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Nudge: improving decisions about health, wealth and happiness – a book just for politicians?

Can businesses benefit from the power of feedback, simplified choices, and giving people the tools to decide?

A favourite with UK prime minister Cameron and US president Obama, *Nudge* was published in 2008. It is written by two academics from the University of Chicago: Richard Thaler, a behavioural scientist and Cass Sunstein, a political scientist. (Sunstein then went on to head the White House Office of Information and Regulatory Affairs between 2009 and 2012 –he describes this experience in his 2013 book *Simpler: the future of Government*.)

Nudge was aimed at influencing public policy in the USA with a post-free-market, libertarian paternalist, agenda. It was positioned as a 'third way' between traditional right wing and left-wing approaches to government intervention.

How to use behavioural psychology to influence instinctive, rather than rational decisions

Nudge proposes that some of the learnings from business (especially retailing) on how to influence people's instinctive, rather than rational, decisions can be applied in areas of public policy: for example to influence citizen choice in healthy lifestyle, pension provision and drug use.

The book focuses exclusively on individual 'citizen' decisions, not on organisational, managerial or employee decision-making.

With no original research, the book relies on published behavioural science. At its heart is the idea that the human brain has two cognitive systems with these psychological and neuroscientific features:

Automatic system

Uncontrolled
Effortless
Associative
Fast
Unconscious
Skilled

Reflective system

Controlled
Effortful
Deductive
Slow
Self-aware
Rule-following

Brief

(For more about how the brain works in relation to body and behavior see our *Brief* on another book *The Hour Between Dog and Wolf: or Risk-Taking, Gut Feelings and the Biology of Boom and Bust - a book by John Coates*)

A 'choice architecture'

Nudge proposes a 'Choice Architecture' for improving influence on decision-making:

iNcentives: Ensure the 'price' or benefit of different choices are equally quantified and clear - gym treadmills succeed in motivating many users by showing how many calories burnt, or miles run.

Understand mappings: Help people understand choices and consequences - buying a digital camera is easier with a choice of producing high quality 4x6 prints vs A2 posters rather than 3 megapixels vs 7.

Defaults: Harness the fact that people choose the path of least resistance - the way restaurants lead you to 'dish of the day' to lead more people to make fewer choices.

Give feedback: People will learn and adjust if they get fast and useful feedback - as a new product proves, painting the important second coat of white on a ceiling will be both faster and better when the paint appears pink when wet as it is used, but dries white.

Expect error: Assume that mistakes will be made, allow for them. The way most software will check one last time before you make an irreversible decision.

Structure complex choices: Make it easier to eliminate, establish criteria, focus decisions - paint manufacturers help choose between thousands of shades by grouping them by mood, style, colour and matching sets.

So, *Nudge* argues, there are actions that can be taken to increase the influence on the 'Automatic' decisions of individuals, which will have a more powerful and effective outcome than the more generally-accepted approach of influencing 'Reflective' decisions.

Stonecourt view

Strengths: this book is a useful reminder that what people experience, see and touch is more powerful than sending rational arguments in emails, speeches and leaflets. It also provides good evidence on the power of feedback, the benefit of simplifying complex choices, and giving people tools to make faster decisions themselves. High growth

Brief

businesses, especially in fmcg and retailing, have long been good at influencing consumer choice in these ways, and it is very interesting to consider how this might apply in other areas.

Weaknesses: There is no original research or new analysis. Because of its purely US-public policy focus, it does not feel as universal as it could and should. It misses the opportunity to consider how this might apply (as we know it does) to influencing the organisational decisions of leaders and of ordinary employees (including within government departments).

It is more a series of assertions based on current science, than evidence-based conclusions. There have only been a few well documented examples of successful application by Cameron, Obama or others.