

BEHAVIOURAL INSIGHTS AS A PUBLIC-POLICY TOOL



CERTIFIED PRODUCTIVITY SPECIALIST (CPS) COURSE



COURSE OBJECTIVES

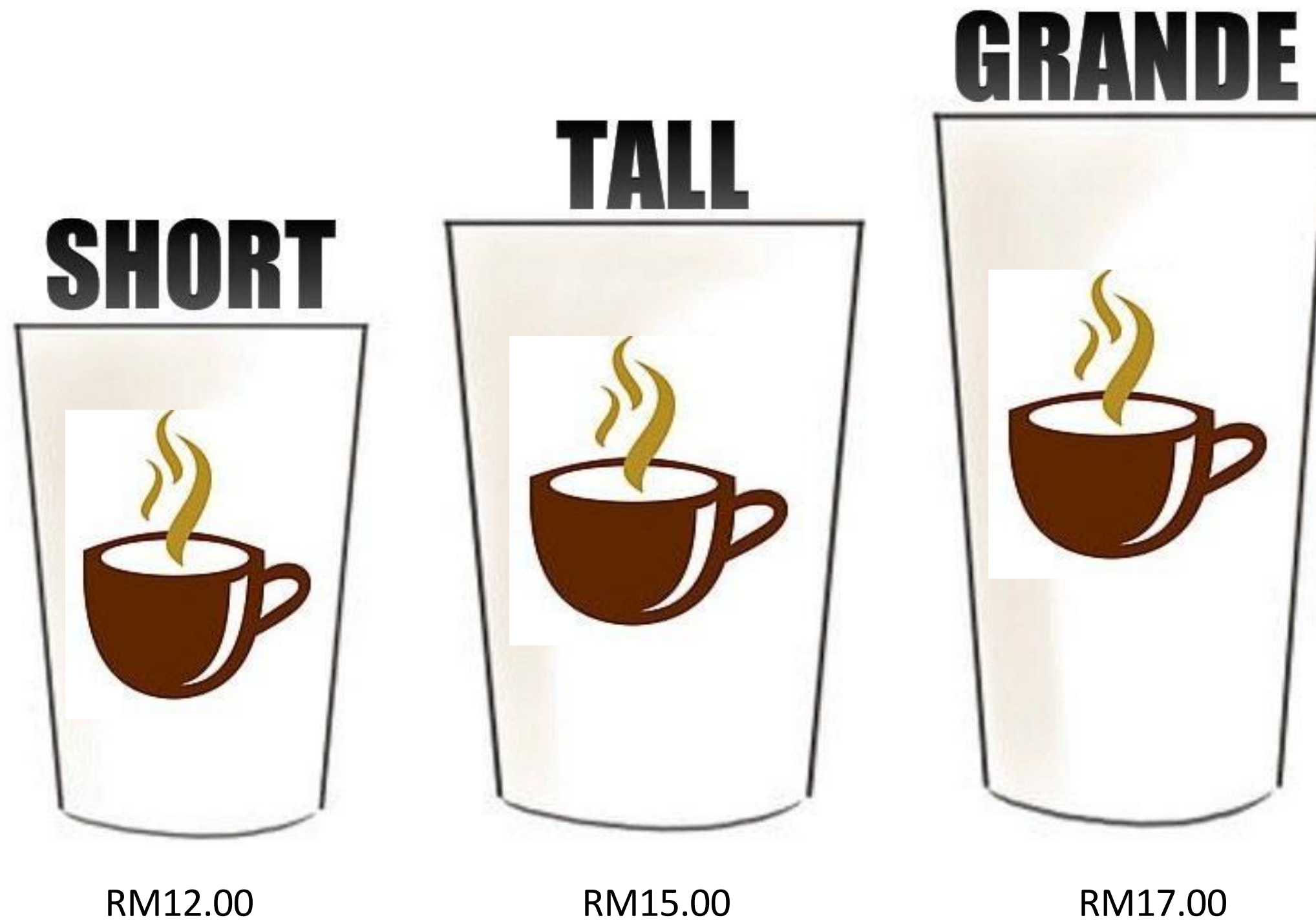
- ☐ Understand BI application in the **public policy-making**
- ☐ Aware of the concept of '**Nudge**'
- ☐ Aware that BI has been **used in many public policies**
- ☐ Understand the **BI guidance principal frameworks**
- ☐ Know a **BI project implementation methodology**
- ☐ Develop the skill to write a brief **proposal for a BI project**



Applying Behavioural Insights in Public Policy Making



Which size of coffee would you buy? Please share your reasoning.



Why organ donors are more in Austria?

CANADA



3%

AUSTRIA



99%



Campaign to save Rupees 40 (RM 2) every 2 weeks to farmers in India. Which approach is the best?



Provide information



Provide envelope



Provide envelope with photos

Which information presentation is better? Why?



Nutrition Facts
Serving Size 1 Pastry (50g)
Servings Per Container 8

Amount Per Serving	
Calories 210	Calories from Fat 60
	% Daily Value*
Total Fat 7g	11%
Saturated Fat 2.5g	13%
Trans Fat 0g	
Polyunsaturated Fat 2.5g	
Monounsaturated Fat 1.5g	
Cholesterol 0mg	0%
Sodium 170mg	7%
Total Carbohydrate 35g	12%
Dietary Fiber less than 1g	3%
Sugars 15g	
Protein 2g	
Vitamin A 10% • Vitamin C 0% • Calcium 10% • Iron 10%	
Thiamin 10% • Riboflavin 10% • Niacin 10% • Vitamin B6 10%	
*Percent Daily Values are based on a 2,000 calorie diet. Your daily values may be higher or lower depending on your calorie needs.	
	Calories 2,000 2,500
Total Fat	Less than 65g 80g
Saturated Fat	Less than 20g 25g
	Less than 300mg 300mg

Each serving (150g) contains

Energy	Fat	Saturates	Sugars	Salt
1046kJ 250kcal	3.0g LOW	1.3g LOW	34g HIGH	0.9g MED
13%	4%	7%	38%	15%

