

Nudging – a New Way in Promoting Sustainable Development to Succeed in Provoking Behavioral Change

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Abstract

This article offers an overview of the existing literature in the field of nudging and considers the implications of the government and its role as a modern form of governance in shaping the future societies. In addition, it is discussed the individual responsibility in the society and also the duties of the companies. Different approaches are presented throughout the paper. The interference of companies with the public through the marketing activities has been recently strongly criticized. Therefore, appropriate frameworks where individuals, regulations and responsible marketing meet together, have to be developed in order for all actors on the market to be better protected. Local governments, companies and NGOs can easily adopt these methods.

Key words: Nudge theory; behavioral change; governance instruments; policymaking; consumer behavior;

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1. Introduction

The desire to be part of a thriving consumer culture has been for years now a universal and powerful phenomenon shaping the behavior of persons and the way humanity works (Roberts and Jones 2001). However, now and then this has always concluded with a crisis.

Therefore, recent policy and practice in the West world has promoted behavioral and lifestyle change as key methods for a more sustainable development of the society. These have developed throughout the world governments in their attempt to attenuate the effects of the economic and social crisis; now, being an appropriate time to think about some of the issues that the current difficult situation has raised.

The question to be addressed in this research is when is best moment and in which case can policymakers actually do real nudging? In the beginning, it will be contextualized this new, developing wonder within the vast debate. How the benefits of nudging will be understood from the economy policymakers, will be essential to evaluate its general success among public institutions, individuals and business sector.

2. Literature review

Thaler and Sunstein (2009) provide us with a somewhat flexible defining in the introduction of their book: "the nudge is any aspect of the choice architecture that alter people's behavior in predictable way without banning options or significantly changing economic incentives". In order to be regarded as a clean bullet, the intention has to be both cheap and simple to bypass. Bringing fruits to the eye (in the hope that people will choose fruits as an alternative to unhealthy food) is considered a nudge, but the prohibition of unhealthy food is not (Crawshaw, 2014).

Different persons, cultures and countries have very different levels of tolerance for government interventions. The intriguing idea of setting healthy default values is widely used throughout the Nudge Book to frame people's choices in a way that urges them to choose healthier options. The book turns into a multitude of examples, both in the field of their savings and investments, social

insurance, marriage, prescription plans for medicine, saving the environment, smoking cessation and the use of motorcycle helmets. All these behaviors can really be influenced by nudges (Thaler and Sunstein, 2009).

If you plan to change the behavior of your target audience, you have assumed the major responsibility that you are caring. Your influence could be significant. What has to be retained is the fact that changes can be achievable with very little improvements, which does not imply any additional costs.

People avoid usually the changes, even if these are minor and even if other way is available. Therefore, for them to work it is necessary to combine with perfection the decision processes and the necessary instruments for the actual behavioral changes.

In the day-to-day decisions, we usually act according to a series of reference points – anchors – which, consciously or not, we use to make comparisons or take decisions. Therefore, the presence of these anchors could influence strongly our behavior.

What symbolizes the nudge marketing: a specific type of knowledge, a state of mind, a method of mastering strategies in order to change the peoples' behavior. The objective of the nudging is the increase of the professional efficiency.

The application of large-scale nudging systems could bring politicians, public administrations, humanitarian groups or those that are promoting sustainable development to succeed in provoking behavioral change. The beneficiaries could be the individuals themselves or the entire community.

The nudging approach could assist the marketers to overcome their greatest challenges. These could be the successful launching of some new products; developing of convincing advertising materials; elaborating internet or socializing pages that would really correspond to the target audience; creation of a successful architecture of the brand; or bringing-up of appropriate price strategies.

The fields of social psychology and behavioral economics clarify the reasons behind the people's behavior that are not formulated within the arguments brought forward by the classic economy (Marteau et al., 2011). Thus, traditional economists believe that people, viewed as rational beings, choose so as to maximize their well-being. Behavioral economics is based on cognitive-philological research for relaxing those assumptions, teaching on the other side that people have „limited intelligence” and so they take biased decisions, which usually are contrary to their very own benefits (Stewart, 2005).

