

EQUALITY 2.0 – COMPLEMENTARY AND ALTERNATIVE PATHS TO EQUALITY – FINAL REPORT

The final report to GEO by an ESRC/GEO Knowledge Exchange Fellowship
examining behaviour change insights to improve equalities policy outcomes

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Complementary and Alternative Pathways to Equality

Executive Summary

All public policy involves behaviour change of some kind. This typically takes the form of direct intervention through setting rules and regulations and enforcing them, setting incentives in the form of benefits or taxation, and/or trying to persuade those targeted by policies through information and marketing campaigns.

However, changing people's behaviour through policy is not simply a matter of setting rules and incentives and providing information, and expecting people to follow them rationally. While reasoning and rational calculus inform a large part of people's behaviour, it is also constantly influenced by shortcuts, inaccuracies, intuition and various rough rules-of-thumb. In short, people will not only base their decisions on thinking that is fully rational in weighing all the available information, but also on thinking that is easily accessible to them.

This is a vital starting point for those concerned with policy-making. Knowing about how people live their lives in practice helps to account not just for poor individual choices but also for the regular patterns in individuals' choices. People often pay attention to messages that emanate from messengers they find credible, and ignore others. They are loss averse, unwilling to admit failure, distracted by others they relate to, and shun overly complex things. Crucially, without external stimulus, they are unlikely to want to change habitual behaviour and choose a new default.

This report outlines the architecture of choice and decisions that results from this picture. It explains the implications for policy-makers, distinguishing between doing things better and doing better things. This creates various opportunities and additional levers to consider for policy-makers seeking more positive policy impacts, greater efficiency and changes that are organic and self-sustaining.

The report begins by introducing a pragmatic view of human behaviour, applies this perspective to how change takes place in different sectors, and emphasises the benefits of targeting change at a fence-sitting middle that copies leaders and isolates laggards.

Thereafter, the report applies these principles and concepts in three specific policy areas: developing the next phase of an existing policy to build equalities leadership among the private sector; scoping a strategy to ensure engagement with smaller firms on workplace equalities issues; and stimulating governmental and private sector interventions to deliver improved outcomes for female entrepreneurs.

The report then assembles eight high level practical lessons for policy-makers. These range from some effective tools that recur in 'nudge' interventions across government (typically refinements in communication with public service users) through to interventions to redesign policy and the way in which it is delivered. These lessons include illustrations from the field of equalities policy as well as other policy domains.

The main conclusions are threefold: first, designing policies, processes, institutions and delivery around people's behavioural quirks is promising; second, there is considerable potential in the application of these insights to the field of equalities policy, including in areas where policy impacts have previously been limited; and finally, the practical tools and pointers that are delivered are central to improving policy professionals' capabilities, underpinning open policy-making and wider civil service reform.

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Background and Context

1. The Complementary and Alternative Pathways to Equality (CAPE) project is a Knowledge Exchange Fellowship (KEF),¹ commissioned in 2012 jointly by the Government Equalities Office (GEO) and the Economic and Social Research Council (ESRC). It was led by Professor Shamit Saggar of the University of Sussex as the Fellow, supported by a GEO analyst, and conducted over the course of the 2013 calendar year. CAPE is anchored in an agreed need to strengthen GEO's analysis and horizon scanning functions, coupled with a commitment to improve GEO's policy-making abilities and preparedness for future challenges.
2. Over the course of the project, GEO underwent considerable changes, along with the rest of government. The most notable of these has been the move from the Home Office to the Department for Culture, Media and Sport (DCMS), including internal reorganisation and the merging of corporate and analytical functions with their DCMS equivalent. This included the members of staff dedicated to supporting the CAPE project. Despite such hurdles, the CAPE project's outputs are now both more salient to the delivery of GEO policies and embedded in wider DCMS analysis and policy-making.
3. CAPE has also been part of a wider cross-government interest in behaviour change and insights. The project draws on a range of expertise from other parts of government as well as regulators, and has contributed to the work of the Cross-Government Behaviour Change Network,² as well as to wider government equalities challenges and policies.³
4. The project was structured into three phases. Phase 1 (January-April 2013) focused on research and evidence to deliver an interim analytical report, spanning a range of issues underpinning behaviour change and additionally identifying specific relevance to equalities challenges and policies. Phase 2 (May-October) concentrated on policy consulting in respect of three priority policy areas for GEO. The final phase (November-December) comprised dissemination and exchange across GEO, DCMS

¹ The ESRC Knowledge Exchange Opportunities Scheme – see <http://www.esrc.ac.uk/collaboration/knowledge-exchange/opportunities/index.aspx>. This will be superseded by the Impacts Acceleration Accounts scheme from March 2014 – see <http://www.esrc.ac.uk/collaboration/knowledge-exchange/opportunities/ImpactAccelerationAccounts.aspx>.

² For example, Cross-Government Behaviour Change Network meeting with Richard Thaler, No.10, 26 September 2013.

³ For example, Women on Boards (BIS); the Public Sector Equality Duty (PSED) review (GEO); Body Confidence (GEO).

and others,⁴ highlighting practical knowledge, skills and tools for further work beyond the fellowship.

5. This report is presented in four main parts. Following a scene-setting introduction, these are:

- Chapter one looks at how people's behaviour is understood in the real world, noting that classical rationality appears to miss much of what is important.
- Chapter two builds on this and focuses on what this means for policy-makers grappling with complex problems. It shows how a workable theory of change can assist, and an array of evidence to suggest that, if behaviour can follow unusual and unexpected cues, it can also be influenced in similar ways.
- Chapter three drills into a number of on-going policy priorities for GEO. Taking each in turn, the chapter provides a connection to relevant behaviour change insights, explaining how these can be incorporated into policy and delivery.
- Chapter four pulls together these policy applications and underlying principles to offer some generic lessons for GEO policy-making in the future.

⁴ For example: DWP (Strategy Team, Ageing Society and State Pensions); HMRC (Behaviour Change Team, Central Customer and Strategy Team).

Introduction

6. Legislative and statutory means have come under increasing scrutiny as primary tools for policy-making in the UK over recent years, in part due to the Coalition Government's goal to reduce regulatory burdens on business and society as a whole. The Coalition Government is committed to making maximum use of behaviour change techniques as part of its toolkit for promoting effective policy design, enhancing positive policy impacts, modernising regulation and supporting open or joint policy-making.⁵ However, ensuring that modern regulation is strategically targeted and not unduly burdensome predates the current Government.
7. In this context, innovative approaches based on behaviour change, or 'nudging', have been identified as promising alternatives or complements to legislation. These approaches aim to apply lessons from behavioural economics and psychology, and the wider behavioural science literature, to affect outcomes that were previously approached largely through statutory means.
8. The CAPE project's core aims are three-fold:
 - i. strengthen GEO's capability in the growing and timely field of behaviour change interventions;
 - ii. improve GEO's ability to deliver equalities outcomes in a broad range of policy areas; and
 - iii. enhance GEO's reputation as a policy innovator across Government.
9. CAPE delivers an evidence-based set of frameworks and tools for behaviour change interventions to achieve equalities outcomes. It draws on several methods as follows:
 - i. published academic research as well as consultation with academics in key or novel fields of interest to the project;
 - ii. publications of key think-tanks and foundations;
 - iii. insights and innovations of regulatory agencies;⁶

⁵ The Cross Government Behaviour Change Network Practitioner Conference, November 2013, showcased policy redesign and trial findings in relation to higher organ donation registration, increased job readiness for welfare recipients, reducing missed hospital appointments, increased fine collection by the courts, improved patient prescribed drug compliance, better food labelling, reduced teenage alcohol use.

⁶ For example, with the Chief Economist's Department, Financial Conduct Authority, and the Director of Risk, Solicitors Regulation Authority.

- iv. behaviour change projects and reviews of OGDs;⁷
- v. discussions with relevant private sector firms; and
- vi. strategic and operational contributions from GEO and DCMS staff.

10. The project's over-arching research question is:

'Based on this wide array of sources, what kinds of interventions and adaptations work, or are most promising, to affect better equalities outcomes?'

A secondary question is:

'With these insights, how might GEO and others most effectively boost positive outcomes in three current policy priorities and also in future policy design?'