of an adult's reference intake

Typical values (as sold) per 100g: 697kJ/ 167kcal

Overview

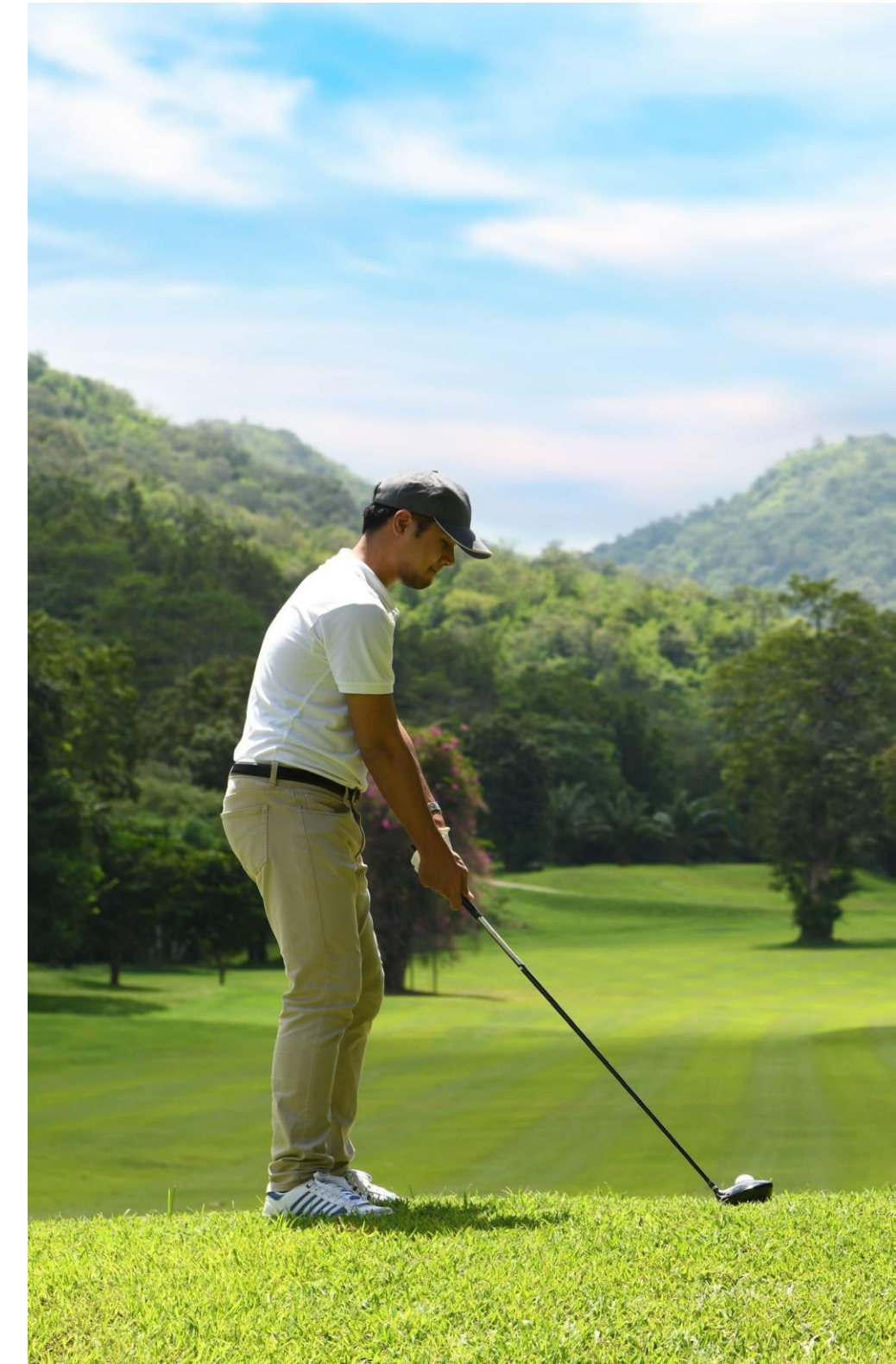
Video – General Overview of Behavioural Insights

<https://youtu.be/jVTg3ZsNTTY>



COURSE AIM

To introduce the **concept** and **applications** of Behavioural Insights (BI) in public policy-making.



Unit 1

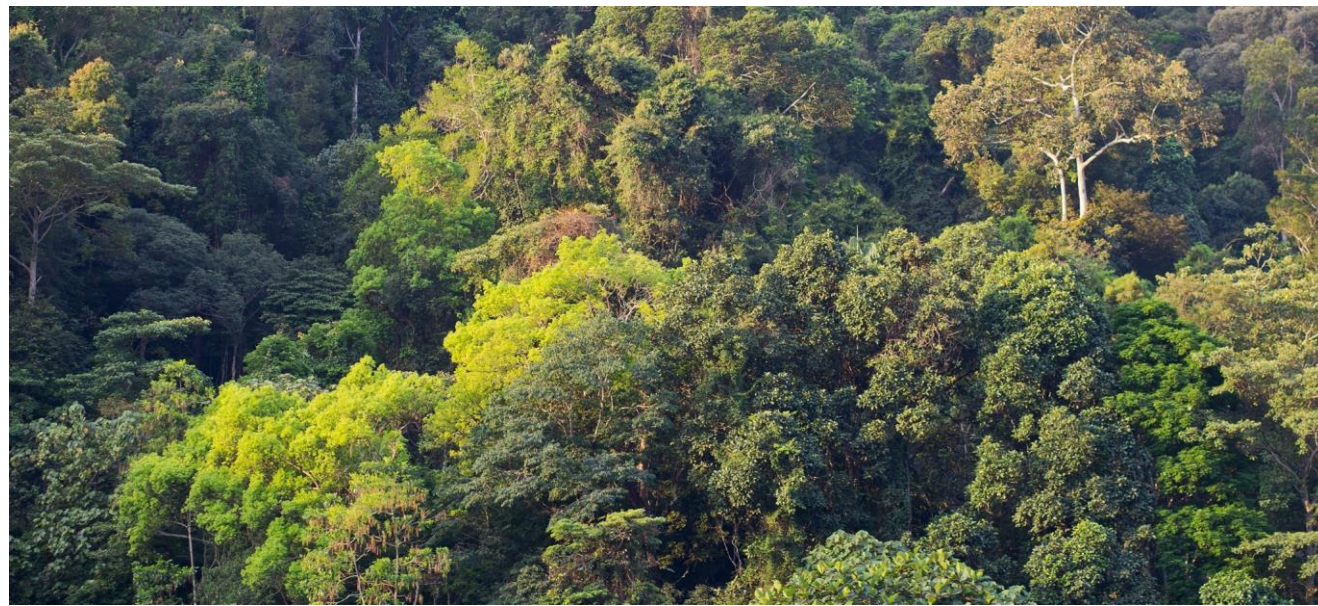
BI as a public-policy tool.