One of the libertarian paternalism theories was interpreted by Thaler and Sunstein (2008). They argue that is justifiable for policymakers to set up frameworks– a choice architecture – where the people take decisions that will ease the maximizing of their well-being. Any of the aspects of the choice architecture could be enclosed in a nudge and this could alter the way people behave in a predictable manner, without declining any other option or modifying in a significant manner their economic incentives.

Nudging does not take into consideration the legislation, the legal regulations and any kind of intervention that could modify the economic incentives (Marteau et al., 2011). However it takes instead a variety of small changes as they are underlined by Bonell et al. (2011):

- Nudges could include assignments and subliminal directives (as for example, the marks painted in the urinals that could increase the precision) or
- Nudges could correct the misunderstandings of some social norms (as for example, to be communicated that the majority of the people does not drink alcohol).

The usage of nudging by the government is obvious: it comes out with a set of very simple and economical solutions that does not need to be institutionalized and is applicable to a large area of problems that supervenes our behavior. Nudging could be in a best-case scenario “a fuzzy set” capable of drawing attention about the importance that classic and social media have in the manufacturing of our behaviors (Marteau et al., 2011).

In the following table are presented the main differences among nudging or regulating some of the most common human habits:

Table no 1. Nudging versus regulating actions

	Regulating	Nudging
Diet	Banning food aderting in media addressed the children Restricting industrially made trans fatty acids.	Allocate special places in the supermarkets for trolleis to facilitate the access to fruits and vegetables. Serving salad as a side order instead of food made of carbohydrates
Physical Activity	Raising duty on petrol yearly Eliminate the car drop-off zones around the scholls	Promoting stairs climbing instead of lift useage in public institutions. Making cycling posibilitities more facile and popular to other means of transpport
Smoking	Interdiction of smoking in public areas. Selling cigarettes more expensive	Mass-media should communicate more that mostof the people don't smoke, or want to stop soomking. Trying to exclude smoking influences bu hiding ashtrays, cigarettts and lighters.

Source: Rainford and Tinkler, 2011

As you can see nudging does not ban or restrict anything; it leaves open the arhitecture of choice.

The critics against the nudging and the libertarian paternalism argues that the attempts to change of the style of choice of people are protected and favorable, and embodies the abusing involvement of the government. Engaging public institutions in changing citizen's behavior, even if the change is helping the citizens, contravenes the spheres of autonomy, intimacy and integrity. The government should not paternalize its citizens by putting them in a subcategory of the population and by considering it as if this would be worthless.

Oliver and Brown (2010) brought in their study new arguments to the work of Thaler and Sunstein saying that "if engaging in a certain type of activity – not taking medicine, obesity, and smoking – poses avoidable harms (or costs) for individuals or for the communities in which they live, then the societal view may be that, coercive or otherwise, nudge techniques are justifiable in this context".

It might be possible that in case of a higher concentration on nudging activities a failure to occur, if the focus on the nudging resulted from the avoidance of the interventions at the population level, which would have been more efficient (Marteau et al., 2011). From this perspective „a wrong premise of nudging is making the people adequate to the market, and not the other way around" (Wilby, 2010). However, there might be skeptical people advancing the idea that its very popularity arises from the fact that „it is cheaper than truly delivering people through true equality opportunity and the division of wealth." (Guardian, 2010)

Next will be represented a very useful framework developed by Cabinet Office and the Institute for Government in London (2010) to better understand, which are the main influences on the peoples' minds that could be addressed to improve their wellbeing:

Table no. 2. The MINDSPACE framework

Messenger	Communicators have a strong influence on us
Incentives	Predictable mental shortcuts such as strongly avoiding losses define the way we respond to incentives.
Norms	What others do heavily affects us.
Defaults	When pre-set options exist we might act without thinking
Salience	Unusual things that seem useful for us draws our attention.
Priming	Sub-conscious suggestions often determine our actions
Affect	Emotional experiences from the pas can significantly define our acts
Commitment	Reaming truthful to the obligations and reciprocate actions assumed in front of the public
Ego	Being proud of our acts is an important part of the self-esteem

Source: Rainford and Tinkler, 2011

3. Different approaches

John P. and Stoker, G. (2010) have intensively thought about what citizens could do to improve the environments and contexts they are living in and how public administrations and other entities could support their actions. As a result, they came out with two ideas to 'nudge' and to 'think' and they present the differences of the two approaches:

- For the 'nudge' idea the preferences are fixed, usually shortcut subjects, having small but repeated costs, egoists, driven by cost-benefit choices, looking for more positive things in the society, seeing the governments as an important architect of the framework.
- For the 'think' idea, the preferences are flexible, usually intelligent people with concerns about the collective wellbeing, with rare but high expenses, who appreciate shared policy platforms and support initiative supporting citizen's needs.