11. Behaviour change should not be a fetish of government. Indeed, *all* government interventions are aimed at changing the behaviour of those targeted in some way, irrespective of whether or not this is to be achieved by statutory means. Furthermore, only a very limited subset of behaviour change approaches can be implemented entirely without making use of existing regulation. For example, 'traffic light' approaches to food packaging and greater transparency in local energy consumption aim to change the behaviour of consumers without forcing them to do so,⁸ but, sitting in the shadows, are legislative sanctions of some kind to be imposed on companies in food or energy consumer markets in cases of severe failure or shortfall.
12. In the same vein, the view that sustainable behaviour change can be delivered cost-effectively through non-legislative means alone will often be mistaken. Hence, CAPE focuses on behaviour change both as an *alternative* and a *complement* to legislative tools, and emphasises identifying the means to make the latter more effective.
13. The basic concept of behaviour change employed throughout the project stems from behavioural economics and psychology, focusing on how human behaviour observed in reality differs from the familiar predictions of neoclassical economic theory. Remarkably, not every pound or hour is equally valued: people often are creative in forging their own path that makes sense to them. This is a useful starting point for researchers and policy-makers alike.

⁷ Including, DH, DWP, HMRC, DEFRA and BIS.

⁸ BIT (2011). *Behaviour Change and Energy Use*. Cabinet Office.

14. An allied issue is being able to distinguish whose behaviour should change. One answer is to find out who causes the greatest detriment and should therefore be targeted. This approach is in line with on-going innovations by government and by regulators who must focus on tackling the biggest harms (e.g. Financial Conduct Authority (FCA)).⁹

15. Finally, three further challenges should not be overlooked:

- i. Sustainable behaviour change. Many novel interventions are able to deliver a single step kind of change (e.g. installing loft insulation). These are valuable but are distinct from longer run, enduring changes in habits and norms (e.g. reducing room thermostats).
- ii. Snowballing behaviour change. A useful intervention may be to stimulate behaviour change among a pivotal sub-group in the expectation that this will drive larger, organic change across a much larger target group.
- iii. Proportionality. There is naturally a premium on identifying and deploying behavioural insights that are simple, easy and low cost where these drive relatively large changes in people's behaviour. In some cases at least the evidence shows that such small scale refinement can deliver significant results.

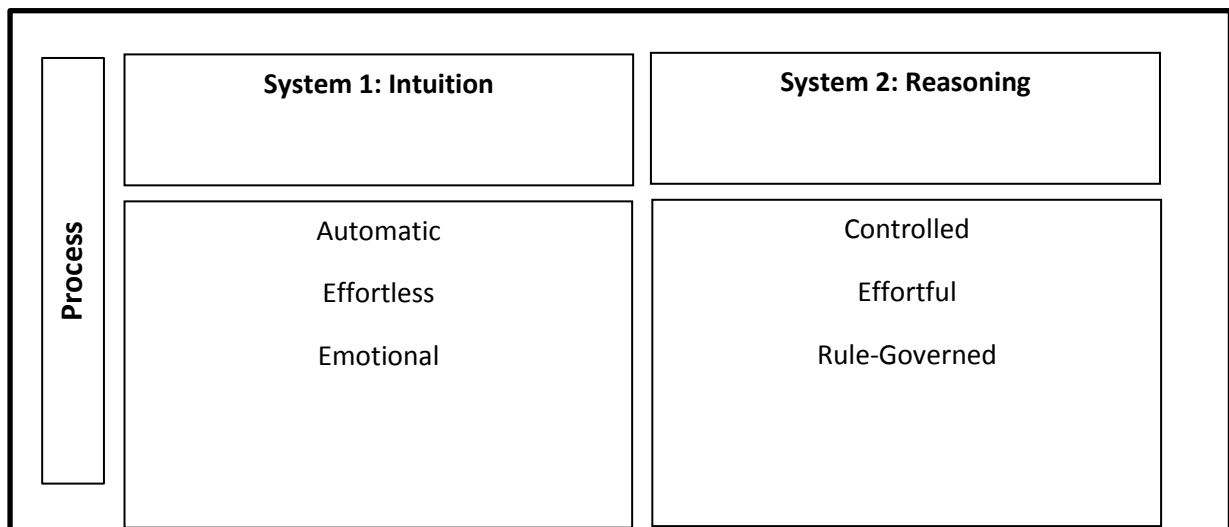
⁹ <http://www.fca.org.uk/your-fca/documents/occasional-papers/occasional-paper-1>

1. A Pragmatic View of Human Behaviour

16. Behaviour change insights are defined as models of recurring human behaviour that deviates from the predictions of rational choice assumptions in neoclassical economics. In short, these models say that people do not fully take into account all the costs and benefits of their decisions based on all the information available in order to maximise personal or household utility or financial gain. Rather, people will tend to base decisions on rules of thumb, intuition, past experience, satisficing or, more colloquially, 'about-right' outcomes and this often leads to consistent biases compared to truly 'rational' decision-making.
17. These biases are numerous and sometimes unexpected. For instance, people may be lured into paying attention to highly prominent things and, magpie-like, focus on only very limited attractions. People are also not as good at handling odds as they think they are: thus, they are averse to losses and yet overestimate the chances of winning in random scenarios. And they are subtly influenced by the frame surrounding a decision or choice: no-one sets out to buy a power drill or screwdriver but rather they are motivated by the beautiful picture on their once-bare wall.
18. While this form of behaviour deviates from rational choice, it would be wrong to label it as irrational. It should rather be seen as people making pragmatic and intuitive use of their cognitive resources and abilities. Daniel Kahneman's¹⁰ seminal work in this area is summarised in Figure 1. His main conclusion is that we constantly use both intuitive, unconscious thinking and conscious, controlled reasoning at the same time. The former takes much less effort than the latter, and will thus often be used to make familiar or routine decisions, or to reach conclusions more quickly. The conditioning effects of S1 thinking, he stresses, are constantly present and affecting the space in which S2 decision-making processes take place.

¹⁰ Kahneman, D. (2002). *Maps of Bounded Rationality: Psychology for Behavioural Economics*. The Nobel Foundation.

Figure 1: Intuition and Reasoning.



Based on Kahneman, D. (2002)

19. An important insight from this is that, far from always setting out to achieve the best possible outcome, people’s behaviour is more likely to comprise a series of ‘good enough’ decisions and outcomes. Specialists sometimes refer to this as ‘satisficing’ – the idea that people often aim to achieve much more than they accept in practice. It is real-world behaviour and it is what matters.¹¹

20. In some cases, people’s lives may necessitate numerous shortcuts and proxies in making such assessments. They may even struggle to know, let alone navigate, choice architectures facing them. They are often not in the best position to grasp what is in their own interests and are heavily reliant on paternalistic public bodies to protect them from harm or exploitation. For policy-makers, the implication is that things can be turned on their head: at an extreme, and given the pitfalls, it is a wonder that neoclassical economic theory considers that anyone can have much more than a stab at navigating choice wisely.¹²

21. Policies that ignore this distinction and only address the rational part of decision-making are very likely to achieve outcomes below their potential. For example, large-scale and costly information campaigns may be unable to overcome ingrained habits of those targeted. This may be the case in attempts to achieve a level playing field in the area of equalities, e.g. through equalising information and people’s awareness or

¹¹ Simon, H. (1948). *Administrative Behaviour: A Study of the Decision Making Processes in Administrative Organisation*. Macmillan.

¹² Sagar, S. (2013). *Regulation and Fairness: An emerging opportunity*. Policy Network. See: www.policy-network.net/publications_download.aspx?ID=8186

their formal rights or their take up of financial incentives. Policies can also have unintended consequences.

22. In the context of the UK, a systematic approach to make use of such forms of predictable behaviour is provided by the MINDSPACE framework,¹³ which informs this report. The acronym refers to the levers of Messenger, Incentives, Norms, Defaults, Salience, Priming, Affects, Commitments and Ego, as explained below.
23. One field in which observed behaviour departs from rational choice theory is the interaction between individual behaviour and group behaviour. In reality, “we often just copy the actions of other people”.¹⁴ Importantly, this copying behaviour is strongest for actions by those groups with whom an individual identifies, demonstrating the effects of both Norms and Messengers. As a consequence, some interventions are likely to have a low degree of sustainability and/or be costly to enforce, as compared with behaviour change interventions aimed at shaping collective behaviour in the longer term, for example via new social norms.
24. A related aspect of human behaviour in practice lies in assessing altruistic motivations. This covers areas such as volunteer work and socialising with friends and family. Contrary to the predictions of rational choice models, financial rewards may in practice work as a disincentive in these cases. Conversely, the introduction of fines has been found to make behaviour acceptable that is usually seen as unattractive (due to altruistic motivations). For example, in one case, small fines for parents who were late picking up their children from a nursery school in Israel led to an increase in the number of parents who came late.¹⁵ While letting school staff wait for parents to pick up their children had previously caused parents discomfort and was seen as morally wrong, small fines were seen as a ‘fair price’, perversely making delays more socially acceptable.