**What is
public
policy?**



**Why public
policy is
important?**



Desired Outcomes of Policies

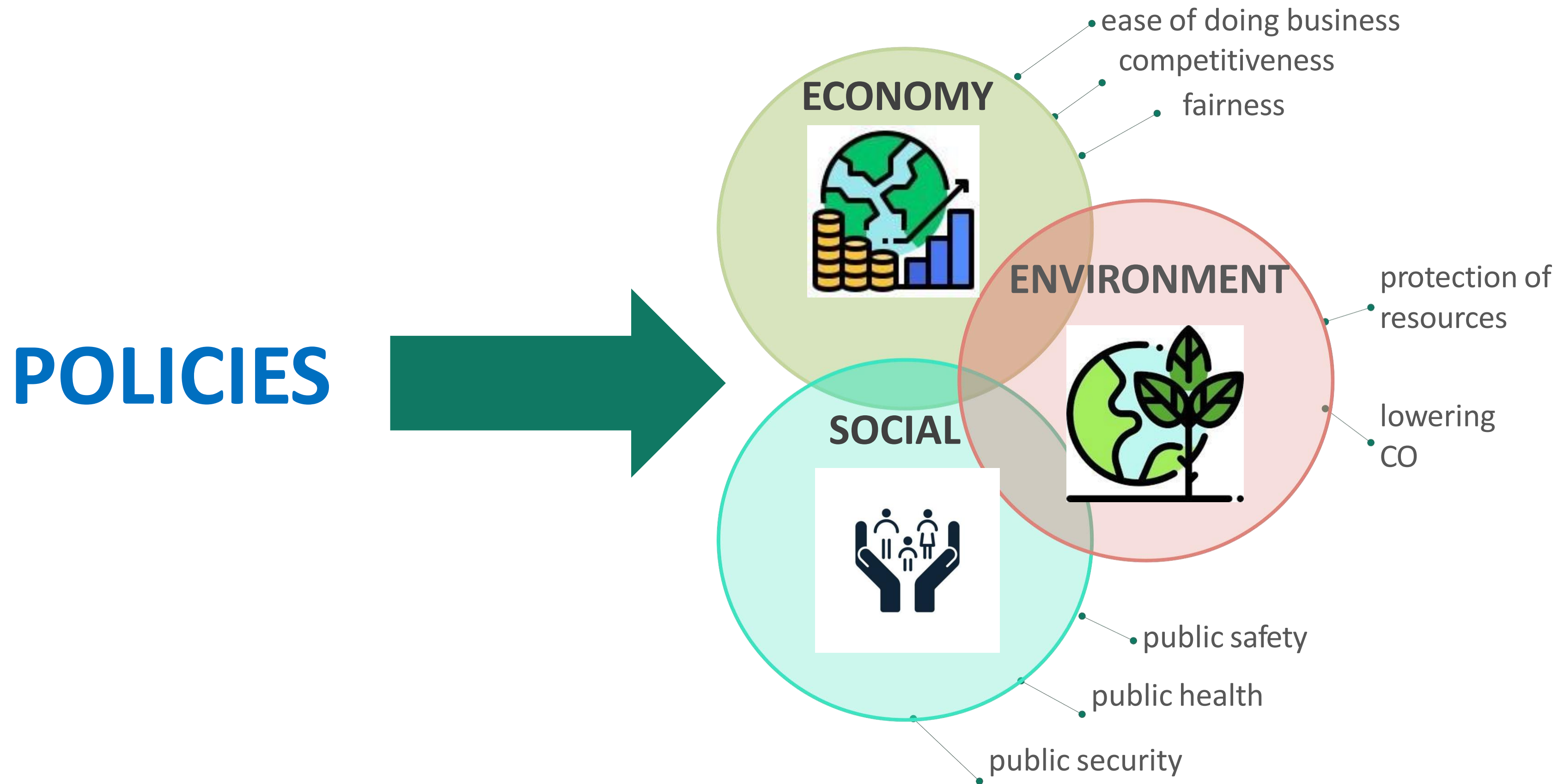
Examples of desired outcomes?

How to achieve that?



CERTIFIED PRODUCTIVITY SPECIALIST (CPS) COURSE





POLICY TOOLS

01

REGULATIONS

02

INCENTIVES

03

INFORMATION



01

REGULATIONS

Examples of Regulations?

Strengths vs Weaknesses



02

INCENTIVES

Examples of Incentives, Subsidies, Grants?

Strengths vs Weaknesses



03

INFORMATION

Examples of Information?

Strengths vs Weaknesses



POLICY TOOLS

01

REGULATIONS

02

INCENTIVES

03

INFORMATION

Key assumption:

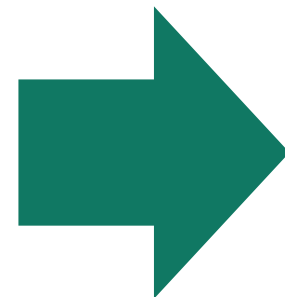
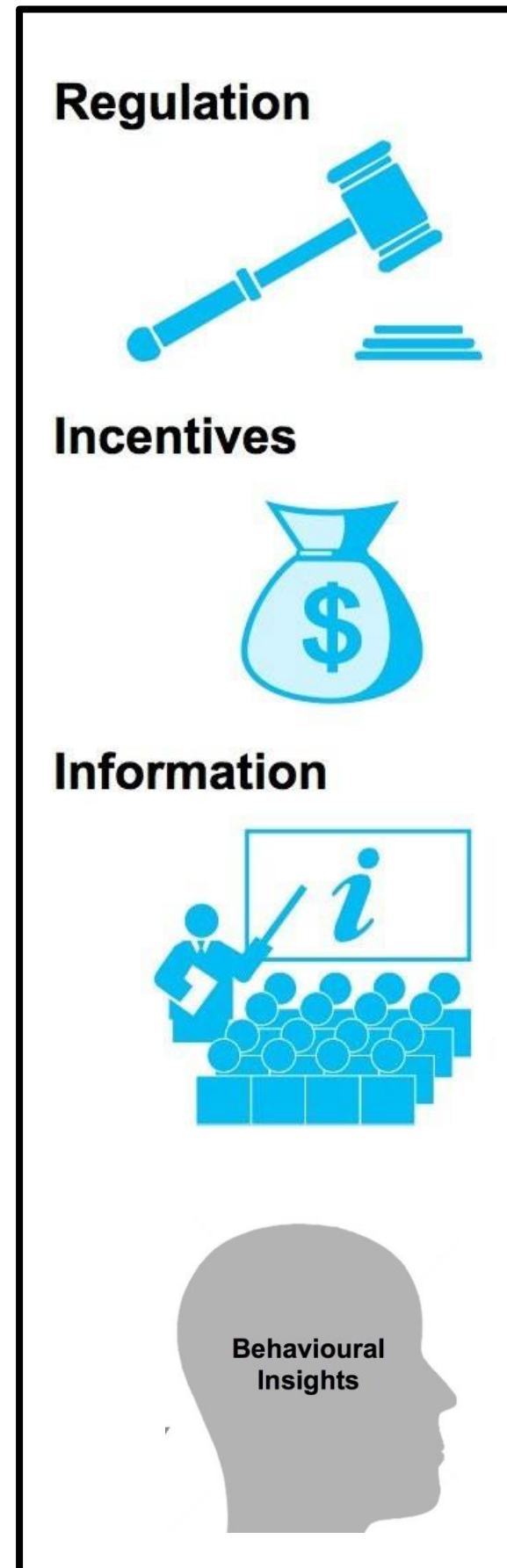
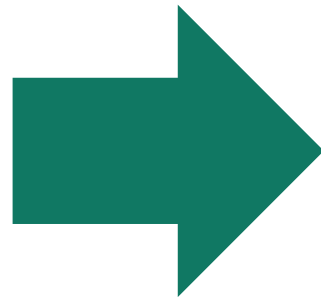
- Human makes decision through thinking in details to maximise their benefits (rational)



