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Small Is Beautiful: Using Gentle Nudges To Change Organizations



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I write about organizational design, change and leadership.

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-  We shouldn't constrain human agency gratuitously if we believe in liberty as a fundamental human value.
-  nudges can be very cheap to implement while generating significant payoffs

Sunstein And Thaler On Nudges

Subtle and seemingly insignificant aspects of the environment in which decisions are taken can have substantial impact on people's behavior. This is the premise of the book *Nudge*, written by Cass Sunstein, one of the most cited American legal scholars, and Richard Thaler, last year's winner of the Nobel prize in economics.



Small doesn't mean powerless 'FEARLESS GIRL' BY SCULPTOR KRISTEN VISBAL, WWW.VISBALSCULPTURE.COM. PHOTO CREDIT: FEDERICA VALABREGA

What Is A Nudge?

The authors define a nudge as any aspect of the choice architecture that steers people's behavior in a predictable way, without forbidding any options or significantly changing their economic incentives.

Nudging techniques come in many forms, summarized succinctly in Sunstein's article [Nudging: A Very Short Guide](#). These techniques include setting default rules, framing, social proof, simplifying procedures, increasing the ease and convenience of desired behaviors, use of alerts, disclosures and reminders, eliciting implementation intentions or soliciting pre-commitments. Let's consider a few examples:

- **Default settings:** A [study](#) looked at ways to promote retirement saving. Traditionally, workplace pensions schemes require an opt-in from employees. In companies that enrolled their employees automatically, while giving them the opportunity to opt out, the probability of participation in a workplace pension scheme ticked up by 37 percentage points.
- **Social proof:** A [study](#) on tax compliance showed that informing taxpayers that more than 90% of taxpayers had already complied in full with their obligations under the tax law increased the likelihood of tax compliance fourfold, whereas threatening taxpayers with information about the risks of punishment for noncompliance had no effect.
- **Salience:** Another [study](#) revealed that asking people to sign at the top of a disclosure form rather than the bottom makes ethics salient at the right time and significantly reduces cheating.

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While nudges are subtle, they derive their surprising power in part from the fact that they are structural elements embedded into the choice architecture. As such, they are always switched on. Once put in place, they tirelessly exert influence on behavior without depending on continued human operation. This distinguishes them from some behavior-based influencing strategies, such as role-modeling. A role model may have a bad day, get sick, go on vacation. A nudge is always on.



Nudges share three defining characteristics.

- Nudges avoid invoking an economic decision frame. They do not affect people's economic incentives.
- Nudges are human-centered. They attempt to move people in directions that will make their lives better. Choice architects first seek to understand people's needs and then design the decision environment in ways that make it more likely that people choose behaviors that help them meet their needs.
- Nudges are voluntary. They preserve freedom of choice. Knowing what is in other people's best interest can be a tricky business. Therefore, nudges must not remove alternative options from the table and be easy and cheap to avoid or opt out of. Anything that is coercive – mandates, commands, requirements, prohibitions, bans, incentives, subsidies, fees, taxes, or penalties – is not a nudge. For the same reason, nudges must be transparent rather than deceptive.

The Principle Of Least Coercion

Sunstein and Thaler argue that efforts to influence behavior should first exhaust liberty-preserving methods before bringing into play more iron-fisted ones . Let's

call this the principle of least coercion. This is a good principle for three reasons.

- The first one is ethical in nature. We shouldn't constrain human agency gratuitously if we believe in liberty as a fundamental human value.  Nudging seeks to preserve a person's freedom.
- The second reason is about efficiency. Citing numerous studies, the authors demonstrate that nudges can be very cheap to implement while generating significant payoffs  .
- Lastly, research on human motivation demonstrates that heavy-handed influencing methods can reduce a person's intrinsic motivation to behave in desired ways or even lead to oppositional defiance. Nudges are likely to avoid these adverse effects.

Everybody Can Nudge

Nudges sometimes have a cleverness to them that can be intimidating at first. Certainly, learning about the heuristics and biases that shape our behavior (e.g., endowment effect, loss aversion, status quo bias) or hiring a behavioral science consultant can improve and accelerate your nudging efforts. But it would be a mistake to create the impression that nudging is only for experts. Much of it is very intuitive. If, for example, you want to encourage collaboration in your team, equip a meeting room with some basic tools that make co-creation easy. This is a nudge, simple, intuitive, effective.

Keep an experimental mindset. Pilot a nudge before scaling it and measure the outcome. Sometimes, results won't pan out as intended. Some call this failure, I call it experimental learning. Re-design, test, repeat. Once you have something that works, scale it. That's the process the best nudge experts follow. The Behavioral Insights Team, a pioneer in this field, makes available a number of excellent guides. I recommend their [EAST framework](#) as a good place to start for those who want to learn more.

Nudging At Scale

One-off nudges can influence choices in significant ways. But when nudging is embraced by many as a generalized mindset, as a persistent curiosity in adding

supports or removing obstacles for desired behavior, it can help shift an organization's culture. The aggregate influence of co-oriented nudges, channeling behaviors towards a desired destination, can tilt the playing field so that innovation and change feel natural instead of forced.

It is sometimes proposed that organizations should create a specialized nudge unit. I would agree, if the responsibility of this unit is not only to come up with clever nudges, but also to spread nudging skills throughout the organization. Nudging can unfold its potential more fully as the number of people applying this methodology to their respective work-streams grows. To spread nudging skills throughout the organization, the nudge unit should co-create nudges in collaboration with employees. This will allow for the transfer of useful methodological skills to employees, while the nudge unit stands to gain contextual insights from employees necessary to design sensitive and feasible interventions. Further, organizations can spread nudging skills by integrating the methodology into learning and development activities. Over time, this will stimulate numerous nudges at all levels of the organization. Provided there is an [ideation platform](#) that can capture the resulting wealth of nudge ideas, this enables the nudge unit to perform another useful task: to aggregate and analyze the emergent portfolio of nudges and to spot opportunities for cross-pollination and scale-up.

Nudging Organizational Change

Most nudges so far have been aimed at public policy. Not much has been written about the use of nudges in companies, possibly for competitive reasons. In a pleasant deviation from this norm, Virgin Atlantic used nudges to steer pilots towards conserving fuel, and it published the [results](#). Simply informing pilots that they were participating in a study of fuel use was enough to save about 3 million pounds and reduced carbon dioxide emissions by about 20,000 tons. The emissions study also led to increased pilot satisfaction. Virgin demonstrates that people don't need a shove for them to adopt desired behaviors. A nudge can be sufficient to achieve change, whether we are pursuing no-frills cost reduction or seek to reduce our environmental impact.

Get Started: Go On A Nudge Hunt

The nudge approach reminds us that subtle aspects of organizational design constantly exert influence on our behavior. Employees are being nudged all the time. The design of standard people management practices, such as competency models, leadership development, rewards systems or performance management, steer behaviors one way or another. If your goal is to create an adaptive organization, a good starting point is to comb through these people practices, to root out aspects that stifle change (e.g., bureaucratic red tape, unnecessary hierarchy, micro-management, ill-conceived incentives) and implanting nudges that support change-promoting behavior such as self-initiative, collaboration, or risk taking.

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