¹³ Dolan *et al.* (2010). *MINDSPACE. Influencing behaviour through public policy*. Cabinet Office.

¹⁴ Dawney, E. & Shah, H. (2005). *Behavioural Economics: Seven principles for policy-makers*. New Economics Foundation.

¹⁵ Dawney, & Shah. (2005). *Behavioural Economics: Seven principles for policy-makers*. New Economics Foundation.

MINDSPACE

Messenger refers to the question of who communicates information. Regardless of the content of the message, it will be more convincing where the messenger is regarded as an expert, where he is part of the audience's peer group, and where the choice of messenger does not undermine the message.

Incentives extend beyond the profit maximisation in classical economic theory. For example, in reality people will dislike losses more than they like gains, value the present higher than the future but later on regret their decision, and be poor at estimating probabilities.

Norms refer to the desire to adhere to what those around an individual are doing, irrespective of the payoffs. Importantly, this may relate to both an individual's perceived peer group and their current physical surroundings.

Defaults refer to the low inclination to deviate from pre-set options, everything else being equal. This is the rationale for opt-out pension systems with the aim of increasing participation.

Salience describes the allocation of attention to more 'accessible' stimuli, which tend to be novel, simple and/or highly visible.

Priming refers to the influence of sub-conscious cues, which again influence behaviour by making certain thoughts more accessible than others. Supermarkets' use of smells to increase sales, for example of fresh bread, is based on this mechanism.

Affect means the influences which emotions have on judgments and decisions.

Commitments are devices employed by individuals who are aware of their inconsistent behaviour, in order to achieve their long-term objectives. They will be more effective where they are formal, public and reciprocal.

Ego refers to desires to act in line with one's own positive self-image. Importantly, behaviour inconsistent with these beliefs may not lead to a change in behaviour, but to adjustments of beliefs and self-image in order to fit the new behaviour.

25. In summary, better policy-making is based on a more accurate picture of the motivations behind and heuristics of human behaviour. This involves re-balancing the default view that people have rational interests and the empirical reality that there are recurring barriers to behaviour based on them. Specifically, there is scepticism about interventions to modify behaviour based on a rational *homo economicus*. This is because deep-seated and self-generating grievance, deference, norms, denial and other traits appear rarely to respond to rational incentives, in large part because the conscious thinking of those involved sits on top of, and is intertwined with, various layers of bias and emotional sentiment. At the same time,

ignoring people's ability to reason, and treating behaviour change interventions as a costless, silver bullet, is equally flawed.

2. Consumers and Markets in a World of Limited Rationality

2.1 Behaviour Change in the Private and Public Sector

26. Behaviour change approaches have become increasingly popular with government and regulators who have been keen in recent years to enable change indirectly rather than through statutory means. Examples of these interventions include:

- i. Attempts by BIS to promote the repayment of student loans with redesigned correspondence.¹⁶
- ii. Research by DEFRA into farmer and land manager behaviour in respect of animal health, environmental outcomes and agricultural productivity.¹⁷
- iii. Re-designed HMRC letters to customers, highlighting the share of people who pay their taxes on time.¹⁸

Supermarkets

Supermarkets and their interior design provide a well-known example of sales techniques addressing intuitive rather than deliberative thinking. 'Affect' plays a large role in purchasing decisions, and retailers make use of this by altering colours to direct attention to certain items. Smells such as those of fresh bread or flowers are used as 'priming' devices to alter the mood of shoppers and their subsequent behaviour. Typical daily necessities are placed in a way that requires consumers to walk past less frequently required items, while more profitable items will tend to be placed at eye level of that product's typical buyer, or lower if advertising is targeted at children.

27. Meanwhile, some of these insights have long been implicitly or explicitly applied by the regulators. In spite of efforts by the FCA at consumer education and facilitating access to information, features of real-world human thinking outlined by Kahneman have meant that even where consumers were well informed, their behaviour has not been fully rational. Research by the FCA's predecessor, the FSA, evaluating its

¹⁶ On-going trials and emerging findings - Cross Government Behaviour Change Network Practitioners Conference, November 2013.

¹⁷ On-going trials and emerging findings - Cross Government Behaviour Change Network Practitioners Conference, November 2013.

¹⁸ On-going trials and emerging findings - Cross Government Behaviour Change Network Practitioners Conference, November 2013.

efforts to improve financial literacy highlights this crucial point.¹⁹ If the improvements in behaviour from such investments in consumer capability are modest, this will have a bearing on how much additional resource ought to be invested in such an approach. For example, the Chief Executive of the FCA, Martin Wheatley, has cast doubt on the idea that better consumer education tools necessarily lead to more empowered consumers.²⁰ As many interventions in the field of equalities are based on the provision of guidance and awareness campaigns, this has obvious implications for the work of GEO.

28. These recurring biases are also likely to have an impact on the competitive behaviour of firms. For example, the market position of established firms may be strengthened by consumers responding (or not responding) to known defaults rather than to incentives to switch providers.²¹ Thus, established firms seek to raise prices without losing customers. There may additionally be high costs to exit for users: few will stray away from an Apple device knowing that their customer experience is largely an emotional one and may not be portable.
29. Firms in a given sector may also have a collective incentive to make pricing practices more complex than necessary to increase customer loyalty and limit competition. The practice of bundling together different services is another illustration of this, and highlights the higher than normal efforts consumers would have to make in order to evaluate the costs and benefits of each service. The same principle applies to confusion marketing techniques in which details of financial products are presented in opaque and tedious ways, in order to direct consumers' attention to attractive headline figures and make comparisons difficult.²²
30. The Behavioural Insights Team offers some policy recommendations for a number of fields such as energy consumption and health. In the health sector, BIT lists a number of policies applied across different countries to improve public health outcomes.²³

¹⁹ FSA (2008). *Financial Capability: A Behavioural Economics Perspective*.

²⁰ Wheatley, M. (2013). *Building on Experience*. <http://www.fca.org.uk/news/speeches/building-on-experience>

²¹ Otto Thoresen speech at NEST Annual Forum - 24 June 2013.

<https://www.abi.org.uk/News/Speeches/2013/06/Otto-Thoresen-speech-at-NEST-Annual-Forum-2013>

²² <http://www.fca.org.uk/your-fca/documents/occasional-papers/occasional-paper-1>

²³ Behavioural Insights Team (2010). *Applying Behavioural Insights to Health*.

<https://www.gov.uk/government/publications/applying-behavioural-insight-to-health-behavioural-insights-team-paper>

Behaviour Change in Health

Defaults have been found to have a strong impact when included in **organ donation** policies. While switching from an opt-in system to an opt-out system in which consent is assumed may be impractical due to ethical issues, prompted choice may break the persistence of default options by expressly asking people whether or not they want to become organ donors.

Interventions against **teenage pregnancy** have been found to be most effective where they do not portray teenage pregnancy as frequent, i.e. by bringing teenage mothers into schools, and do not prompt active reaction against the recommendations by using the wrong messenger, such as schools or government.

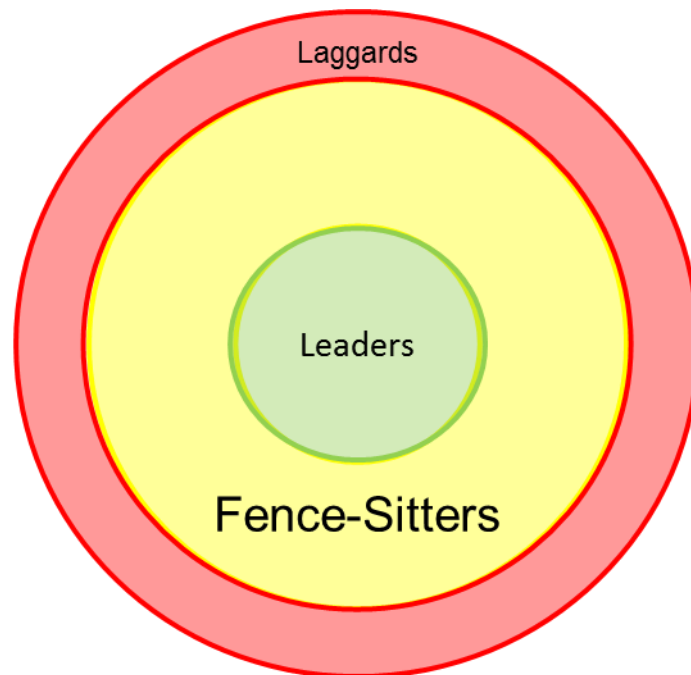
Excessive **alcohol consumption** patterns have been found to be linked to perceptions of social norms that are distorted because of the differences in the accessibility of different memories. As incidents and stories of heavy drinking are more salient for most people and can thus be remembered more easily, people tend to overestimate the general level of alcohol consumption in their environment. Accurate information on the actual levels of drinking can remedy this bias.