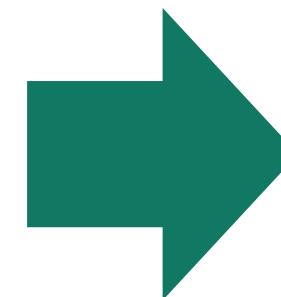
Behavioural Insights

BI as a Policy Tool

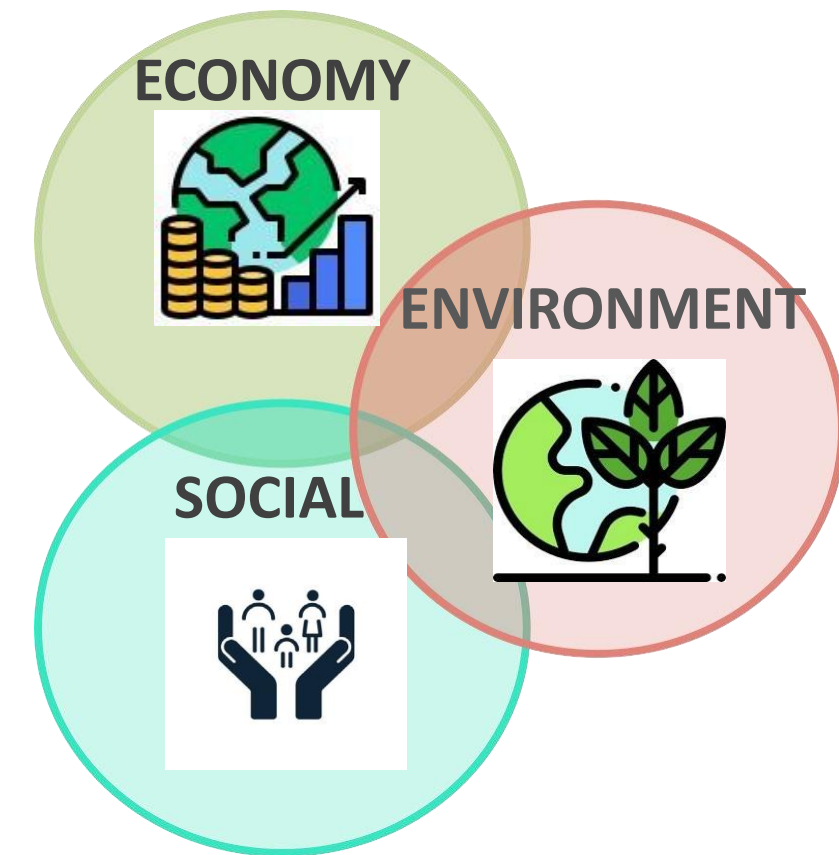
POLICIES



**PEOPLE
BEHAVIOUR**



DESIRED OUTCOMES





Why most drivers use the left toll gate rather than the right one?

Ribuan penumpang bersesak di jeti feri ke Langkawi, ramai yang mengabaikan penjarakan fizikal

👤 Azian ⌚ 21:25, 29/12/2020

Share

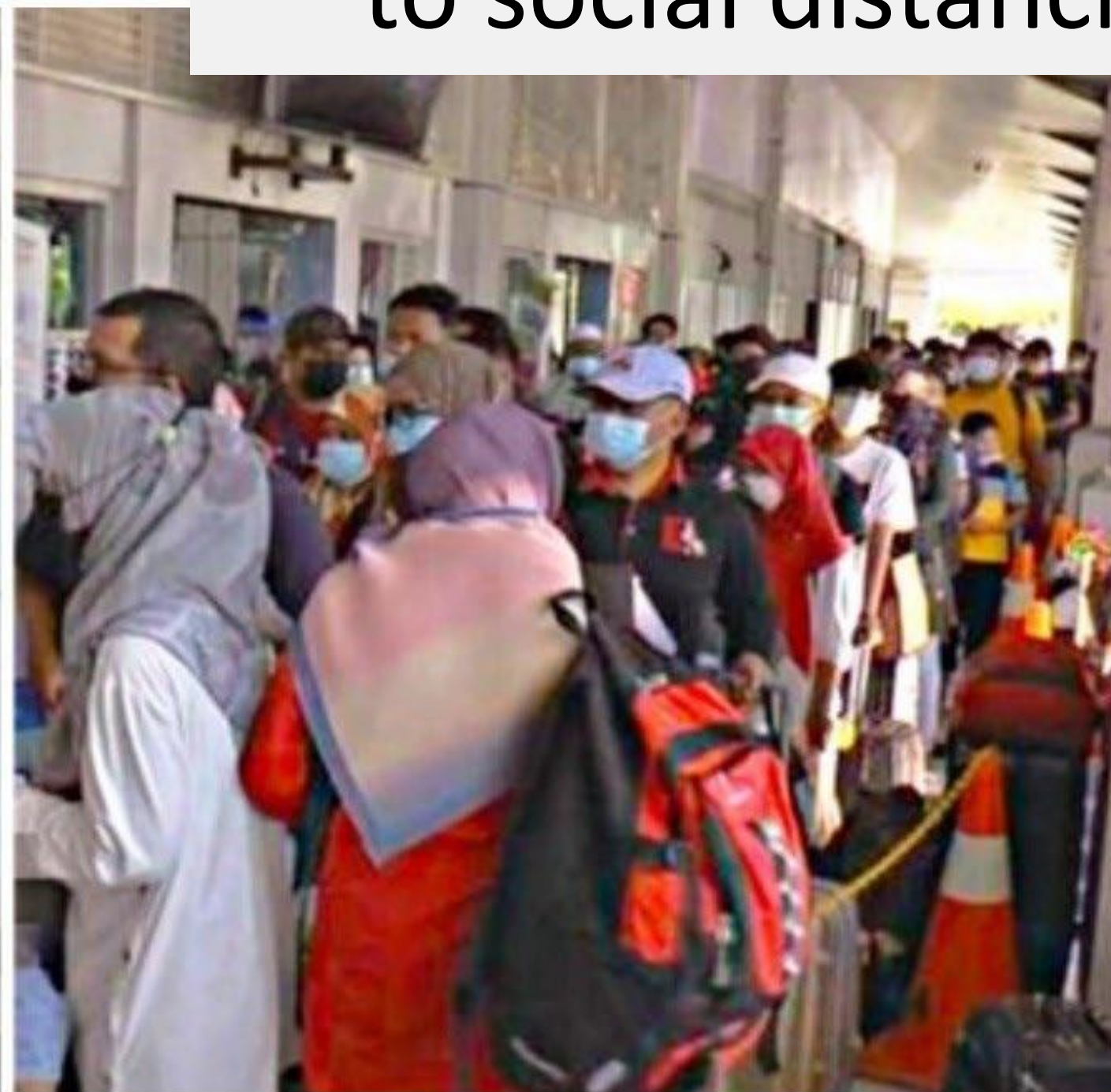
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+



Why people do not adhere to social distancing?



2 Ways of Human Thinking

1. Controlled, slow, deliberative, self-aware. (RATIONAL)
2. Uncontrolled, fast, intuitive, unconscious. (IRRATIONAL)

BI, how its started?