According to a European Commission Report (Umpfenbach K. et al. 2014), the consumer behavior is impacted by two major factors: individual choice of the desired result and choosing the alternative ways to achieve this result.

They state that most of the decisions are fundamentally complex, with a high number of possibilities, but the people are always looking for shortcuts in making their choices:

1. Most of the people work in the daily life with the help of a subconscious pattern that can be very important. Other influences could be also past emotional experience and the recognition of the brand.

2. Another important bias in the decision-making is the salience of information. It varies to a great degree between types of information and is influenced by moment and presentation.

3. Consumers use 'anchoring' to differentiate between prices and other features. Most follow value (or a good deal), and compare with other alternatives or past knowledge on the subject.

4. Immediate future regarding good deals discounts or savings is highly appreciated by consumers

5. Complexity does not favor the decision-making of the consumers (and honoring prevailing practices)

6. Consumers hate losing, and so they appreciate the goods as soon as they have them.

The complexity of action elements among the population could suggest that behavioral policy could at most focus on the behavioral change of the specific groups, and for that, it is recommended a work supporting 'niche' behaviors that could promote generally social and technological innovation.

Changing circumstances may often be a necessary element in changing behavior.

In order to break rooted habits, politics offers changes in transition times in people's lives such as changing its residence giving birth to a child, constructing a house or changing work. Therefore, new and more viable habits have been developed with the help of above-mentioned actions.

The powerful influence of social norms leads to the need to collaborate with pre-existing social groups so as to create new rules in those smaller groups or in order to portray the existence (or transformation) of a social norm. The European Union could work to strengthen consumers' rights and with regard to warranties, reparability and availability of spare parts.

Legislative people could:

- Select the entire set of impediments to change;
- Better write the policies that might bring change by working with different action factors over behaviors;
- Deliberate how much change could realistically stimulate consideration of the number of barriers that may be addressed or those already existing that oppose behavioral action elements;
- Better prioritize interventions, either in a certain area of society change or in changing certain segments of the population.

In order to be able to influence behaviors politics could start to develop a map where behavioral changes are required.

This list could be used to prioritize the place where political effort should be made.

Nudging theory can be as an additional strategy that offers some new tools to the already existing governance tools. Current debates about nudging theory are often extremely normative or ideological, and give limited attention to the more practical aspects of the theory. Nudge presents a

number of well-selected truths and examples of research to illustrate that individuals are not "economic" and to support the statement that changes in the "architecture of choice" can help improve their decisions on health and happiness (Heijden and Kusters, 2015).

It is very interesting to find out that in Whitehead et al.(2004) research that nudging initiatives have not been limited only to western societies, as it was expected, but they are spread all around the world, in 51 states. The study shows that the implementation of knowledge of behavioral science is applied by a mix of policy makers, NGOs and also multinational companies

4. Conclusions

After seeing the effects of the global recession, the stakeholders with competences in developing the architecture of the societies we are living in, have to reflect more on the causes which have contributed to the existence of powerful economic failure.

Pointing out the role of the governments, organization and their marketing, and individuals in shaping the future societies is one of the main conclusions of this paper. Policy-makers can use knowledge of consumer capability and preference to construct appropriate protection techniques such as default rules (Howells 2005). While not advocating a paternalistic nanny-state, several of the respondents, representing consumer policy communities, argued that government should do more in the regulation of the marketing of commercial. Government is a key player in the market which, it is argued, shares this 'collective responsibility' (Deacon and Mann 1999) to ensure that the consumer is adequately protected and equipped to take on an appropriate duty level.

Medium and long terms are required in practicing nudging policies in order to discover the negative social consequences coming with increased regulations, but without having the cost burden of regulation, while permitting sellers to move towards innovating and adapting their offers to developing consumer needs. Too often, marketing has reneged on its duty to respond to the potential detrimental effects of its actions and instead waits for regulation to ultimately take decision-making responsibility (Szmigin and O'Loughlin 2009).

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