2.2 Moving the Middle

31. Not everyone's behaviour is equally hard to influence. Some engage in serial unwelcome behaviour while others do so only rarely. Some are soaked in lifetime habit and others' habits have barely settled if at all. And some will be drawn to changing their behaviour as part of other kinds of change they are attracted to, contrasting with others who had hardened in their opposition to change. Each of these polar opposites are commonly found but they also mask those who lie in-between and are susceptible to some behaviour change that is carefully handled and designed to ease the change involved. This is a vital opportunity for policy-makers.
32. There is a distinction between Leaders, Laggards and Fence-sitters (LLF), as depicted in Figure 2. 'Leaders' in this case refers to those individuals or organisations that are already implementing change in the direction desired by the intervention. Examples of Leaders could include individuals recycling their waste voluntarily, employers voluntarily adopting transparent and fair pay structures, or organisations showing high degrees of corporate social responsibility without public authorities requiring them to do so. In most cases, Leaders will form a minority of the population targeted by an intervention. Heavy-handed interventions targeted at Leaders will usually be redundant. However, Leaders can play an important role in bringing about change in

the behaviour among the wider population. As members of the targeted population, they will sometimes be credible messengers able to influence the behaviour of their peers more effectively than an outside body.

Figure 2: A Simplified Version of the LLF Model



33. The minority on the other end of the population is typically made up of Laggards, who will consciously decide to resist an intervention as much as possible. Laggards will be those organisations and individuals that are set in their ways and do not see any benefit to changing their behaviour. They may have a number of reasons for resisting the changes proposed. For example, their organisational norms may be in opposition to change, they may not perceive themselves as targeted by the intervention, the intervention may be unprofitable based on rational choice calculations or be perceived as such. Modest behaviour change interventions targeted at Laggards will commonly not be effective compared to legislation, monitoring and enforcement.
34. Finally, the largest and most diverse group in this model, and typically the majority, will be made up of Fence-sitters. They are individuals and/or organisations that are open to a policy's goals in principle, or are already trying to implement it, but are uncertain how to do so effectively. Examples include organisations that are in favour of equal pay, but are uncertain and nervous about how to secure minimum legal

compliance without attracting legal challenge. *Behaviour change interventions will generally be most successful when targeted at this group.*

35. On the other hand, attempts to force this group to change its behaviour through statutory means may be effective, but often not efficient. As outlined above, pursuing certain behaviours through financial incentives or by limiting choice can lead to perverse outcomes if those targeted already support the desired behaviour in principle. For example, limited fines may be seen to justify behaviour, as such costs are now internalised, as in the case of drivers seeing low-cost fines as a fair price of violating traffic regulations. While this reasoning will hold true in many cases, there are also complementarities between legislation and behaviour change. For example, legislation on seatbelts was able to create a self-sustaining change in norms among majority fence-sitters.²⁴

²⁴ Gonzalez, R.; Seifert, C.; Yoon, C. (2010). 'The social psychology of seatbelt use'. The University of Michigan Transportation Research Institute.

3. Behaviour Change Complementing Equalities Policy

36. The rationale for the CAPE project involves strengthening the policy-making function alongside the provision of specific advice to on-going GEO policies and priorities. Three priority areas were selected where there was potential to shape policy levers and implementation and highlight new ways of working:

- i. Think, Act, Report (TAR). The future trajectory of TAR is an important area for review by GEO, given that the scheme has successfully delivered 134 signatory private sector firms in a period of 24 months (building substantially on the 64 commitments in the first 12 months).
- ii. Engaging with smaller businesses (ESB). Pragmatic positioning, practical assistance, shrewd demystification and the introduction of Equal Pay Audits (EPAs), provide an opportunity to tailor the support offered to smaller firms to be fully compliant with their legal non-discrimination obligation.
- iii. Women in Enterprise (WiE). Supporting better outcomes for female entrepreneurs involves GEO having to be judicious in how to best deploy its resource across a wide terrain. Joint policy-making with lenders, business advisors and mentors, can be a unique opportunity to support others to tackle barriers among the biggest drivers of current outcomes.

37. Integrating behaviour change insights into these policy streams falls into two broad categories:

- i. Doing *Things Better*. This is the basis for a number of simple nudges that try to improve the impact of existing interventions through minor, largely low cost changes. Changing written communications, i.e. by simplifying the language and using clearer, tailored messages, to make them more salient and accessible to the target audience without changing their substantive content, is a typical example. Using better (more credible) messengers to articulate or endorse existing policy is another example.
- ii. Doing *Better Things*. Such proposals include a more comprehensive change in the content of a policy, while still trying to achieve the same outcomes. Stand-alone behaviour change interventions which do not merely alter pre-existing interventions fall into this category, for example by providing fresh information on real rather than the perceived levels of drinking among university students, as outlined in Chapter 2. Other illustrations are

interventions to recast the way in which a target group think or feel about a particular behaviour – for example, pointing out in a timely way what others (especially perceived peers) are already doing in relation to paying taxes or registering for organ donation.

Example: Reducing missed hospital appointments

Doing existing things better	Doing better things
<ul style="list-style-type: none"> ➤ Discontinuing formal letters that say what the recipient already knows ➤ Replacing with a reminder letter ahead of the appointment ➤ Replacing with a reminder text that simply conveys factual information about the forthcoming appointment 	<ul style="list-style-type: none"> ➤ A text reminder that points out how a missed appointment has led to someone else losing out in a specific way ➤ A text reminder that appeals to a known social norm ➤ A text reminder putting the recipient in the shoes of someone waiting for an appointment

Example: Redesigning consumer redress

Doing existing things better	Doing better things
<ul style="list-style-type: none"> ➤ Better turnaround times in responding to consumer concerns/complaints ➤ Use of simple English in written communications ➤ Improved written explanations of possible remedies (refunds, compensation, apologies, etc.) 	<ul style="list-style-type: none"> ➤ Use of a telephone service (including evening extended opening) or on-line platform for consumers ➤ Shrewd use of market intelligence to create fresh opportunities for consumer feedback (e.g. telephone calls or texts immediately after a product return or equivalent) ➤ Using complaint findings to affect service improvements and as an additional remedy sought by consumers

38. The following chapter provides a more detailed outline of the policy recommendations, including a brief description of the policy and its status, the proposed *Things Better* and/or *Better Things* changes, their relation to the MINDSPACE framework, and other key principles in improving policy outcomes.

3.1 Think, Act, Report

39. The Think, Act, Report (TAR) initiative has been a significant success delivered by GEO. Starting in late 2011, in a period of two years the scheme has gained 134 member firms (who, between them, employ almost 2 million workers). It has showcased a voluntary approach to gender equality in the workplace and secured backing from a number of high profile private sector firms in different sectors. With this solid platform, there are strategic choices for its future trajectory that can be informed by selected behaviour change insights.

Behaviour Change Insights

40. **Messengers** are likely to be a key lever in the case of TAR. Behaviour change theory argues that the same message will have a stronger impact if it comes from a source that those targeted consider an expert with authority and/or part of their peer group. Both are unlikely to apply in the case of government communicating to business. On the other hand, business-to-business communication is much more promising in the case of TAR, as supported by Department of Health's (DH) advice on the Public Health Responsibility Deal (PHRD). Importantly, business-to-business communication is only likely to be successful for similar businesses, for instance in relation to business size but it also appears plausible in terms of business sectors.

41. **Norms**, in the sense of behavioural research, are another key lever in the case of TAR. In this case, they refer to the desire of businesses and their executives to emulate the behaviour of those they consider to be their peers, even where this does not generate tangible business benefit. An important consideration is the definition of the peer group.²⁵ Specifically, if the group is defined narrowly in terms of sector and business size, tipping points should be easier to reach and communicate to those companies who currently remain outside of TAR.

42. **Salience**, or the lack thereof, is relevant to TAR with regard to the 'crowded field' problem highlighted by policy leads. To the most advanced Leaders, there appears to be little setting TAR apart from other initiatives and voluntary agreements offered by

²⁵ Dan Berry (DH), April 2013.

the so-called equalities industry. Such crowding is likely to result in a lower priority being given to signing up, tipping decisions against signing up. One response would be to raise the bar for firms in terms of what is expected of them from TAR membership: setting the bar too low can unintentionally signal that little is being lost in not joining. Direct ministerial contact has been identified by policy-leads as something unique to TAR and effective in creating business interest. Any other refinements making use of this lever should equally make use of things that are only available to government. Stronger linkages of TAR to Equal Pay Audits/Equal Pay law are an obvious advantage, but this would depend on careful framing and political willingness to connect them directly.