Neoclassical/Traditional Economists assume

HUMAN IS RATIONAL



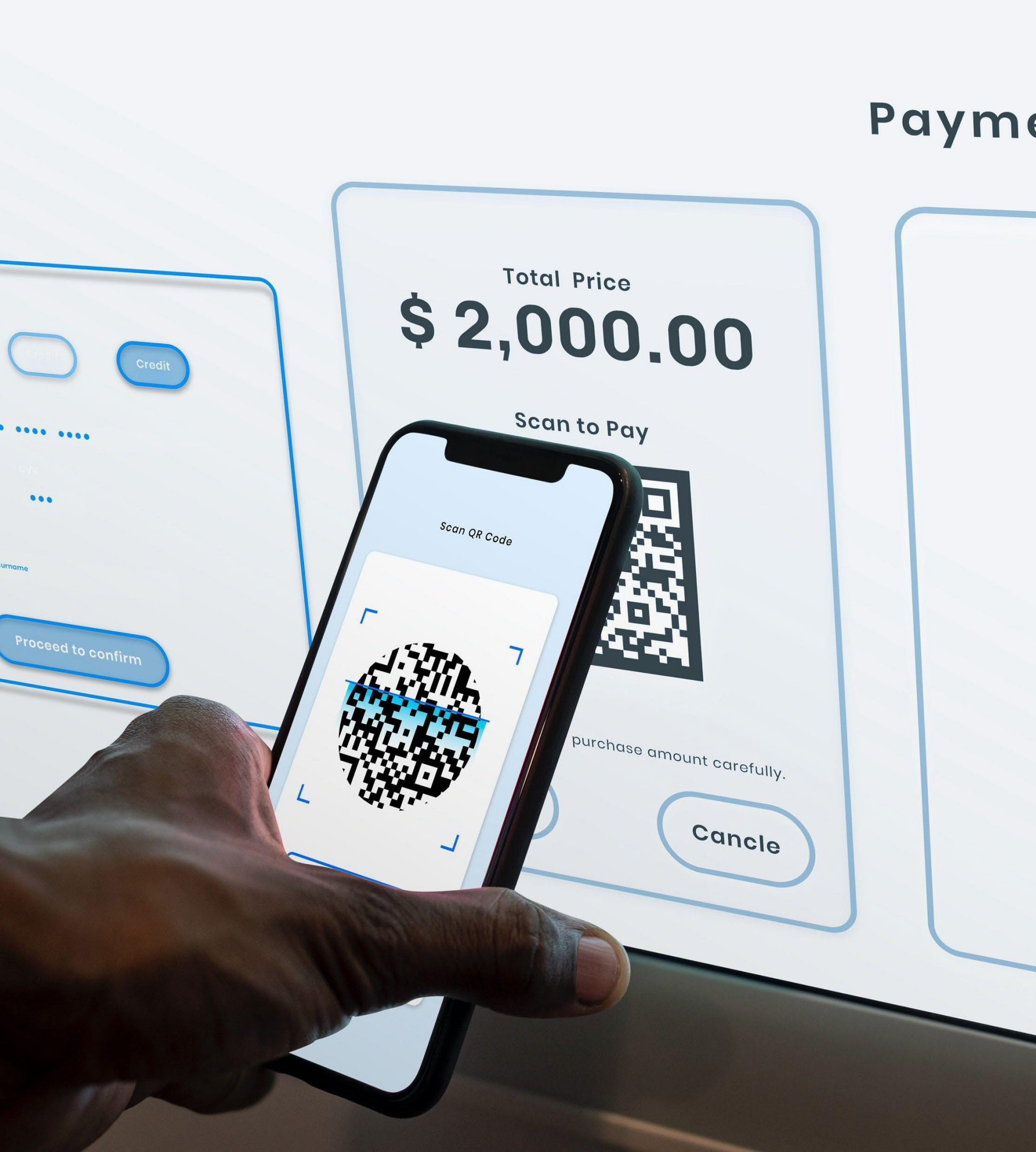
Overview of Behavioural Economics

<https://youtu.be/dqxQ3E1bubl>





**What is
Behavioural
Insights (BI)?**

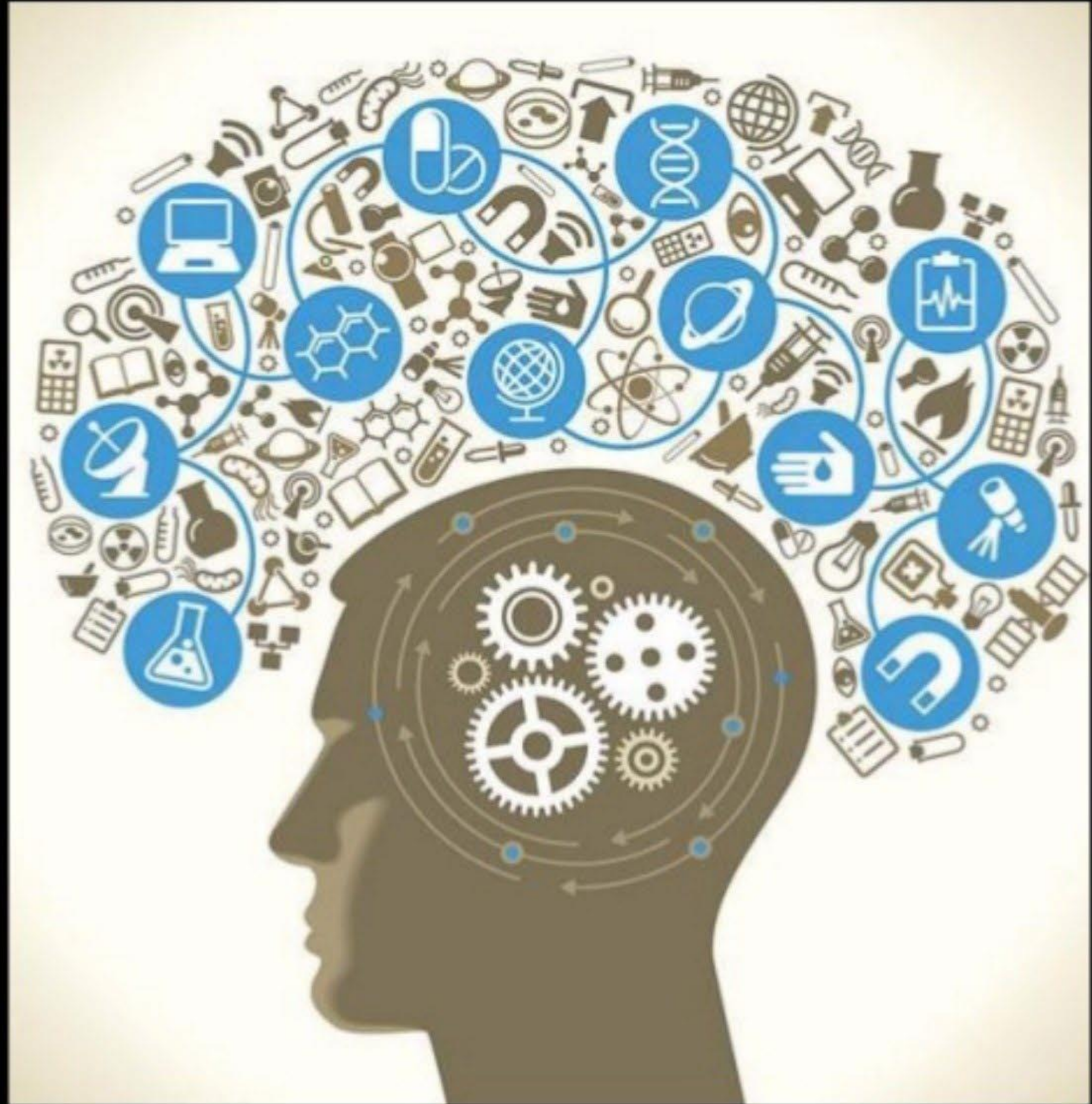


What is BI?

BI approach uses evidence about human behaviour to practical problems.

