Experimentation to Improve Impact Insights from the SEFORİS research project

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Positioning: Another approach towards understanding social enterprises and their results

- Large panel data collection and analysis on social enterprises
- Case study research
- Experimental research: Co-create insights with social enterprises
**Motivation:**
Social enterprises serve people, first and foremost

### Table 2c: Primary Beneficiaries

<table>
<thead>
<tr>
<th>Countries</th>
<th>Children and youth</th>
<th>Citizens</th>
<th>Unemployed</th>
<th>People with disorders</th>
<th>Other social organisations or enterprises</th>
<th>Social sector practitioners</th>
<th>People leaving institutions</th>
<th>People in low-income households</th>
<th>Elderly</th>
<th>Single parent families</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>30%</td>
<td>22%</td>
<td>-</td>
<td>13%</td>
<td>21%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>12%</td>
<td>-</td>
</tr>
<tr>
<td>Germany</td>
<td>32%</td>
<td>26%</td>
<td>-</td>
<td>-</td>
<td>36%</td>
<td>13%</td>
<td>-</td>
<td>11%</td>
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<td>-</td>
</tr>
<tr>
<td>Hungary</td>
<td>17%</td>
<td>-</td>
<td>10%</td>
<td>38%</td>
<td>14%</td>
<td>13%</td>
<td>11%</td>
<td>-</td>
<td>37%</td>
<td>-</td>
</tr>
<tr>
<td>Portugal</td>
<td>36%</td>
<td>32%</td>
<td>-</td>
<td>15%</td>
<td>14%</td>
<td>13%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Romania</td>
<td>27%</td>
<td>17%</td>
<td>10%</td>
<td>35%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>17%</td>
<td>-</td>
</tr>
<tr>
<td>Russia</td>
<td>9%</td>
<td>-</td>
<td>-</td>
<td>29%</td>
<td>23,5%</td>
<td>5%</td>
<td>4%</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Spain</td>
<td>10%</td>
<td>22%</td>
<td>11%</td>
<td>20%</td>
<td>17%</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sweden</td>
<td>42%</td>
<td>20%</td>
<td>23%</td>
<td>18%</td>
<td>25%</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>UK</td>
<td>17%</td>
<td>17%</td>
<td>14%</td>
<td>13%</td>
<td>25%</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

**Sample Size:**
- Hungary: N = 122
- Romania: N = 109
- Portugal: N = 111
- China: N = 102
- Germany: N = 107
- Russia: N = 104
- Sweden: N = 106
- UK: N = 135
- Spain: N = 125

**Source:** SEFORÍS database on social enterprises (2015)

17% (ES) - 49% (DE): B2B
Motivation (cont.): Many social enterprises interact with their primary beneficiaries directly or via intermediaries

(China): Train volunteer teachers who in turn disseminate youth financial education in China

(Germany): Employ people with autism as IT consultants

(Spain): Engage citizens to consume local renewable energy
Proposition: Impact critically depends on a solid understanding of the behaviors and judgments of people

- Understanding how people make decisions and what drives their behaviour is complex.

- And, because so much of it happens unconsciously, this understanding can’t usually be gleaned from more traditional consumer insight methods.

- Furthermore, human behaviour is hard to predict.
Proposition (cont): Enormous, cost-effective wins lie in ‘lean’ but rigorous experimentation

In empirical research

Search, novelty, exploration, variation, risk taking, experimentation, flexibility, discovery, innovation (March 1991)

Not only about outcomes:

• Deepening our understanding of underlying mechanisms – what is driving the results
• Opening up our eyes to effects that actually differ across individuals or even within individuals over time
## What? 3 Types of Experimental Approaches

