

# Giving behavioural insights a nudge

Filippo Cavassini, Martin Lodge and Faisal Naru reflect on international experience with behavioural insights in policy

To say that 'behavioural insights' are the flavour of the day in the world of regulation and policy is an unfair understatement. The *Nudge* book by Richard Thaler and Cass Sunstein (2008) has enjoyed widespread currency. In the UK and elsewhere, regulators and policymakers are required to justify their decisions by referring to behavioural insights; units within and outside government are promoting behavioural insights and international conferences offer opportunities to exchange findings and to network. The underlying ideas supporting behavioural insights are far from new; they are about considering the biases of human behaviour when developing policy. It is about evidence-based policymaking – with real evidence. However, beyond the reporting of policy initiatives and the development of policy recommendations, we know less about the actual utilization and diffusion of behavioural insights in government.

What, then, is the use of behavioural insights among regulators and other government actors? Where and when are these interventions deployed? Who is leading and spearheading the use of behavioural insights? What can we learn from these applied examples? These questions were at the heart of joint work between the OECD and **carr**, also including ideas<sup>42</sup> and the European Nudging Network (TEN). At the heart of this exercise was a survey distributed widely across OECD members and networks of regulators and discussions, such as during **carr**'s Regulators' Forum (a venue for exchange between regulatory bodies). This exercise resulted in 129 examples or case studies from 60 organizations in 23 different countries and from multi-national organizations (such as the World Bank and European Commission).

So what does the survey tell us?

› Among the reported cases, there was a clear dominance of individual transactions in the market place by

enhancing consumer protection and choice. In other words, the interventions were about encouraging particular options rather than others. These interventions mostly occurred in financial services, telecommunications or energy. Other examples were about reducing administrative error in completing paperwork.

› Behavioural insights were part of broader organizational and government-wide reform agendas, supported by the leadership of particular organizations.

› The institutional arrangements supporting behavioural insights could be broadly distinguished by three types: those relying on a diffused model (where existing units were promoting behavioural insights), a central steering model (with a specialist unit at the centre of government), or a project model (with behavioural insights being organized on a project and initiative basis), with a fair degree of co-existence of these models within individual governments.

› There was limited information about the actual cost of putting behavioural insights into practice. On the one hand, therefore, a lack of resources did not seem to feature among our respondents. At the same time, there was also little information on the actual cost of behavioural insights initiatives. Where respondents answered, they mostly suggested that behavioural insights had been applied at little, if any cost. This might have been explained by organizations using existing budgetary lines.

› There was also not much evidence that ethical concerns had largely featured in the application of behavioural insights. There seems to have been a reliance on existing ethical guidelines.

› Among methodologies, randomized control trials featured among the most tried and tested methods, usually drawing on earlier studies. (There was limited information on sample sizes.)



Apart from such resource-intensive methods, there was also a reliance on low cost devices, such as the use of desk-based literature reviews.

Of course, surveys are notoriously problematic tools to glean an in-depth understanding of what organizations actually do. Response rates are relatively low (in our context, it is impos-

sible to say what the total universe of respondents might have been). It is not clear who is filling in these surveys and to what extent these respondents have full access to the information required. There is a bias towards reporting only things that worked rather than those that did not, or where no activities had originally taken place

(for potentially very good reasons). There might also be a bias towards reporting completed work rather than ongoing 'leading edge' activities. Nevertheless, conducting surveys as part of the OECD network does give surveys a higher profile and salience and they therefore give us a reliable insight on what is being done, allowing us to probe further into these patterns.

So what should be the next steps? Behavioural insights in government are relatively new and have gone beyond the flavour of the day. To take further roots, they need good data, methods and replication, they need further transparency (also about interventions that did not work), and they need to show to have long term rather than mere one-off effects.

Beyond those immediate issues, three particular aspects can be highlighted. One is that behavioural insights should not just come at the end, once the policy is in place. Decision-makers should be confronted with behavioural insights-type thinking right from the start (where appropriate). Equally, there should be a general awareness of the ways in which decision-making biases might influence decision-makers themselves.

The second concern is the need for theoretical openness. There was much emphasis on 'what works'. We need however theories to explain the world. There needs to be awareness of the theoretical assumptions that underpin the research that seeks to offer behaviourally informed evidence. Different theoretical models about human decision-making can lead to very different policy implications.

The third, related point is about the boundaries of behavioural insights. As noted, the survey revealed a dominance of transactional interventions relating to consumption patterns, customer choices or administrative interactions. It is an open question whether behavioural insights can be moved

beyond the 'well intentioned, poorly resourced' individual towards other sets of actors that may be more ill-intentioned and well resourced. There is also a need to reflect more carefully about political decision-making (Lodge and Wegrich 2016). Existing models are limited in their assumptions about knee-jerking politicians, siloed-up organizations and risk-averse bureaucrats. As a result, thinking about the organizational behaviour of public and private organizations should receive more attention. The OECD (2016) for instance has been working on how to nurture a 'culture of independence' in regulatory agencies and protect from undue influence. This is an area where behavioural experiments could be used to test what would support a cultural change in an organization.

Behavioural insights are certainly in the coming of age period. It is essential to systematically build on existing insights, develop understanding of weaknesses and limitations, and promote reflective practice in the worlds of research and practice.

This article reflects on the OECD's recent report on 'Behavioural Insights and Public Policy' which draws on joint research by the OECD and **carr**. More information is available here:

[www.oecd.org/gov/regulatory-policy/behavioural-insights.htm](http://www.oecd.org/gov/regulatory-policy/behavioural-insights.htm)

## References

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