**Behavioural insights
draws on research into
behavioural economics
and psychology to
influence choices**

Knowing how humans really behave can help design and implement better policies and services.



BI, how its started?

1879 **Wilhem Wundt**

- Build first psychology lab
- Proposing different between voluntary (slow, effortful and concious) and involuntary action (requires little effort and operate beyond concious control).

1890 **William James**

- “founding fathers” of psychology
- Emphasizing just how much power habitual and automatic processes exert over our behaviour

BI, how its started?

1970s **Daniel Kahneman and Amos Tversky**

- run experiments that tested how far people's decision actually matched the predictions of rational choice theory.
- Findings – people actual judgements and decisions deviated from those of homo economicus because heuristics and influenced their choices.



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- K, L, N, R, V – is this letters more likely to appear as the first or
- third letter in a word? ('lion' or 'milk')
- Concerned about travel?

BI, how its started?

1970s **Daniel Kahneman and Amos Tversky**

- Case: Surgery over radiation medical treatment
- ‘The one-month survival rate for surgery is 90%’
- ‘There is 10% mortality in the first month’



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84% - frame in
terms of gain

50% - frame in
term losses



BI, how its started?

1976

Richard Thaler

- Offer alternatives explanations for economic behaviour.
- 'behavioural economics'
 - empirical focus on **how people actually behave**, rather than on how rational choice theory predict they should.

Video behavioural economics



BI, how its started?

1976 **Richard Thaler**

- Concept of 'Mental Accounting'
- Homo Economicus – money is not attached to any particular purposes.
- In reality, people do assign money to certain usages (ex. house rent money), and do not like to move money between purposes.



BI, how its started?

Example, in 2008 the price of fuel drop by 50%.

- Homo Economicus – people had more disposable income and could spend for food etc.
- In reality, people actually shifting to buy the more expensive kind of gasoline. (since they have a specific mental budget for fuel).



BI, how its started?

2008 Richard Thaler and Cass Sunstein

- Developed a practical proposal for how governments could apply the evidence.
- ‘Humans are not Econs’
- The deviations are predictable, and therefore policymakers can/should plan for them.

2010 UK Government’s Behavioural Insights Team

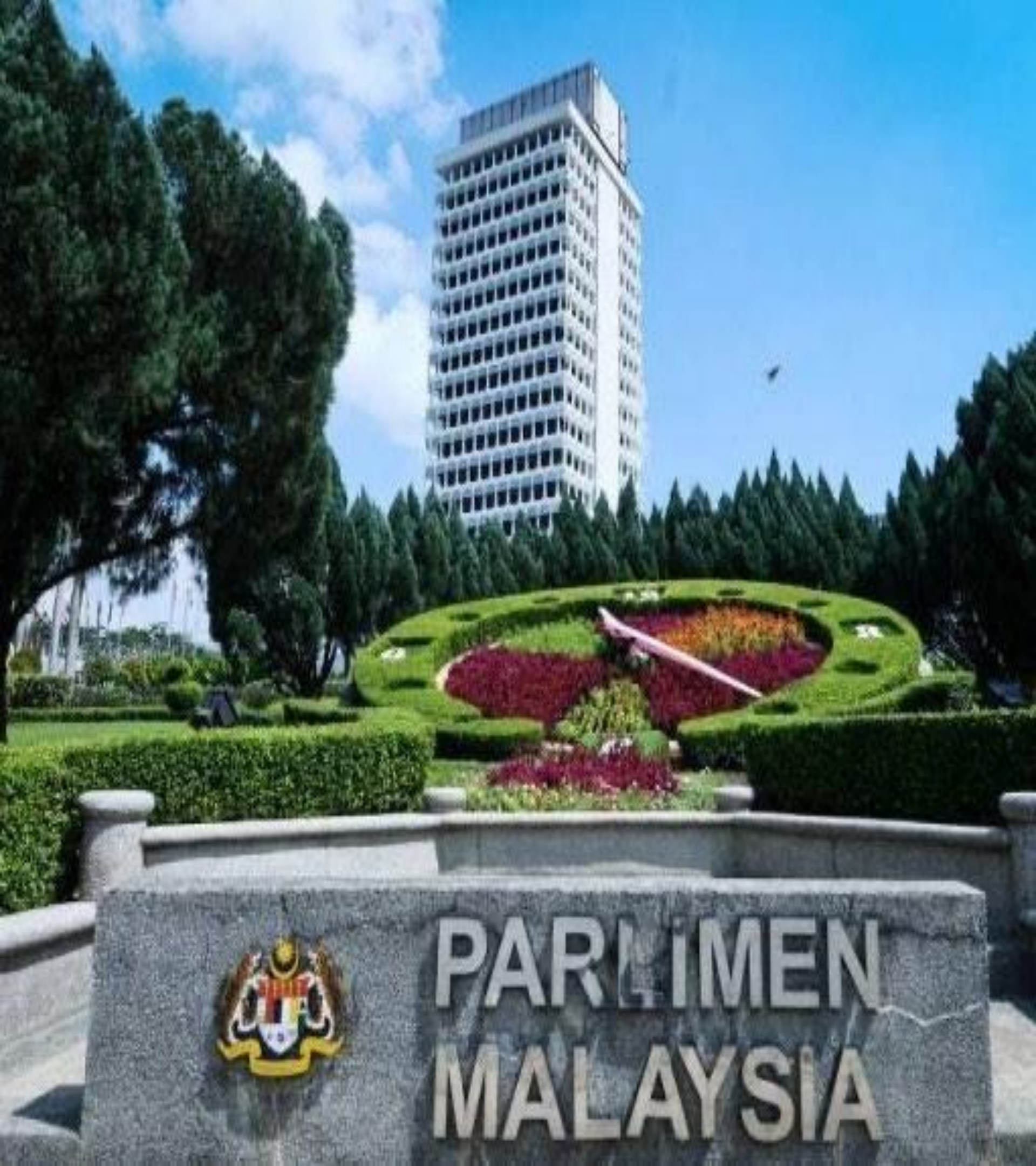
- Coined the term ‘BEHAVIOURAL INSIGHTS’

BI, how its started?

2013 USA Social and Behavioural Sciences Team (SBST)

- 2015 – Executive Order 13707
- ‘Using behavioral science insights to better serve the American people’.
- Directs departments and agencies to apply insights in practice, to recruit expert in behavioural science.





Who use Behavioural Insights (BI)?

