motivation where costs per Kwh moved are half those of the least expensive financial incentive.