Behavioral Insights

Every policy relies on explicit or implicit assumptions about how people make decisions and why they do what they do. Those assumptions typically rest on an idealized model of how people think and decide. The practice of Behavioral Insights redesigns public policies on the basis of a more realistic understanding of human decision-making and behavior. It draws on scientific findings from behavioral economics, psychology, and related fields.

Behavioral Insights offer new targets for policy, including the choice architecture (for example, what default is used when people are passive), social rewards and recognition, the way information is presented (e.g., simple and clear), expanding aspirations, and activating new social norms.

A richer understanding of why people save, use preventive health care, work hard, learn, and conserve energy can provide a basis for innovative and often very cost-effective policies and development interventions. Behavioral Insights can also be used to help organizations become more effective.

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The World Bank’s Mind, Behavior, and Development Unit (eMBeD) aims to use behavioral sciences to reduce global poverty and enhance equity. Together with governments, World Bank teams, and other partners, we are designing new kinds of development interventions and policies on the basis of a more realistic understanding of how people think and behave. We are also conducting research into which interventions work and which do not, and under what conditions.

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For more information about the group, see http://worldbank.org/embed

On the reverse, this guide outlines the 5 major steps of a Behavioral Insights project, with short summaries of how each is implemented.
THE 5 STEPS OF A BEHAVIORAL INSIGHTS PROJECT

1. The Framework
   Define the development objective.

   For example: Increasing retirement savings of a household, improving health, girl nutrition, female labor force participation, reducing corruption, improving road safety, sanitation, etc.

2. The Desired Behavioral Change
   Identify a specific target behavior that needs to change to reach the development objective.

   The target behavior needs to be precise. It should not be decomposable into other constituent behaviors. For example, “increasing retirement savings of a household” is general and could be decomposed into precise behaviors such as “opening a new retirement account,” “setting aside more money per month,” “reducing spending on discretionary items” etc. The behavior should also be easily observable.

3. Context & Analysis
   Identify the stages of the current & desired decision-making process as well as potential bottlenecks that keep people from behaving in a better way.

   Be as detailed as possible. Here local knowledge is key. Ethnography is also useful. Consider simulating the experience of a typical member of the target group and go through the process yourself, be aware of your own biases in the process. Additionally, survey and observe various people (not only your target group), analyze existing secondary data, consider cultural contexts, social norms, social networks, status, etc. Here is an example decision map with bottlenecks for retirement savings:

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4. The Intervention
   Describe the solution to reach your development objective

   Identify to what extent you will use psychological and behavioral insights versus financial incentives or regulations (e.g., restriction/banning). Consider if your solution is simple, cost-effective, and scalable.

   In thinking about a solution you want to think through:
   1. Are individuals aware of what they need to do but are unable to accomplish it, or does a desired behavior need to be activated?
   2. Are individuals motivated enough to impose a nudge on themselves?
   3. Will more deliberation lead people to undertake the desired behavior, or are they already suffering cognitive overload?
   4. Is the desired action not being accomplished because of a competing action, or due to inertia? Consequently, should you aim to discourage the competing action or encourage the target action?

5. Learning
   Pilot & document the effectiveness of your intervention. If possible do both: decision-making process & outcome evaluations

   Piloting is key because decision making is highly contextual. Does your carefully designed intervention impact your target audience? Is there anything that needs to be tweaked to improve? Some of the questions to consider for the piloting: How many observations will you be able to get? How many treatment arms can you /would you like to test? What is your comparison group? What are your outcome variables and are they consistent with the desired behavioral change? What other measures do you want to get? How will you record the data?

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1 If there is no specific target behavior that you want to change, identify the specific attitude or knowledge that needs to change to reach your development objective (e.g., development objective: increase road safety; specific attitude change: building a positive police identity).