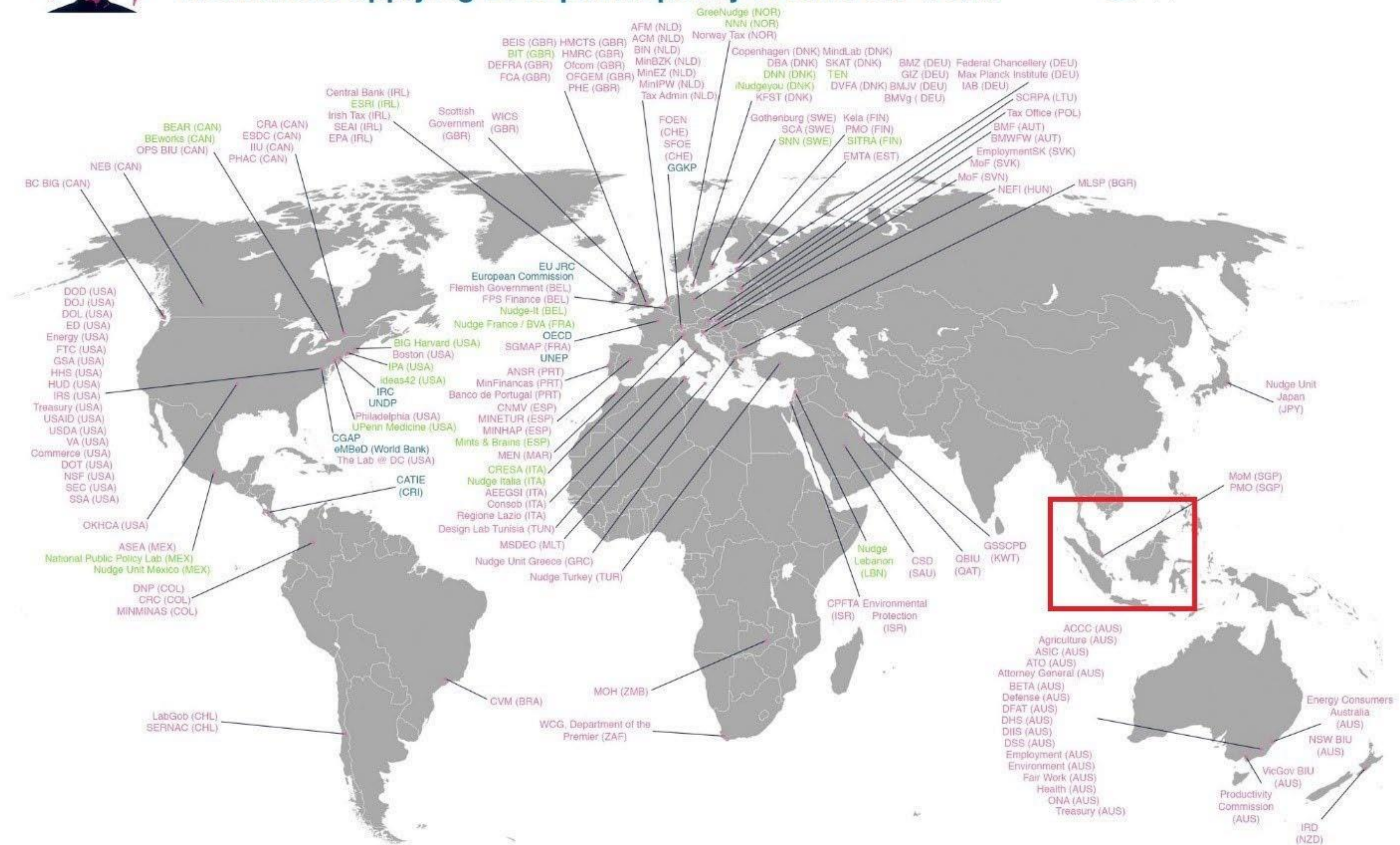


Behavioural Insights and Public Policy

Institutions applying BI to public policy around the world



> 200 BI units
around the
world



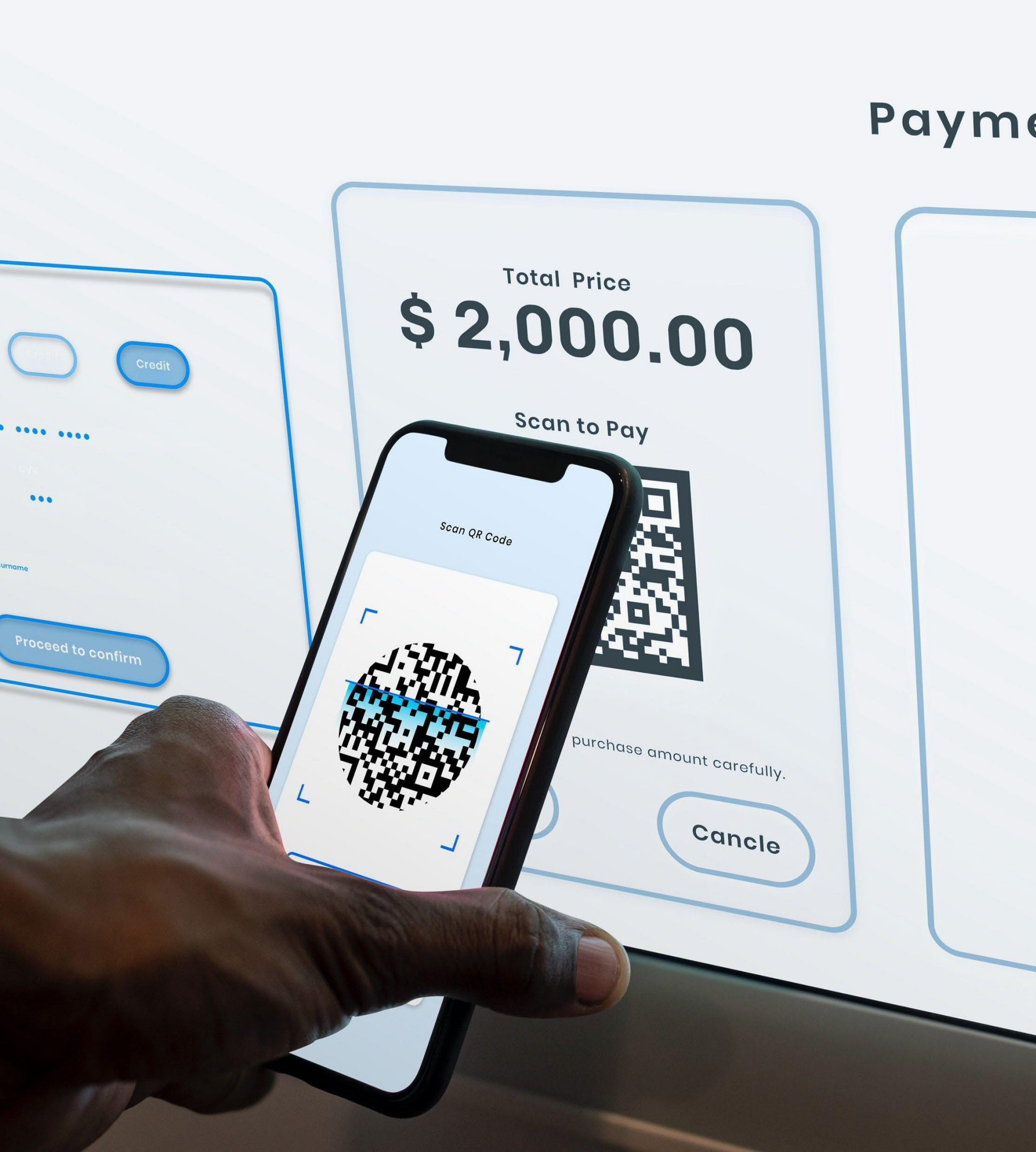
Institutions inside government

Institutions outside government

Multi-national organisations



**Why
Behavioural
Insights (BI)
is important?**



What is BI?