3.2 Engaging with smaller businesses

43. This policy area gives an illustrative example of the use of behaviour change insights as a sense-checking and positioning tool in an area where the policy process is well advanced, legislation is set, and options for substantive change are thus limited. In an early iteration of its private sector strategy, the Equality and Human Rights Commission (EHRC) recognises that large, small and medium sized enterprises are likely to have different needs, and that it needs to reach all of these audiences. However, as one of its primary tools for business engagement, the strategy recommends a Business Association Advisory Group (BAAG) consisting of senior executives or chief executives from FTSE350 companies that have a reputation as “leaders in equality and human rights issues”. These companies are described as “most likely to drive change in their sectors, particularly in large and medium sized companies”.
44. However, recent experience from GEO policy delivery and business engagement suggests that senior executives from large companies that are leading on best practice in equality issues may not be ideally positioned to drive change among SMEs, which make up 47% of UK private sector employment and the vast majority of companies and who are concerned about achieving minimum compliance.²⁶ This has been particularly evident in the context of the *Think, Act, Report* scheme, which has thus far been limited to large companies, particularly those already leading on equal pay. While the proposed BAAG would be beneficial in promoting best practice among large companies, wider change, particularly among SMEs, driven by the behaviour of large companies has thus far been minimal. As it is described, the EHRC’s planned BAAG faces a risk of replicating a similar ‘club’ of businesses which seize on an additional ability to showcase their equalities policies, but which are likely not suited as role models for smaller enterprises with more limited HR capacities and concerns about achieving legal compliance rather than best practice.

²⁶ BIS (2012). *Business Population Estimates for the UK and Regions 2012*.
<https://www.gov.uk/government/publications/bis-business-population-estimates>

45. Concerns about reaching out to SMEs through best practice examples have been confirmed by GEO's own Private Sector Road Shows which were held in partnership with the British Chambers of Commerce (BCC) in late 2012 and early 2013, and directed specifically at local SME employers. One of the key outcomes from these Roundtables was that SMEs were generally in favour of the principles enshrined in equalities legislation, but concerned about their ability to achieve compliance.
46. These concerns were, at least in part related to an unclear distinction between 'best practice' and 'compliance'. For example, SMEs were often surprised that a formal diversity policy is not a legal requirement. It also became clear that the government's message – that, other than reasonable adjustments for disabled people, in fact employers need do relatively little to comply with the law (essentially, they should not discriminate against, harass or victimise their employees or customers) - was often modified in advice given by specialist consultants and other service providers suggesting that best practice was necessary to avoid litigation. SMEs were generally concerned about the prospect of legal challenges, since they were less equipped to deal with cost and resource shocks caused by an unexpected tribunal case.
47. Meanwhile, new legislation on EPAs will allow Employment Tribunals (ET) to order employers to carry out an equal pay audit of their pay structure, where they have lost a an equal pay and/or a pay-related sex discrimination case at tribunal and the tribunal considers the imposition of an EPA beneficial. However, while the proposals have met strong reservations from parts of the business community, GEO's impact assessment suggests that there are likely to be only two EPAs per year.
48. As legislation is set quite firmly at this stage, behaviour change insights seem ideally placed as a *complement* to improve its impacts on pay discrimination in the workplace. One recommendation in this regard is to capitalise on often inaccurate assessments among employers of the likelihood of having to carry out an EPA. This can serve to bolster the impact of the EHRC's private sector engagement strategy for 2014/15. But this needs to be balanced by offering reassurance and practical support to employers who are nervous about how to improve equalities outcomes for their employees.
49. Overall for SMEs, failure to achieve compliance tends to be driven by uncertainty about the law rather than malicious intent, and emulating the best practice of larger companies was generally seen as unachievable due to limited HR resources and operational business constraints.

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50. An overarching behavioural insight for successfully engaging with smaller businesses is to demystify, and provide reassurance, on the practical steps that firms perceive as standing in the way of change. Unrealistic benchmarking, legal challenge and insufficient resources are key elements for demystification and reassurance.

51. **Incentives**, from the point of view of behavioural insights, do not only encompass direct monetary incentives, but also describe the inability of individuals to estimate probabilities correctly or to discount the future in a consistent way. In the case at hand, the importance of incentives is that small and medium sized employers are unlikely to be able to correctly estimate the number of EPAs that employers will be ordered to carry out by ETs as a consequence of the new legislation.
52. Contrary to neoclassical economic theory, in practice, individuals tend to value losses higher than gains, meaning that the subjective impact of having to conduct an EPA for employers would be larger than what would be expected based on economic theory. Such loss aversion is critical to the setting. More importantly, individuals will overestimate the probability of events which are salient and easy to imagine. This means that while it is highly unlikely that an SME would have to conduct an EPA, such employers are likely to overestimate this probability. This can also be inferred from the number of responses to the government's consultation on EPAs – the high response rate suggests that the likelihood has been significantly over-estimated. In addition to suitably engaging smaller firms with practical help, overestimating the likelihood of EPAs should make SMEs more likely to seek EHRC advice on how to ensure compliance, so long as it is communicated correctly.
53. **Messengers**, in a behavioural change context, refer to who communicates information. Different messengers will have a different impact on the audience regardless of the content of the message. An effective messenger will be considered as a proven expert, a known quantity, and ideally be part of the audience's peer group. In other words, an effective messenger needs to be both trustworthy and relatable. The messenger must also be chosen in a way that makes the message credible. Examples of ineffective messengers include talks about teenage pregnancy in schools given by teenage mothers, with volunteers for these talks typically being those teenage mothers who had comparatively coped well with early maternity.
54. While leading FTSE350 companies may be able to showcase best practice in equalities and human rights, it is unlikely that SMEs worried about how to secure compliance with the law will be able to relate to these examples, or be keen to trust messages from leading, yet distant, large employers. Relying on champions from within the SME community, and focusing on the more achievable aim of compliance, appears a more promising approach in this case.

3.3 Women in Enterprise

55. Different rates of entrepreneurship between men and women have been a long standing issue for GEO. In its 2013 report, the Women's Business Council (WBC), convened by GEO, found that equalising men's and women's rates of entrepreneurship upwards could lead to around one million additional businesses in the UK. Barriers to women's enterprise are linked to a number of behavioural issues,

such as social norms, estimating incentives and outcomes, influencing self-image, and so on.

56. Barriers to women's enterprise identified by the WBC include access to finance, with women-led SMEs less likely to use external finance than those led by men. Self-confidence is also likely to be an issue, with fewer women than men thinking they had the skills necessary to run a business, in spite of being no less qualified objectively than men. Furthermore, research suggests that gender inferences are drawn by lenders,²⁷ and that women tend to have different motivations for becoming entrepreneurs than men, with the ability to 'be one's own boss' and managing one's time independently being relatively more important than financial motivations compared to men. These barriers are compounded by a lack of role models and, crucially, Competition Neglect, meaning the excess entry into typically female-dominated sectors because they are seen as easy, making them more competitive and reducing growth prospects relative to other sectors.
57. The CAPE project developed some new and timely options for taking forward the Women in Enterprise objectives of the WBC and GEO's work on access to finance. Specifically, this work has taken the form of identifying underlying behavioural issues which may not be fully addressed by the current focus of WBC recommendations around information and education, and by building links to the work of behavioural finance practitioners in the private sector.

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58. The '**messenger**' concept broadly states that the individual transmitting a message may be just as important as the message itself, as people are not fully rational, or rather objective, in their evaluation of its content. Specifically, messengers will be regarded as more credible when they are seen as experts, as part of the audience's peer group, and if their situation or personal story does not undermine the message itself.
59. The lack of large numbers of female entrepreneurs who can act as role models means that the role of messenger will often be taken by other agents, such as government, banks and trade associations, which are less likely to be seen as part of women entrepreneurs' peer groups or as experts on the issues facing them. On the other hand, superwoman role models, i.e. extremely successful female entrepreneurs, are likely to be counter-productive for two reasons: they are not part

²⁷ Wilson, F. *et. al.* (2007). 'Bank Loan Officers' Perceptions of Business Owners: The Role of Gender'. *British Journal of Management*, 18: 154–171.

of the close peer group of most women in business, facing common obstacles, and their personal background is likely to undermine messages that failure is acceptable.