<table>
<thead>
<tr>
<th>Laboratory experiments</th>
<th>Framed field experiments</th>
<th>Natural field experiments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student volunteers gather in a computerized lab to make decisions, typically incentivized.</td>
<td>Diverse subjects participate in an experiment outside the lab.</td>
<td>Diverse subjects are exposed to different treatments, without knowing.</td>
</tr>
<tr>
<td><strong>+</strong> Exploratory research. Pilot-testing. Can be a lot cheaper and easier to do than field experiments</td>
<td>More realism.</td>
<td>Even more realism.</td>
</tr>
<tr>
<td><strong>-</strong> Details and context matter! Poor generalizability of results. Participants know that they are part of an experiment</td>
<td>Risky. Costly to set-up. Participants are aware that they are part of an experiment. Inflexible once in the field.</td>
<td>Risky. Costly to set-up. Proper implementation is a must. Ethical oversight required. Limited to partial equilibrium effects</td>
</tr>
<tr>
<td>Did you know that experimentalists have found ways to make people feel poor in the lab?</td>
<td>Did you know that there has been a project where researchers had poor people in 15 different small-scale societies across the globe play the same framed games in the field?</td>
<td>Did you know that President Obama issued an executive order in which he urged all government officials to apply behavioral insights and introduce natural field experiments, where possible.</td>
</tr>
</tbody>
</table>
Case 1: Natural field experiment
“Behavioral barriers to use of Program M.’s vouchers”

- Program M. provides educational support about nutrition and voucher for baby foods for low-income families in France.

- Why is it that half of registered families never use the vouchers sent?

**Predominant view: Rational agent model**
- They’re not interested?
- Benefits don’t outweigh costs?

**Behavioral view: Experimental view**
- They forget?
- They don’t understand how the program works?
6 Types of mailings were sent to 952 households enrolled in Program M.

- **Hyp 1: Complexity**
  - **Group 1**
    - Info Programme Malin + Step-by-step plan
  - **Group 2**
    - Info Programme Malin
  - **Hyp 2: Discount saliency**
    - **Groupe 3**
      - Welcome + Info average savings per year
    - **Groupe 4**
      - Welcome + Info average savings per month
  - **Hyp 3: Support information**
    - **Groupe 5**
      - Welcome + Support information
    - **Groupe 7**
      - Welcome + Support information

- **Hyp 4: Reminder effect**
  - **Groupe 6**
    - Welcome + Bi-weekly repetition email

- **Hyp 2: Discount saliency**
  - **Groupe 6**
    - Welcome + Bi-weekly repetition email
Example Mailing: Reducing Complexity
Result: Behavioral barriers matter

- Simple reminders -> + 12%
- Increasing the salience of the monthly financial savings -> +10%
- Visualization -> + 7%

(compared to control groups) In the share of households that had used a voucher at least once over a 6 month periods (following the intervention

At virtually no additional cost!!
Case 2: Natural field experiment
“What motivates people with a social innovative idea to apply for a grant?”

• One of the largest grant awarding agencies for nascent social entrepreneurs in UK. Their grants comprise of **cash**, opportunity to do socially good, and support.

**What drives their applicants to apply?**

<table>
<thead>
<tr>
<th>Status quo</th>
<th>Test other motives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasize the social good you do by pursuing your idea</td>
<td>Cash</td>
</tr>
<tr>
<td></td>
<td>Support</td>
</tr>
</tbody>
</table>

Answer to this question matters for their marketing strategy!

[Joint work with Chloé Le Coq (SITE, Stockholm School of Economics) and Ina Ganguli (Umass Amherst)]
Mailing to 454 applicants

Step 1
Expression of Interest (EIO)

Step 2
Full Application (FA) competition with given capacities

Social email
or
Cash email
or
Support email

Selection Process
Results: Emphasizing rewards influences who submits with what kind of proposal

Less people submit following the cash treatment

Making salient the rewards leads to more higher quality proposals

Next steps:
Are they also better at taking forward their ideas?
What do we need to get going?
What do you get out of it?

**needs**
- Demonstrated leadership buy-in and commitment
- Data infrastructures with sufficient scope and depth
- Sample size: Think a minimum sample size of 100 subjects.
- Opportunity to test untested hypotheses
  - Scale relevance

**benefits**
- Creation of reliable, novel and practically relevant insights
- Introduction of fast learning-loops
- Strengthened innovation capacity
- More engaged team
- More legitimacy and visibility