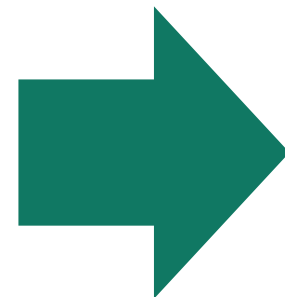
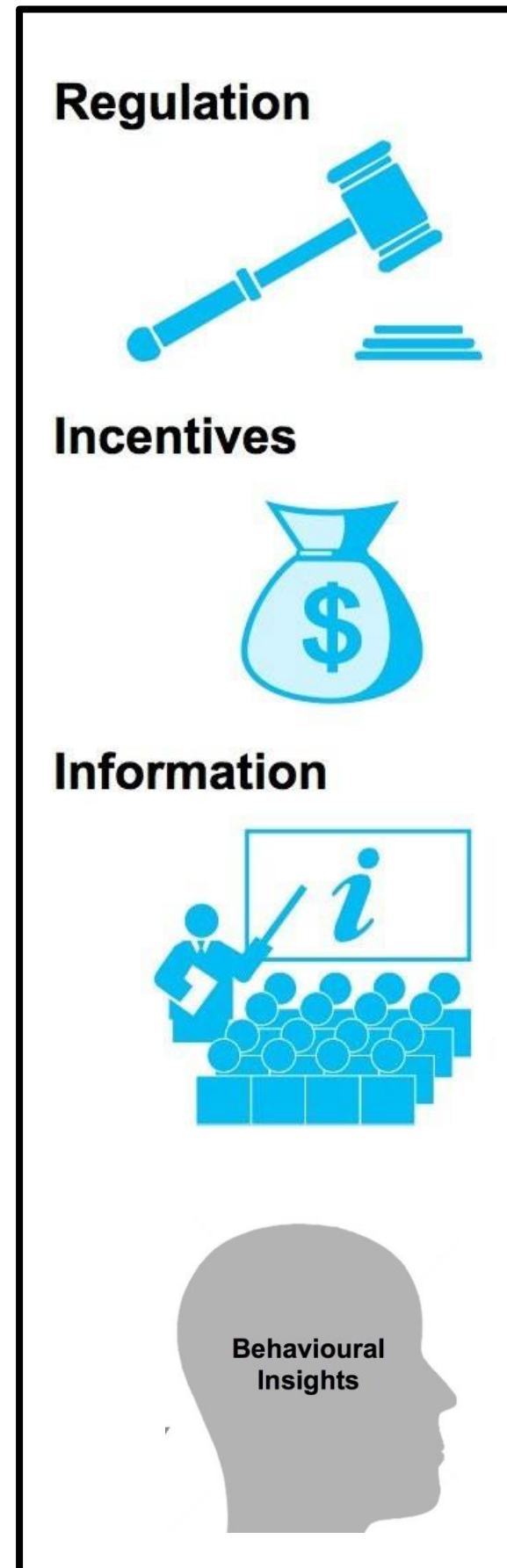
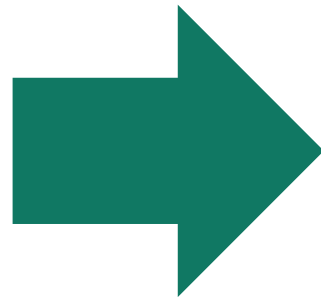
- Proven to solve problems
- Produce better outcomes
- Cheaper
- Easier to implement



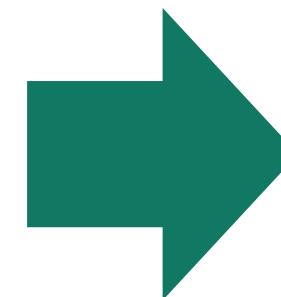
Much of our behaviours are **unconscious**, habitual, and driven by cues in our environment or the **way choices are presented**.

BI as a Policy Tool - Recap

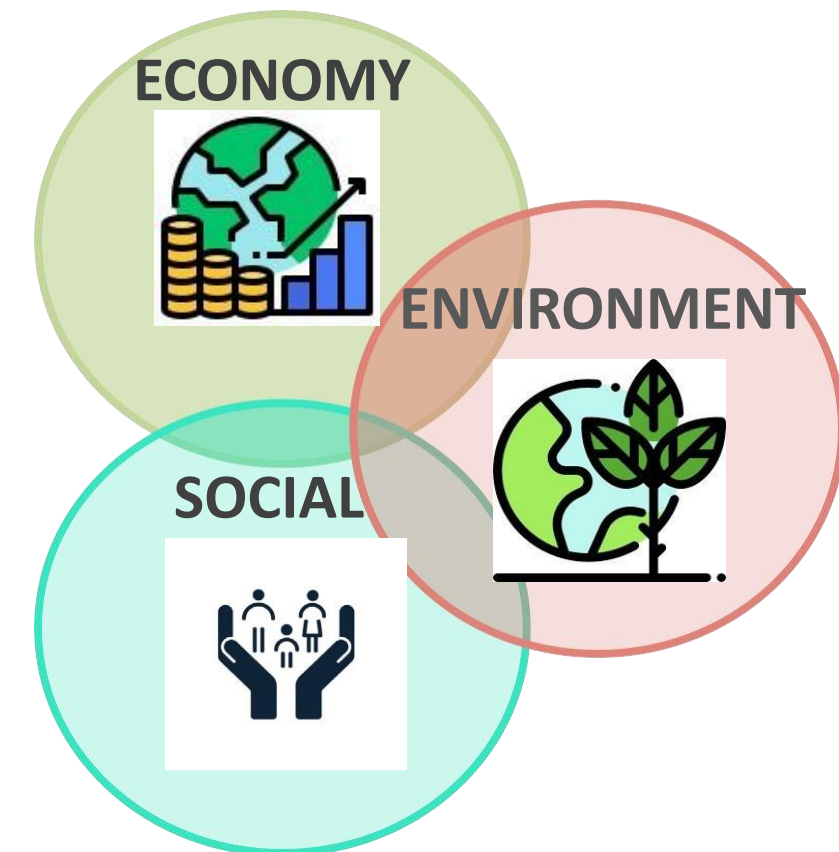
POLICIES



**PEOPLE
BEHAVIOUR**



DESIRED OUTCOMES



BI enhancing effectiveness of Policy Tools

Applying Behavioural Insights together with government policy tools

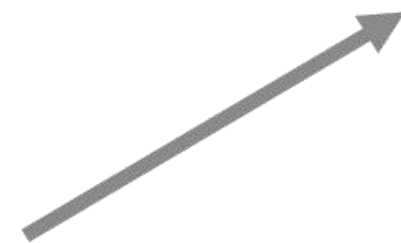
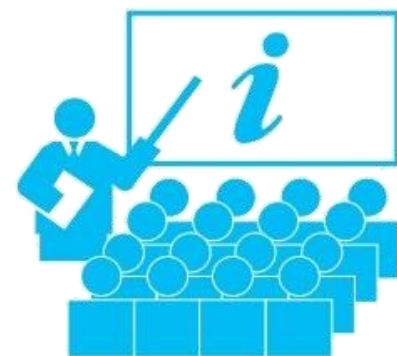
Regulation



Incentives



Information



**Behavioural
Insights**



THANK YOU