60. **'Norms'** describes the desire to act similar to those in one's peer group, regardless of rational welfare and utility calculations. People tend to conform with and/or please their peer, and in doing so, disregard whether this directly benefits themselves. In terms of Competition Neglect, segregation by sector and attitudes to growth, the behavioural concepts of norms, incentives, and ego likely play a role. On the latter, female entrepreneurs can explain less successful businesses as something they always anticipated – somewhat like female employees experiencing poorer pay and less progression (than men).
61. This has the potential impact of women entrepreneurs trying to follow the behaviour of other women entrepreneurs, even where it increases the likelihood of failure. In practice, being part of a larger group of women in a difficult sector with many female entrepreneurs might be seen as more attractive than being one of very few women in a male dominated sector, in spite of higher profit and growth potential in the latter.
62. **'Incentives'** describes the difficulty individuals have in strictly following the incentives that would be economically rational, for example due to hyperbolic discounting (impatience that is regretted in retrospect) and the difficulty of most individuals in correctly assessing probabilities. In the case of female entrepreneurship, this may support Competition Neglect as stories of failure or high degrees of stress may be associated with certain sectors more than others, which results in distorted estimates of which sectors are easy or difficult in terms of business failure and growth potential. A received wisdom can quickly become embedded that pre-determines a path that any first-time businesswoman is likely to follow. Wider business possibilities are crowded out and only limited corrective messages filter through to the target group.
63. **'Ego'** describes individuals' desire to act in line with their own self-image. Crucially, this refers not only to changes in an individual's behaviour, but also to changes in an individual's self-image if behaviour or other outcomes cannot be changed. In the case of female entrepreneurship and Competition Neglect, this casts some doubt over female entrepreneurs reporting lower growth aspirations. Taking this behavioural insight into account, causality could potentially run from low growth prospects due to the sectors women choose and time constraints, through to lower reported growth aspirations. Obviously, this effect would be very difficult to demonstrate in practice, but its presence cannot be dismissed.

4. Behaviour Change Lessons for Policy-Making

64. The report thus far has reviewed a broad terrain of behaviour change literature, concepts and insights and applied these to a discrete set of current policy areas. The previous chapters, in other words, move from the general to the specific. In this final chapter, we turn to gather together the broad lessons. These are presented as a Top Eight set of observations that derive both from the remit of the CAPE project and also from wider cross-government behaviour change understanding and know-how.

65. There are *eight* key lessons for more successful policy and institutional design, and these vary in their nature from redesigning existing tools of engagement with people through to capturing the essence of modern consumer culture and influencing the array of factors that shape people's decisions.

(i) There are recurring successful interventions that can deliver value.

66. The most common behaviour change interventions used by Whitehall exploit a common set of observations about people's behaviour. For example, people continuously pay closer attention to messages if they find the messenger credible; they regularly under-estimate losses and yet over-estimate their own performance; and they are likely to stick with existing paths for fear of appearing unwise or foolish. And people also work against themselves, or at least their own self-image, causing them to head down paths that are unlikely to serve them well.

67. So smart interventions are about correcting, or altering, these common traits and doing so in a way that gains buy-in from the start. Interventions that are heavy handed or remotely communicated to alter behaviour can often be counter-productive. For example, people's implicit ego means that they want to be credited for changing course and they do not want to start by admitting what or why they have got so badly wrong. Tackling discrimination centred on workplace cultures is a prime example of the dangers of pressing the wrong button that hinders, perhaps stymies, buy-in later on.

68. Three common, effective interventions in response are:

- **Reveal what happens when individual actions are added together.** Each individual case may be understood as a one-off and/or as something that cannot be generalised about. However, once lots of cases are combined a

different picture can emerge that draws out patterns of undesirable or unexpected behaviour.

Example: Public engagement with climate change on shorter timescales that relates to people's lives.

Irene Lorenzoni and colleagues²⁸ have highlighted that individuals' outlooks to climate change and the environment are highly linked to social context. These create substantial barriers to engagement. Effective engagement is more conducive by operating on a short timescale as people cannot effectively relate to long term horizons) and by situating interventions as part of a coherent and consistent response to climate change.

Equalities example: switching to multiple recruitments to tackle latent discrimination patterns.

Irene Bohnet²⁹ has shown that individual hires can obscure tendencies to over or under recruit particular groups into the workplace. Something similar occurs with respect to promotion and awarding of performance-related bonuses. By moving to recruit employees in batches it quickly becomes clear whether, or how far, biases are present. In any case, it becomes harder for employers to defend such outcomes.

There is application value here in considering interventions to support women on boards. For instance, it can be helpful to carry out multiple recruitments for several board places at the same time, delaying filling vacancies if necessary. Such multiple recruitments are usually more common for boards of public sector organisations than private sector boards, and this useful experience can be harnessed fairly rapidly. A minimum of three vacancies could be adopted as normal practice and would allow any disproportionate patterns to emerge quite quickly.

- **Point out what peers are doing in a timely way.** Numerous interventions show that people's behaviour is influenced by knowing what others (like them, and with whom they identify) are doing (and thinking). This may only be sheer nosiness but it is clear that we are social animals who are keenly interested in the behaviour of those around us.

²⁸ Adger, N. et. al. (2013). 'Changing social contracts in climate change adaptation'. *Nature Climate Change* 3: 330-333

²⁹ Bohnet, I. et. al. (2012). 'When Performance Trumps Gender Bias: Joint Versus Separate Evaluation'. Harvard Kennedy School Faculty Research Working Paper Series RWP12-009, 2012

Example: Professionals' (e.g. GPs') willingness to declare taxable income is affected by knowledge of compliant behaviour among fellow GPs.³⁰

Simply pointing out that others have complied itself encourages better behaviour. This is principally a peer effect: individuals do not want to think of themselves as 'letting the side down' and nor do they want to countenance bad behaviour when reminded of their own professional status.

Equalities example: Harnessing CEOs as alternative equalities champions.

The Think, Act, Report initiative has been effective in driving leadership in the private sector for modern equalities policies and procedures. A key, latent asset of TAR is the leadership of member firms' CEOs. This is reinforced by a push to see greater private sector-led action.

There is application value here in moving to further recruitment drives for TAR signatories based on CEO-to-CEO pressure. CEOs can write directly to their peers and follow up to push reputational membership benefits. This can be a direct substitute for specific ministerial engagement, and ministers can, over time, shift to play a background supportive role.

- **Redesign and reposition communication and administrative materials.**

Considerable evidence exists to show that people respond to written communication in different ways depending on the basic design of the communication material. Things as simple as font size, or bulleted key points, or highlighting actions or options, are all important. Commercial firms have gained a head start in trialling better letter writing and website navigation; public bodies are now swiftly drawing down on this knowledge.

Example: Redesign of compensation letters to aggrieved financial services customers.

BIT collaboration with FCA has shown that a straight forward redesign of letters setting out redress options can lift response rates by up to 6 per cent. This is a big rise given the low baseline and the frequency of upheld complaints.³¹

³⁰ Fonseca, M. and Myles, G. (2013). 'The Role of Communication on Tax Compliance: Experimental Evidence from the Lab and the Field.' ESRC/HMRC Tax Administration Research Centre. See: <http://tarc.exeter.ac.uk/research/economicandsocial/>

³¹ FCA, 'Encouraging consumers to claim redress: evidence from a field trial'. April 2013. See: <http://www.fca.org.uk/your-fca/documents/occasional-papers/occasional-paper-2>

Example: Reducing hospital missed appointment rates.³²

DH has trialled the impact of four slightly different text messages to prompt better attendance at appointments. Some just set out the basic information more fluently; others encouraging compliance through social norms; and others invoke reminders of the cost to the public purse. All are effective; some are more effective than others.

Example: Stimulating complainants to seek redress by by-passing cumbersome written processes.³³

The Law Society's Legal Complaints Service³⁴ succeeded in helping over 1,000 former mineworkers to lodge complaints against their solicitors by holding a road show event in the Rother Valley. Affected members of the public were able to talk to specially trained caseworkers while on a High Street shopping trip and submit claims verbally. This pilot was a demonstration project to highlight the barriers unintentionally created through existing processes based on written complaints and couched in anachronistic legal jargon. Streamlining processes in this way is a common tool used by redress bodies to assist highly vulnerable target groups.

Equalities example: Remind appointment panels of the current composition of the workforce.

This is a general principle that can be adapted locally. For instance, there are two variables: first, the timing and style of the reminder (a formal corporate letter versus a simple bar chart-centred reminder, a reminder far ahead of shortlisting versus a prompt just an hour before commencing interviews); and second, the actual reminder message (information that is highly pertinent to the firm as against national patterns). The intervention can additionally be strengthened by reminding panels that their personnel appointment outcomes will be transparent and/or fed into a reminder to a subsequent panel.

