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University of Chicago Graduate School of Business receives \$2.2 million grant for its Center for Decision Research

The University of Chicago Graduate School of Business has received a \$2.2 million grant from the John Templeton Foundation for the school's Center for Decision Research (CDR). The CDR was founded at the Graduate School of Business 30 years ago and is one of the world's oldest academic centers focused on decision making. The CDR is home to 15 faculty members of the Graduate School of Business and other university departments from various disciplines, two post-doctoral fellows, over a dozen doctoral students, and has strong relationships with top academics throughout the world.

"This generous philanthropic investment by the Templeton Foundation will enable our faculty – who are leaders in the fields of behavioral economics, behavioral finance, cognitive psychology, and decision making – to pursue an ambitious research agenda," said Edward Snyder, dean of the school and the George Pratt Shultz Professor of Economics.

"This innovative interdisciplinary program, *Understanding Human Nature to Harness Human Potential*, will advance the state of knowledge concerning human nature and identify potential interventions based on this knowledge that can improve society and

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human well-being,” Snyder said.

Richard Thaler, the Ralph and Dorothy Keller Distinguished Service Professor of Behavioral Science and Economics at Chicago GSB will direct the project. Thaler, director of the CDR for the past 11 years, is a founder of the field of behavioral economics and a recognized authority on potential applications for improving social life.

Thaler’s work lies at the intersection between economics and psychology. He investigates the implications of relaxing the standard economic assumption about human nature—that members of the economy are fully rational and ultimately selfish—to utilize what is known in psychology about actual human nature.

Thaler is widely recognized for the impact his Save More Tomorrow (SMarT) plans have had in encouraging savings in a wide variety of settings. These plans harness basic human tendencies to help people achieve their good intentions for saving and increase their potential for financial independence. SMarT offers a model for the kind of innovative research that the *Human Nature/Human Potential* program will pursue.

Thaler said “Our goal with the *Human Nature/Human Potential* program is to better understand fundamental human capabilities and tendencies, with an eye toward using these basic tendencies that are often recognized as shortcomings to improve human functioning. Only an empirical-based understanding of human nature can provide insights into such possibilities for improvement, and we will use rigorous scientific research to uncover these possibilities and develop individual and policy-level

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applications to improve human life.”

The three-year *Human Nature/Human Potential* program will begin on March 15, 2007. Questions the program will explore include:

* What is the effect of goal setting on performance and levels of satisfaction, and how do we optimize both? How can we improve self-control in the present to better enable the attainment of long-term goals?

* How do spiritual values affect people's views of their purposes and social relationships? Is the development of values similar across cultures, or are there important variants that might explain why different cultures hold different values, or hold them with differing convictions?

* How can we harness the wisdom acquired through life experience among the elderly to enhance their cognitive functioning and thereby improve their quality of life?

* Can we design a science of happiness and well-being that is as sophisticated and thorough as the existing science of economics? Can a mature science of hedonics provide an accurate measure of happiness, a true understanding of the relationship between happiness and wealth, and strategies to optimize happiness without altering existing material possessions and income?

This is the second grant Chicago GSB has received recently from the Templeton Foundation. In 2005, Luigi Zingales, the Robert C. McCormack Professor of Entrepreneurship and Finance, received a \$150,000 grant for “Optimism, Economic

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Success, and Free Markets,” a research project on how optimism contributes to the economic self-realization of individuals.

The John Templeton Foundation has supported research and scholarly programs on a global scale for nearly 20 years. Its mission is to serve as a philanthropic catalyst for discovery in areas engaging life’s biggest questions. These questions range from explorations into the laws of nature and the universe to questions on the nature of love, gratitude, forgiveness, and creativity.

The Templeton Foundation’s motto “How little we know, how eager to learn” exemplifies its support for open-minded inquiry and its hope for advancing human progress through breakthrough discoveries. More information about the programs of the Templeton Foundation is available at <http://www.templeton.org>.

The University of Chicago Graduate School of Business is one of the leading business schools in the world. The school’s faculty includes many renowned scholars and its graduates include many business leaders across the U.S. and worldwide. It is consistently ranked as one of the top ten business schools in the world and usually as one of the top five business schools in the world. The Chicago Approach to Management Education is distinguished by how it leverages fundamental knowledge, its rigor, and its practical application to business challenges.

Chicago GSB offers full-time and part-time MBA programs, an executive MBA program, a Ph.D. program, open enrollment executive education and custom corporate

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education. The school has campuses in London and Singapore in addition to two campuses in Chicago.

For more information about the Center for Decision Research, go to <http://www.chicagocdr.org/> and <http://chicagogsb.edu/capideas/sept04/sept04index.html>

For more information about Chicago GSB, go to <http://ChicagoGSB.edu>.

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