Equalities example: Simplifying the wording of public consultations.

Considerable practical knowledge shows how particular formal or professionalised terms can alienate public engagement. For example, in designing consultation on the future of Civil Partnerships, it is important to limit choice between preferences, and that the reasons given may sometimes be post-hoc rationalisations of unpopular sentiment. In

³² 'Behavioural Insights for Public Health', Public Health England (Dr Tim Chadborn, lead), October 2013.

³³ 'More complaints will be sign of success, says LCS'. *The Law Society Gazette*. 18 January 2007.

³⁴ Declaration: the leader author of this report was the Chairman of LCS between 2006-11.

addition, responding individuals will want to see the questions posed in ways that reflect the lexicon of everyday experiences (i.e. legal rights and challenges are unlikely to match these).

(ii) All policy is about behaviour change of some kind.

69. This point refers to a number of caveats when considering behaviour change interventions. It is important to remember that all government policy is about changing people's behaviour in some way, be it to keep a certain speed limit when driving, maintain certain health and safety standards when developing new products or setting incentives to protect the environment. While statutory legislation and sanctions may be employed in these cases, they are likely to be far more effective than any nudges would be on their own.

70. Similarly, all behaviour change interventions require rules to be changed somewhere, and there are few cases where their costs are truly zero. An obvious example of this is provided by large scale campaigns aimed at cutting households' energy consumption by informing them about their neighbours' energy use. While households are not forced to reduce consumption through legislation or taxes, their energy provider will still have to be compelled to produce and send out the letters, which will lead to costs. Even smaller changes such as tweaks to existing HMRC letters will require changes in HMRC's procedures and some modest internal resource to be committed. In almost all cases, behaviour change interventions will thus be complements to existing or new rules or legislation.

(iii) Demystify wherever possible.

71. Time and again, remarkably modest and easy to use behavioural change interventions can deliver unexpected results. The value of these small tweaks or adjustments is twofold: first, they highlight that change can be self-generated and does not necessarily require large-scale re-engineering; and second, they have value in showing what is possible, thus stimulating greater creativity in policy design.

72. A simple example is introducing small props to aid efficiency and focus: a single mobile phone stopwatch passed around a room normally ensures that 5 minute verbal summaries are honoured, as against a more familiar roundup format without any props. This banal example at least illustrates to sometimes-sceptical audiences those small interventions of one kind or another are all around us. Audible pedestrian crossing signals, besides aiding the unsighted, help us to focus on getting

to the other kerb swiftly rather than leisurely; bright yellow lines painted onto tube platform edges sub-consciously help us to keep back; road humps near roundabouts on fast roads subtly alert us to move away from the accelerator pedal; and so on.

73. These are all simple, ubiquitous and effective. They can be supplemented with small, local innovations, and they demonstrate the importance of demystifying the sometimes jargon driven field of behavioural change.

Example: The harmful effects of complexity can undermine organ donation.
DH has trialled interventions that are designed to get to the nub of why people might be more willing to register for organ donation. The simplest and most effective tools are those that a) crystallise the fact that a single registration “could save or transform up to 9 lives”, or alternatively, b) offer people a basic message of reciprocity.³⁵ Offering no stimulus to would-be registrants is much less effective but many other stimuli are not much more effective because they risk bringing too much complexity into the frame. People respond to simple nudges, especially when it is so easy to overload or overwhelm them with over complex ones.

(iv) Grasp precisely what needs fixing, starting with the biggest.

74. Behavioural change insights and opportunities are maximised when policy formulation starts with considering what needs to be fixed. There are two main elements to this. The first is to carry out a root cause analysis, however truncated, so that it is clear what has gone wrong, for whom, and whether it can be expected to self-correct. The second element is to describe exactly the detriment or harm: how much harm is being created, to whom and by what causes? This discipline is essential in terms of setting priorities for interventions.

75. Grasping problems as market failures or as asymmetries between parties or as un/under-evidenced detriments is helpful in identifying potential easy-wins and areas for longer term reform. This starting point also assists in pinpointing the proximity and effectiveness of existing policy levers, as well as the suitability of behavioural change interventions. For instance, there is a choice between investing in hospital appointment reminder printed letters as against electronic reminders; and there is a choice in reminding people in ways that specify wasted NHS resources (e.g. not attending costs taxpayers £160) versus amplifying social norms (e.g. 9 out of 10 people attended appointments last week).

³⁵ DH/BIT, ‘Driving up Organ Donation Registrations’ (October 2013). In RCTs each of these delivered between a 3.1 and 3.2 per cent net uplift in registrations in comparison with the control group.

76. There are also choices regarding what needs fixing: the efficacy of the original appointment booking/allocation system; the optimal mode and phrasing of appointment reminders; the role and importance given by medical practitioners to such outpatient appointments; the availability of outpatient appointments that are convenient for users; and so on. Each can be altered, eroded or dropped, and in any combination.

Example: FCA have selected carefully where and when to intervene, and not intervene, on pay-day loans.

Following mounting public and political pressure, the financial services regulator has resolved to pursue a twin-track strategy. In response to putatively high interest rates charged by some lenders, the FCA has established that capping interest rates will prevent vulnerable borrowers becoming further indebted. But the FCA has also chosen to focus on the problem of eligibility and affordability, intervening to strength mandatory affordability checks of would-be borrowers by lenders. In doing so, the regulator's assessment is that the remedy lies in price controls as much as in avoiding such loans being made to inappropriate clients.

Equalities example: The Body Confidence initiative spans a number of underlying problems.

There are numerous symptoms of problems that need to be fixed and potentially even more causal drivers. Various socio-cultural causes underpin the body images prized by younger, impressionable minds; some of these can be amenable to interventions aimed at media and social media messages. But is not clear if the priority should be supporting better media environments (for instance, through changes in advertising practices) as against providing vulnerable individuals with better skills to cope with the existing environment (say, through school-based prevention programmes). Further, the potential intervention points are unclear: universal versus selective, earlier or later, concentrating on at-risk sub-groups only, etc.). Investing in further information and awareness drives seems unconvincing.

(v) Borrow from modern consumer-centric culture.

77. There is a significant body of practical knowledge held by modern regulatory agencies that captures the habits of people and how best to influence their behaviour. Some of this shows the strong consumerist instincts that underpin people's outlooks and self-image that poorly aligns with their behaviour. A key insight, therefore, is that rational, utility-maximising behaviour is often bounded in

practice. People simply settle for less, are happy to make short cuts whilst believing that they are not, or simply don't want to think of themselves as naïve and unwise in their choices.

78. The significance of this insight is that policy interventions can be more effective by reducing the burden on individuals to gather and digest all the options before them. For instance, Ofsted recognised a generation ago that few parents would be capable of assembling comparative school attainment information but, crucially, many would make use of standardised information if easily available. This created a powerful rationale for collecting relevant attainment data that could then be suitably standardised. The supply of this information to parents now means that it is firmly embedded in modern consumer culture.
79. A bigger takeaway point is that it can be beneficial to provide people with a different default if they do nothing at all. For instance, workplace pensions auto-enrolment in the UK was launched in 2012 in order to overcome the considerable reluctance of employees to become pro-actively involved in workplace retirement arrangements of any kind.

Equalities example: women's participation in STEM disciplines and career choices.

One of the biggest hurdles to overcome here has been to create new norms and expectations, and in particular the attitude that "of course women can do it, but it's not for me". This tension means that while fresh opportunities are available it is all too often more convenient to fall back on a default that is familiar and socially commonplace. One way to tackle this is to establish a new default and to take this out of the hands of individual women and girls, albeit this intervention would be perceived as heavy handed. Some single-sex girls' schools have partly done so nonetheless by requiring all six form students to undertake an A-level in mathematics. Thus a new default has been imposed and a new norm is expected to be embedded.

(vi) "HPLL" stands for "How People Live their Lives".

80. Behavioural researchers have uncovered compelling evidence that people lead lives that are highly shaped by intuitive, effortless and automatic ways of thinking. This is known as System 1 thinking in the jargon, and often eclipses more deliberative, considered forms of thinking (known as System 2). Thus people means that they rely heavily on their inner instinct, are distracted all too easily, wrongly calculate likelihoods and risks, and pay a lot of attention to the behaviour of other people who

they identify with. This admittedly can be a recipe for a tangled, even chaotic set of influences in behaviour – but it is how people live their lives!

81. By using this important insight, it is possible to avoid getting carried away with interventions that, however well meaning, just end up loading too much on individuals. A powerful illustration of this is the heavy investment made by financial watchdogs in improving the amount and availability of financial education; evaluations suggest that much of this has been wasted – i.e. people are aware of better education and information for others but are reluctant to use it for themselves.³⁶

Example: competition in retail banking is fairly minimal, partly because of consumer inertia and partly because of resigned cynicism.

The financial regulator (FCA) has commissioned research that shows that consumers both do not expect the financial firms they deal with to be straight forward (cynicism) and yet also are lured by attractive yet misleading promises made by such firms (optimism). People who are unwilling to address financial planning decisions are nevertheless very willing to delegate these decisions to provider firms and are easily influenced by the behaviour of others they observe. Herding and stampeding behaviour can result in both retail and wholesale markets that overwhelm any prospects of rational, self-correcting mechanisms.³⁷ Furthermore, consumers appear reluctant to trust financial service providers, are held back by overly complex product designs, and are unable to navigate choice effectively. And, most worryingly, many consumers shun the very tools (comparative information, financial education) that were designed to assist them as S2-type decision-makers. People may not only need more help than they admit to, they may also need liberal paternalist interventions to prevent them making very poor, long-term decisions.

(vii) Proportionality and sustainability are the biggest design challenges

82. At the heart of identifying productive interventions is the requirement to introduce proportionately small interventions that deliver large positive outcomes. So, for instance, relatively small reordering of the style and content of communications can

³⁶ Wheatley, M. (2013). 'The human face of regulation'. Speech. 10 April. See: <http://www.fca.org.uk/news/speeches/human-face-of-regulation>

³⁷ Greenspan, A. (2013). *The Map and the Territory: Risk, Human Nature, and the Future of Forecasting*. Harmondsworth: Penguin Books.

lead to significant benefits in improved organ donor registration, kept hospital appointments and healthier eating.

83. The significance of behaviour change insights is that there is a constant premium of isolating such interventions based on better ways of implementing existing programmes. The insights effectively have the role of efficiency and effectiveness metrics. In the case of HMRC's Behaviour Change Team, the goals are to support increased revenue, lower costs and also improve customer experiences.
84. The challenge is to take a dispassionate look at existing measures and to ascertain the degree to which these may be driving unwelcome behaviours based on the understanding of what it is that influences people's behaviour. By being dispassionate, it is possible to locate even the smallest aspects of existing measures that can be improved and/or corrected. HMRC's work has suggested that the efficacy of fines can be if such fines are framed as retributive (i.e. they punish behaviour that violates a shared moral norm or code) and also done publicly (i.e. the approval of peers is jeopardised through public knowledge of non-compliance).
85. The key insight is that the bigger levers for change are mostly anchored in existing norms. By affecting change in these norms, we can gain access to greater self-compliance with desirable behaviours. This means examining imaginative ways to stimulate and embed new norms, especially in target population sub-groups. Lawyers, for instance, may be particularly sensitive to seeing themselves as non-compliers which is tantamount to being rule-breakers.
86. Furthermore, resetting people's defaults can deliver considerable step change, and is a valuable way of obtaining significant behaviour change. To do so may require taking a decision away from people, indirectly eroding their sense of responsibility.

Example: HMRC not treating self-employed workers as if they are employed.
The problem lies in an unrealistic expectation that self-employed workers will regularly put aside enough of their earnings to meet end of tax year demands. This is a long-standing expectation and norm and carries the risk that individuals will be unable, perhaps unwilling, to do so. A new default would be to treat them as regularly paying taxpayers, placing a more realistic expectation on their cash planning, and thereby encouraging a new norm around tax deductions being viewed as less salient than take-home pay.

Example: Pensions auto-enrolment.
This biggest, single resetting of a default has been in the recent switch to auto-enrolment, building on experience in Australia and elsewhere. This new

default overrides the real possibility that workers fail to engage with their workplace pension arrangements and for behavioural reasons delink themselves from their personal very long term financial horizon.

87. Finally, introducing shrewd behavioural interventions can be undermined unless sufficient attention is paid to ensuring that actual behaviour change then lasts. It can be all too easy to change behaviour by adopting a new diet in each New Year's resolution, only to find that old habits reappear by the spring, if not sooner.
88. In other words, the most successful behaviour change lasts because it initially drives important change and then swiftly begins nourishing new and better habits. The result can be a virtuous circle, underpinned by a widely and deeply held belief that change has come from within and has not been imposed from outside. Organic, habitual behaviour change can then also drive improvements in several unrelated areas: those who manage to build better eating habits are also likely to want to adopt other lifestyle changes such as taking more exercise. This can be described as "hitting the sweet spot": one small or modest intervention is able to trigger big changes in behaviour that then cascade and multiply.

Example: The "Stoptober" anti-smoking campaign.

The main insights that enabled this successful programme have been twofold. First, participants are lured by a stop smoking campaign that is far removed from the traditional timetable of New Year resolutions to quit. Second, participants are attracted by innovative ways of breaking down what is seen as a big challenge into a series of small chunks that are worthwhile goals and milestones. By achieving some behaviour change, recruits are better placed to reach for and attain the next peak.³⁸

Example: Hitching change on things and events that are convenient, timely and salient.

One simple insight is to build on what already exists. It can be very hard to gain access to non-English speaking women who stand to benefit from English language classes. However, the likelihood of doing so is greatly improved by positioning such services via local GP surgeries, health clinics or even via schools where and when target women may be dropping and collecting their children. In addition, such services can be made more attractive if they are linked to parents' ability to gain feedback on their children's academic progress.

³⁸ 'Behavioural Insights for Public Health', Public Health England (Dr Tim Chadborn, lead), October 2013

(viii) Use the behaviour change intervention expediently to make a point, i.e. to re-engineer larger system change.

89. Put simply, if surprisingly small and intuitive adjustments to existing policy can deliver significant benefits, it begs the question how many more potential gains there are? In the case of redesigning the personal self-assessment tax return, the positive impacts are clearly attractive. However, other aspects of the self-assessment interaction between individuals and bureaucracies deserve closer scrutiny to help nudge improved behaviours.
90. The bigger prize can be in testing whether or how far the interaction itself is driving unattractive behaviour. If it is, the better intervention may be to redesign the whole system or process. The LCS example described previously captured the point that almost all written redress procedures were doomed to failure since many of the targeted individuals were functionally illiterate. So offering a verbal, in-person alternative was timely and shrewd. But it makes the case for a new telephone-based redress service that replaces the older correspondence-based service.

Example: Sending Christmas cards to suspected gang members.

The Metropolitan Police Service at Borough level tactically sent suspected gang members Christmas cards targeting those thought to be involved in gang-related activity. This followed a similar intervention towards suspects burglars timed to coincide with autumnal dark evenings. The cards' message balanced acknowledgement that individuals may want to desist in gang activity and practical information on training, education and employment opportunities. The success of the cards was twofold: first, this small intervention focused the target group on heightened policing and detection to act as a dampening effect on gang activity; second, the intervention's results led to renewed awareness of the need to tackle gang crime at the point of recruitment and socialisation into gangs. The latter spurred the Borough Command Gangs Unit to develop better early prevention partnerships with the local authority.

Conclusions

91. This report aims to provide practitioners of equalities policy with an introduction to and overview of behavioural insights concepts, principles and techniques, and how they can be applied in the field of equalities policy. It is by no means exhaustive, but aims to provide a background on the theoretical foundations of behavioural change insights, along with advice and some examples on their practical application.

92. The main conclusions are threefold:

- designing policies, processes, institutions and delivery around people's behavioural quirks is a credible and effective way to proceed;
- the application of these insights to the field of equalities is timely and rich with possibilities, as well as some urgency; and
- the practical tools and pointers that are delivered are central to improving policy professional's capabilities and civil service reform.

93. The overarching insight provided by this report is that public policy design and delivery stand to gain a great deal from the accumulated evidence regarding how people make choices, however properly informed or beneficial these are or are not. Carrying on assuming that people follow rationale incentives without deflection is an unrealistic and unwise thing to do. Therefore, it makes sense to sensitise our policy design to take account of this knowledge.

94. Finally, in pursuit of the above, it is also a shrewd moment to take advantage of a more open stance in shaping policy priorities and implementation mechanisms. Private business, the voluntary sector, campaign organisations, professional recognition bodies, think tanks, foundations and regulatory agencies are all prime examples of partners for government in this regard. They provide important insights, expertise and proximity to problems and potential remedies, whilst also offering valuable assistance in understanding how people navigate complex markets and public services and the operation of institutions on an everyday basis. Open policy-making, therefore, is a naturally structural corollary to behaviour change on the agenda of modernising government and driving effective public policy.